



**Build America's Best Merchant Utility
2007 Smid Cap Conference**

**Boston, MA
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Safe Harbor

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Statements made in this presentation that relate to future events or the Company's 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 the Company assumes no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, the Company cautions you not to place undue reliance on these statements. The Company's business, financial condition, cash flow and operating results are influenced by many factors, which are often beyond its control, that can cause actual results to differ from those expressed or implied by the forward looking statements. These factors include the risk that the new limited liability company in which the Company has a 50% interest, and which temporarily is named "EnergyCo", is unable to identify and implement profitable acquisitions or that the contribution of assets to EnergyCo by PNMR may not be implemented as expected, the potential unavailability of cash from the Company's subsidiaries due to regulatory, statutory and contractual restrictions, the outcome of any appeals of the Public Utility Commission of Texas order in the stranded cost true-up proceeding, the ability of First Choice Power to attract and retain customers, 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, conditions affecting the Company's ability to access the financial markets, 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, variability of wholesale power prices and natural gas prices, volatility and liquidity in the wholesale power markets and the natural gas markets, changes in the competitive environment in the electric and natural gas industries, the performance of generating units, including PVNGS, SJGS and Four Corners, and transmission systems, , the ability to secure long-term power sales, the risks associated with completion of the construction of generation, including pollution control equipment at the San Juan Generating Station and the expansion of the Afton Generating Station, transmission, distribution and other projects, including construction delays and unanticipated cost overruns, state and federal regulatory and legislative decisions and actions, the risk that the Company and its subsidiaries 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 outcome of legal proceedings, changes in applicable accounting principles and the performance of state, regional and national economies. For a detailed discussion of the important factors that affect the Company and that could cause actual results to differ from those expressed or implied by the Company's forward-looking statements, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's current and future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and the Company's current and future Current Reports on Form 8-K, filed with the SEC.

Non-GAAP Financial Measures

For an explanation of the non-GAAP financial measures that appear on certain slides in this presentation (ongoing earnings, ongoing earnings per diluted share and EBITDA), as well as a reconciliation to GAAP measures, please refer to the company's Web site, www.PNMResources.com.

Agenda

- I. PNM Resources Overview
- II. Operational Excellence
- III. Preparing for Climate Change
- IV. Historical Performance
- V. EnergyCo Joint Venture: The Path for Future Growth
- VI. Financial Update
- VII. 2007 Objectives

PNM Resources Overview



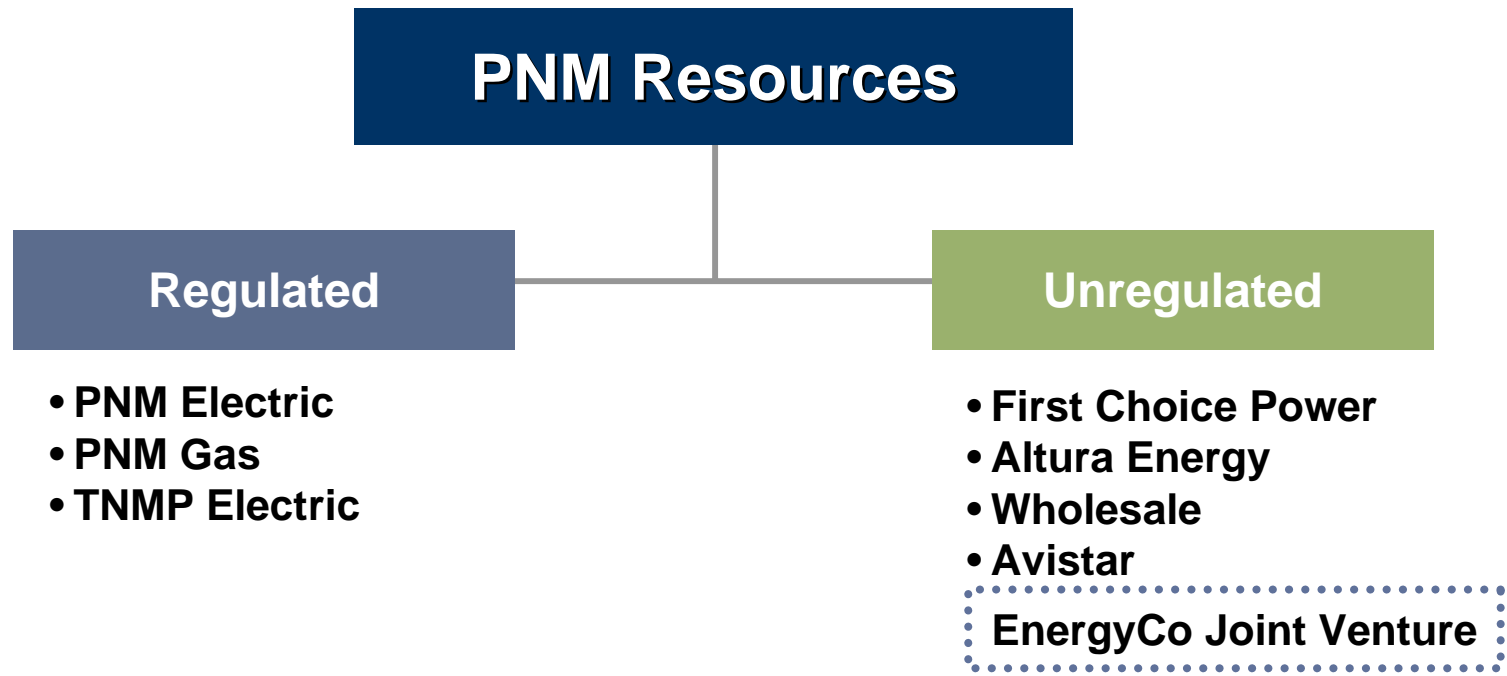
- Well-balanced merchant utility
 - Regulated (retail) operations provide stability
 - Unregulated (competitive) sales provide growth
- Retail and competitive markets
 - 835,000 electricity customers in NM & TX
 - 492,000 natural gas customers in NM
 - Wholesale sales: 11.6 million MWh⁽¹⁾
 - Competitive retail sales: 4.2 million MWh⁽¹⁾
- Solid corporate governance & ethics
- Proven track record of strong earnings and dividend growth

Build America's Best Merchant Utility

- 2006 Revenues: \$2.5 billion
- Market Cap: \$2.4 billion
- Generation: 2,771 MW
- Employees: 3,300
- Common Shares: 78 million
- Total Assets: 6.2 billion

PNMResources.com

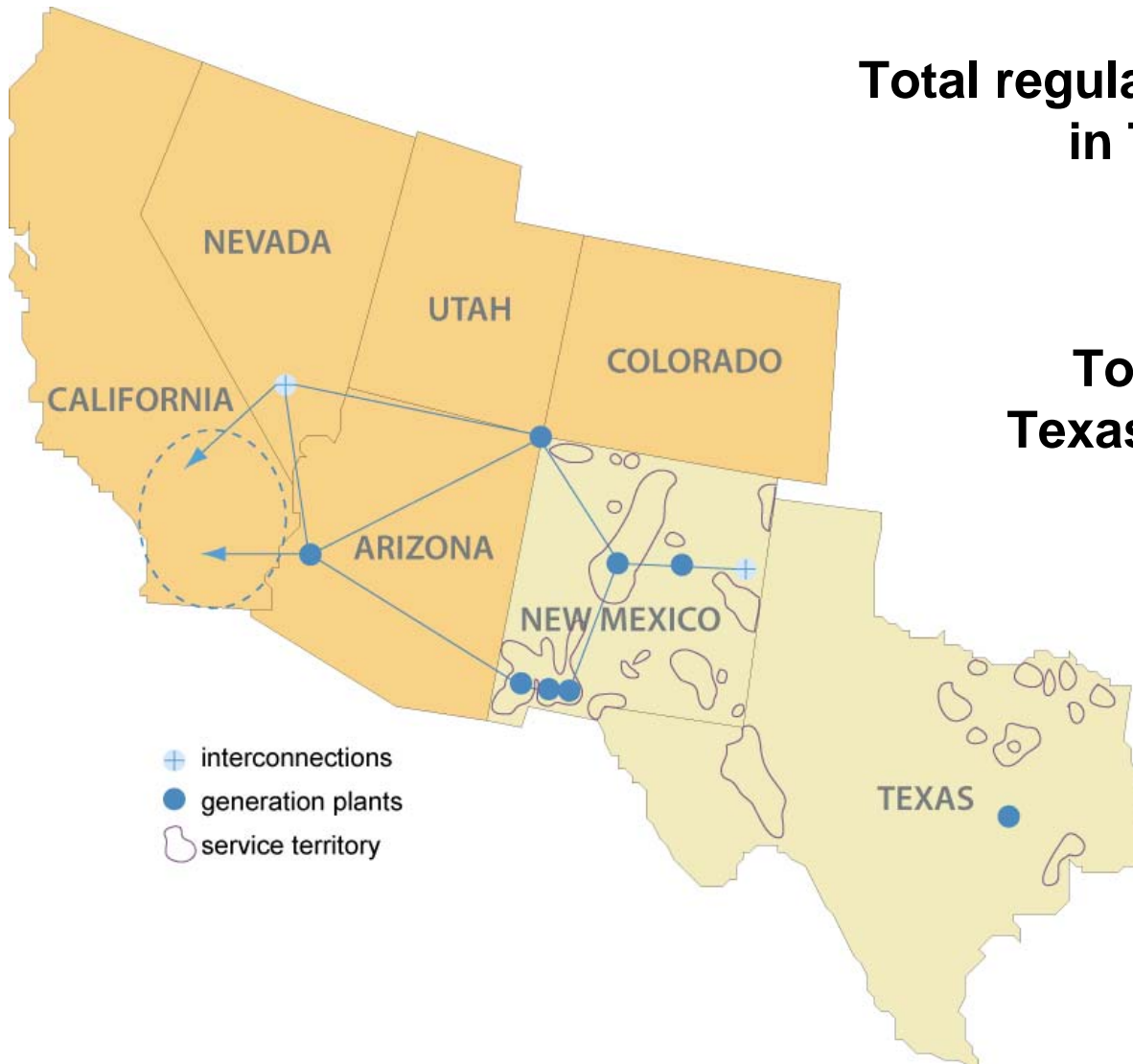
⁽¹⁾ 2006 sales



2006 Consolidated Gross Margin Contribution

- Regulated: 69%
- Unregulated: 31%

Regional Presence



**Total regulated utility customers
in Texas & New Mexico:
1.2 million**

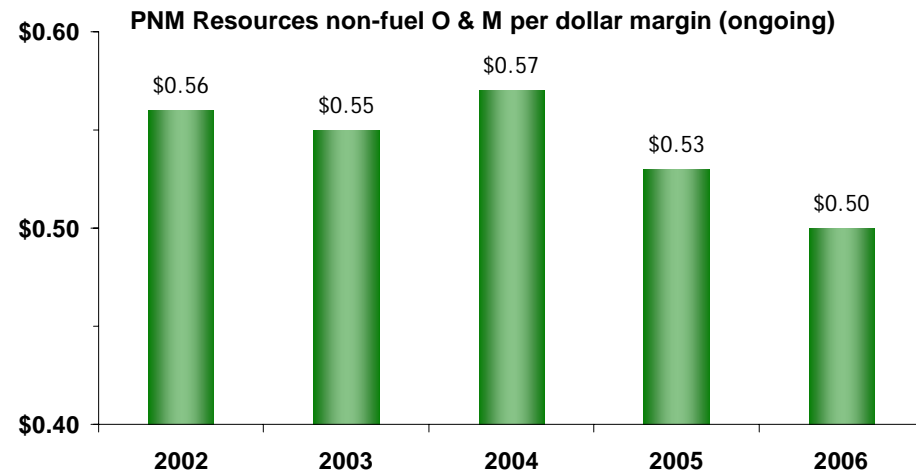
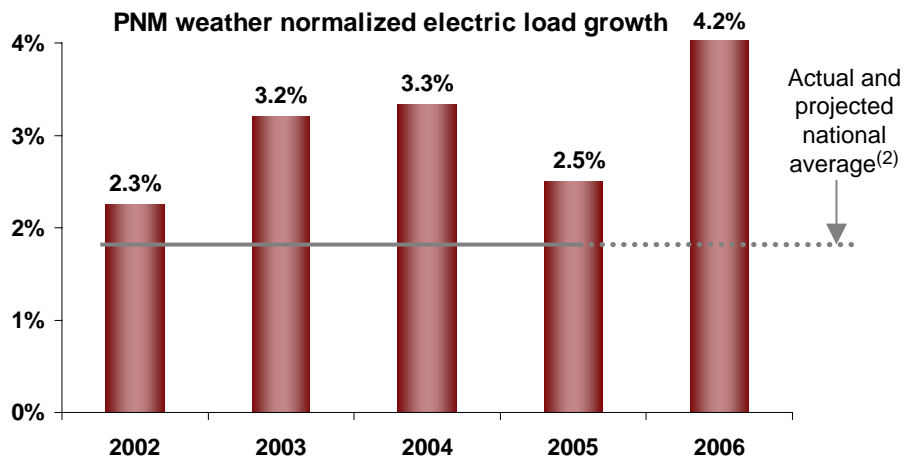
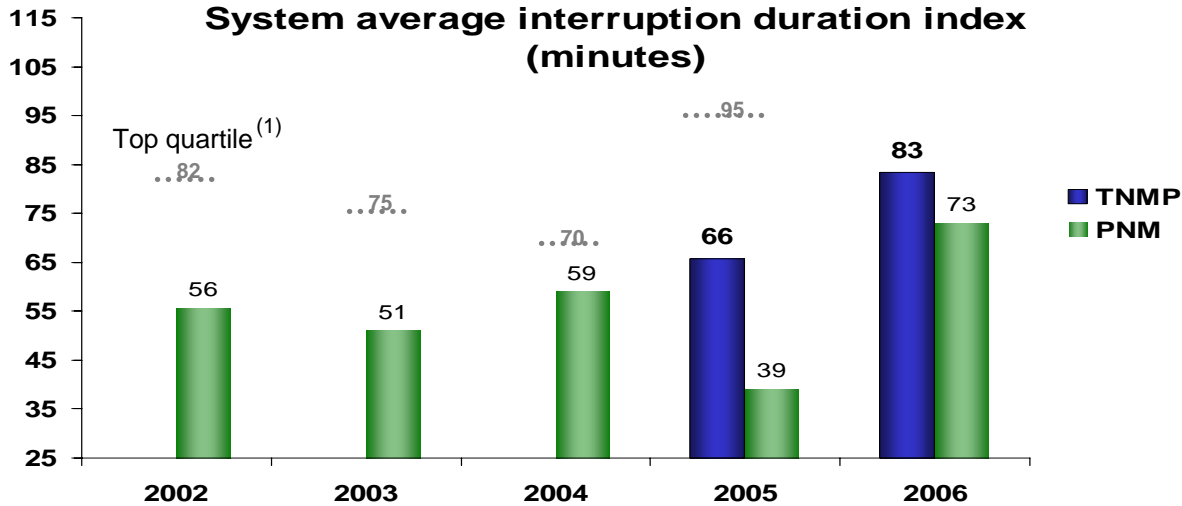
**Total retail customers in
Texas' competitive market:
257,000**

**Total generation:
2,771 MW**

Guiding Principles

- Lead environmental sustainability efforts
- Maintain a balance between regulated and unregulated operations
- Achieve growth with transactions that are accretive to earnings and cash flow
- Achieve diversity in markets and assets
- Understand the markets in which we participate
- Maintain a strong balance sheet and investment grade rating
- Manage risk appropriately

2006 Operational Review

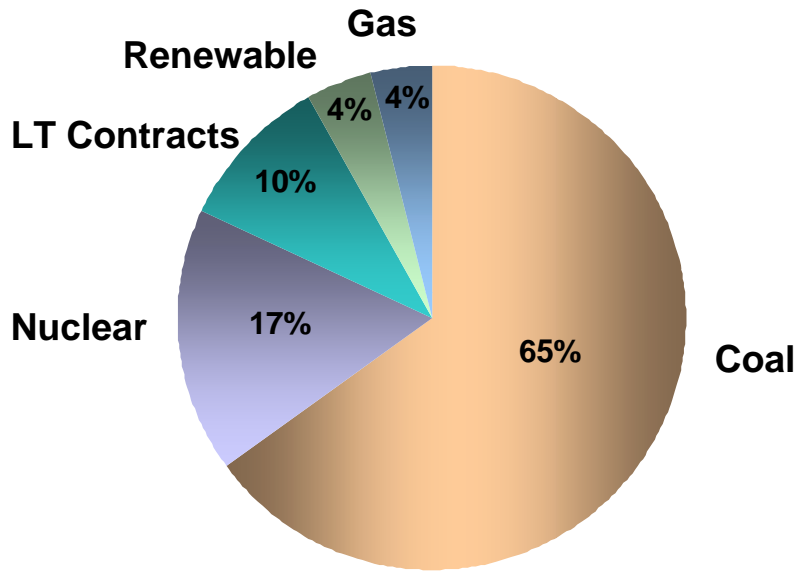


(1) 2006 top quartile data unavailable (Edison Electric Institute).

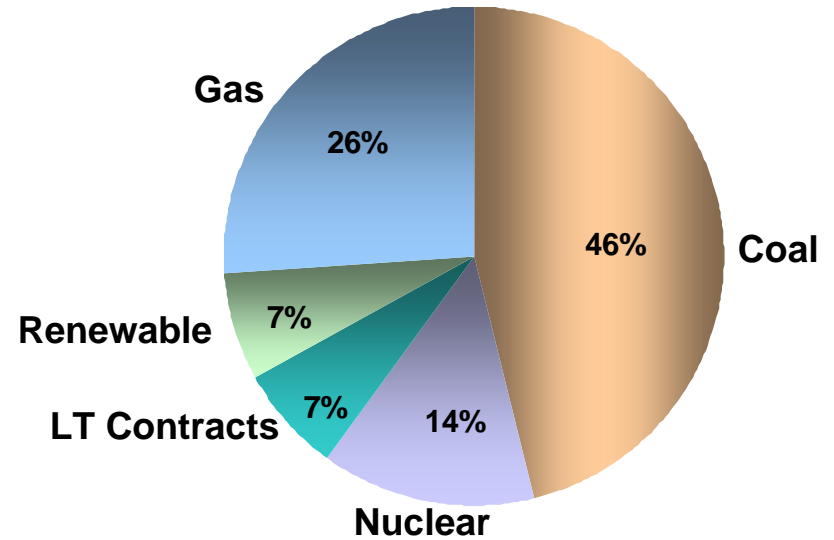
(2) Edison Electric Institute.

Diversified Fuel Mix

Generated in 2006
14.8 million MWh

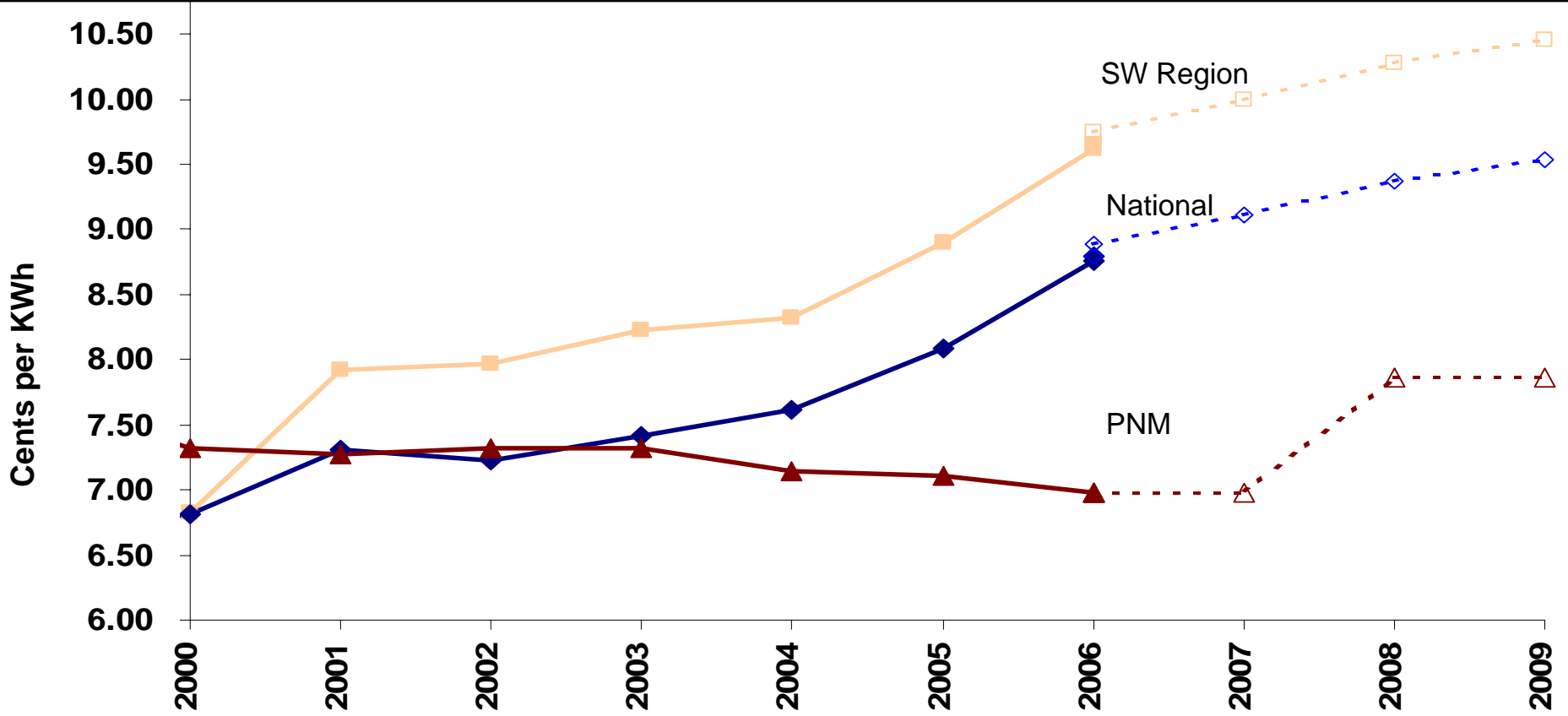


Current Capacity
2,771 MW



Gas includes Delta PPA
Renewables includes 200MW wind at nameplate capacity.

Competitive Electric Rates



PNM Electric rates are currently 28% lower than regional rates and 21% lower than national rates

Source: U.S. Energy Information Administration
 SW region includes: AZ, CA, CO, ID, MT, NM, NV, OR, TX, UT, WA, WY

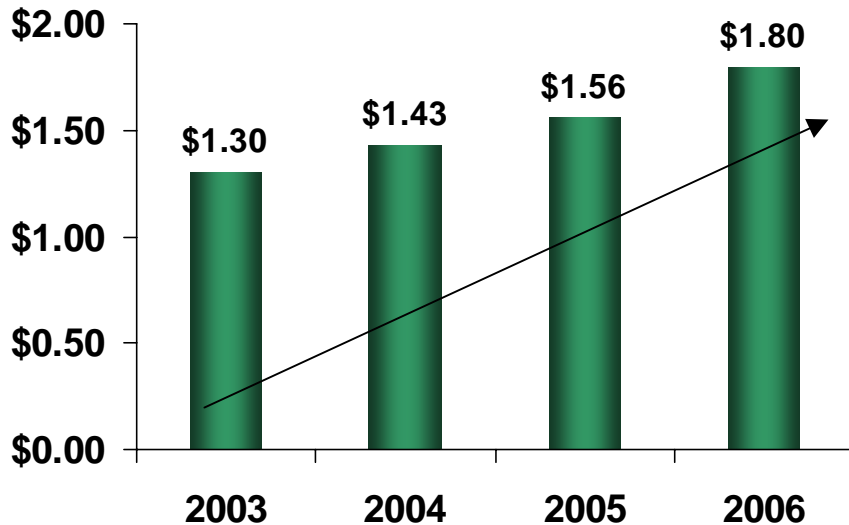
- Member of the U.S. Climate Action Partnership
- Reduce our carbon footprint through
 - Energy efficiency/demand-reduction technologies
 - Expanded renewable energy portfolio
 - Adding natural gas, advanced coal with capture generation
- Plan for future GHG regulations
- Transparent reporting, Carbon Disclosure Project

EPS and Dividend Growth

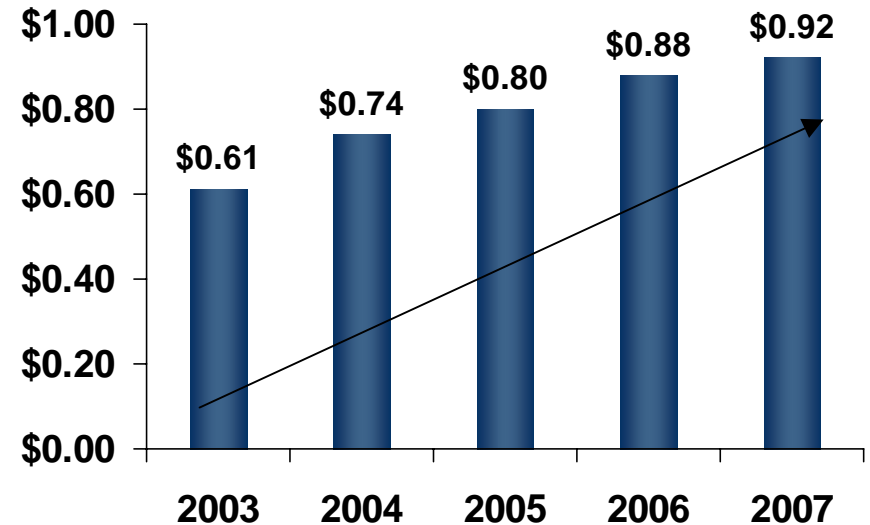
Goals:

- Grow ongoing earnings 5% to 6% per year, on average
- Payout dividend 50% to 60% of ongoing earnings

Ongoing Earnings per Diluted Share
(CAGR: 11.5%)



Declared Dividends per Common Share
(CAGR: 10.8%)



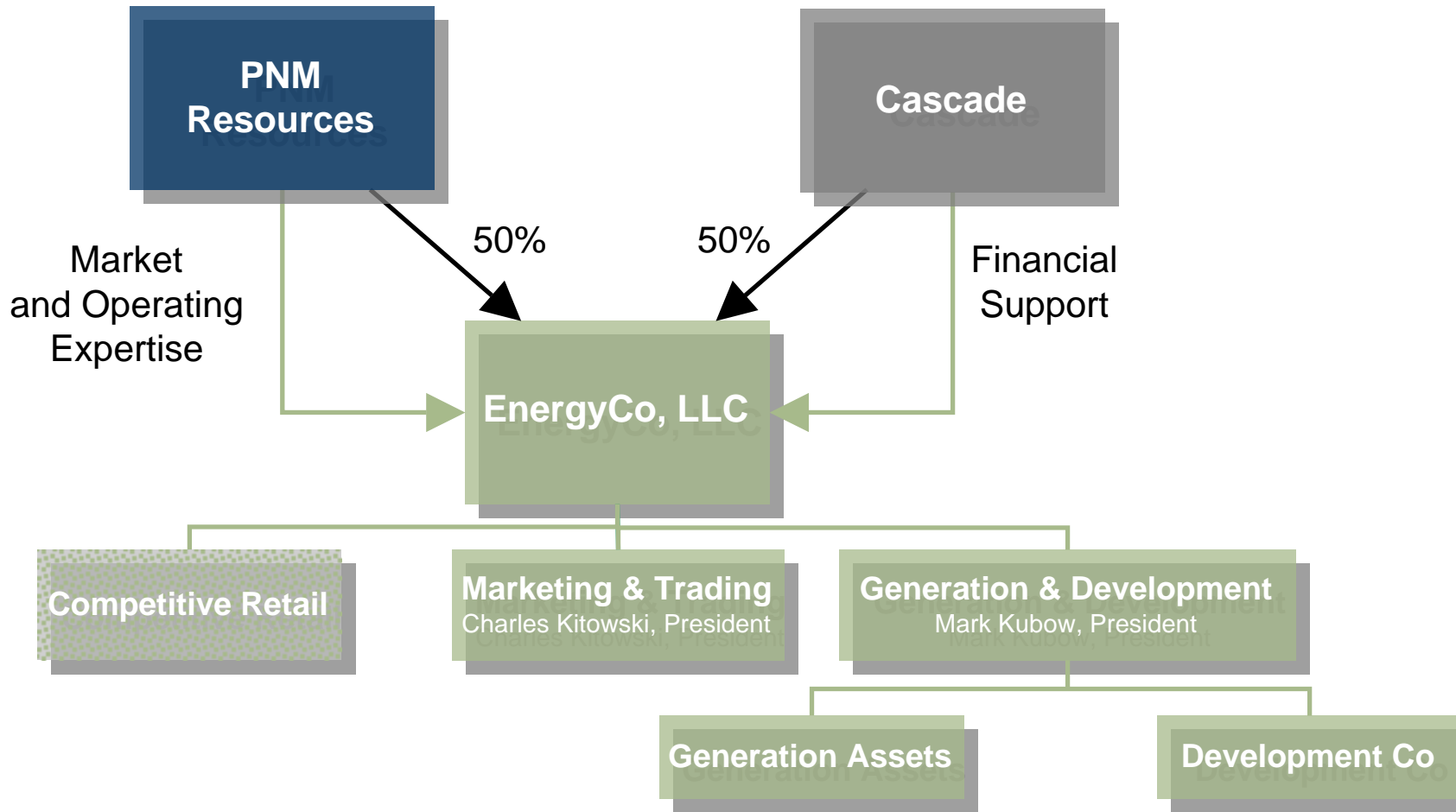
- 50/50 JV with subsidiary of Cascade Investment, L.L.C.
 - Board established in January
 - Twin Oaks contribution on or about June 1
 - Assembling management team

- Actively pursuing opportunities:
 - Competitive retail
 - Trading and marketing
 - Plant acquisitions and development

- Focus on expanding U.S. energy markets:
 - Southwest, Texas, West

**EnergyCo enables us to capture the opportunities in our markets
while preserving our financial strength**

EnergyCo Structure



Strategic and Financial Benefits

Advances unregulated growth strategy

- EnergyCo will combine complementary expertise to capitalize on the growth opportunities in key markets

Preserves financial strength

- Cascade's capital enables PNM Resources to grow without assuming additional debt

Better separates businesses

- Cascade is to provide credit guarantees to support EnergyCo
- EnergyCo will provide a vehicle to separate PNM Resources' regulated and unregulated businesses, reducing segment complexity

2007 Earnings Guidance (ongoing)



\$1.80

\$2.00

Drivers

Customer and load growth

Power plant availability

Electric and gas prices

First Choice Power

Gas rate case

EnergyCo

- **Net Earnings Increase 14.2% from Q1 2006**
 - Diluted EPS flat due to additional shares: \$0.39
 - First Choice Power continues strong performance

- **Afton Construction and Expansion on Schedule**
 - Completion mid-summer
 - 141 MW to 235 MW
 - Combustion turbine to combined cycle

- **PPA with Black Hills Corp.**
 - 20-year power purchase agreement with PNM
 - 149-MW simple-cycle
 - Expected in-service date June 1, 2008

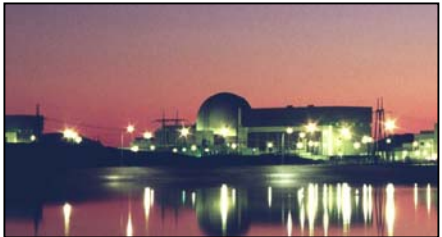
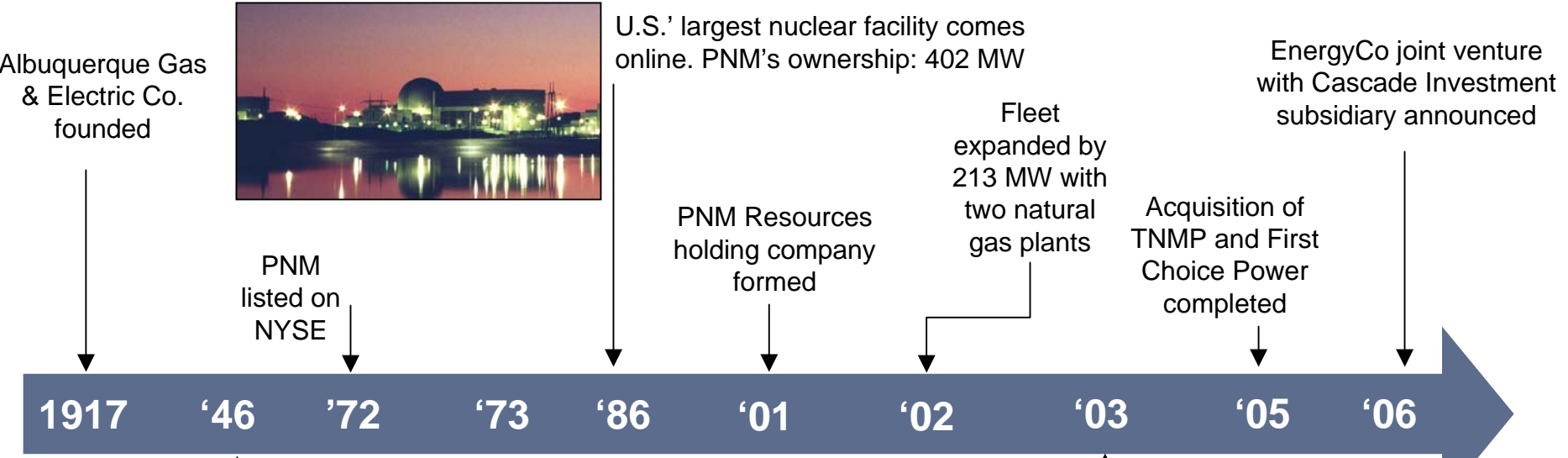
2007 Objectives

- Achieve allowed return in PNM gas business through rate case decision in Q2
- Achieve allowed return in PNM electric business through filing rate case and obtaining decision by Dec. 31
- Continue disciplined growth of First Choice Power retail business in Texas
- Implement EnergyCo with Cascade to accelerate growth while reducing risk
- Opportunistically expand marketing and trading value through load expansion, strategic hedging and asset position
- Ensure return of Palo Verde to premier operating status
- Enhance credit position of PNM Resources
- Bring Afton in-service by July and complete scheduled environmental upgrades at San Juan Unit 4

Questions and Answers

Appendix

Company History



U.S.' largest nuclear facility comes online. PNM's ownership: 402 MW

EnergyCo joint venture with Cascade Investment subsidiary announced



Three electric companies merge to become PNM

PNM's flagship coal facility goes online. Ownership: 765 MW

"Build America's Best Merchant Utility" vision established



Fourth-largest U.S. wind farm (200 MW) added

An additional 495 MW of coal and natural gas generation added to fleet

San Juan Generating Station Environmental Upgrade



- \$270 million project to significantly improve environmental performance began in August 2006
- Construction on four-unit, 1,800 MW plant
- Upgrades are expected to reduce:
 - Emissions of nitrogen oxides (NO_x) by 35 percent below current permit levels
 - Emissions of sulfur dioxide (SO₂) by 65 percent below current permit levels
 - Emissions of particulates by 70 percent below current permit levels
 - Emissions of mercury by approximately 75 percent

Utility Rate Base



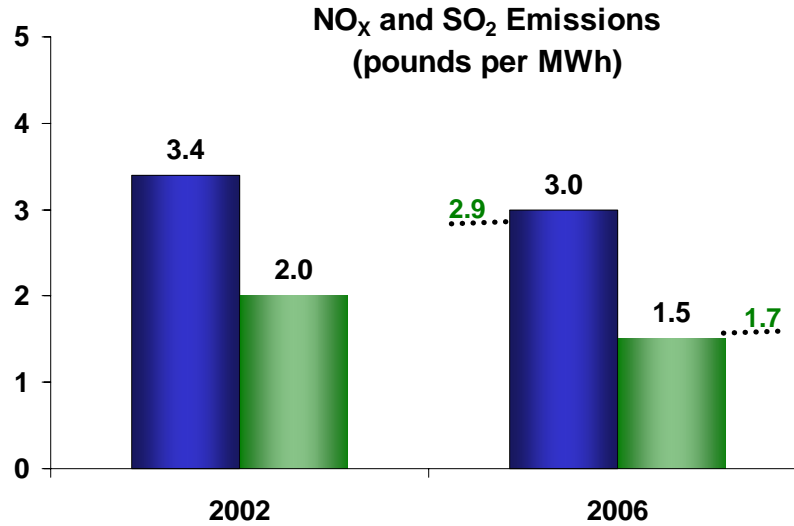
	Rate Base Last Allowed	ROE Last Allowed	Test Period 12-month ended	Filed Rate Base	Filed ROE	Debt/Equity Ratio	Proposed Implementation
PNM Electric	\$960 million	10.5%	Sept. 2006	\$1.2 billion	10.75%	48%/52%	Q1 '08
PNM Gas	\$351 million	10.25%	Dec. 2005	\$409 million	11.0%	49%/51%	Q2 '07
TNMP-TX	\$402 million	10.25%	Sept. 2004	Rates frozen through 5/07		60%/40%	N/A
TNMP-NM Has transferred to PNM	\$70 million	10.0%	Sept. 2004	Rates frozen through 12/10		55%/45%	N/A

Generation Resource Portfolio

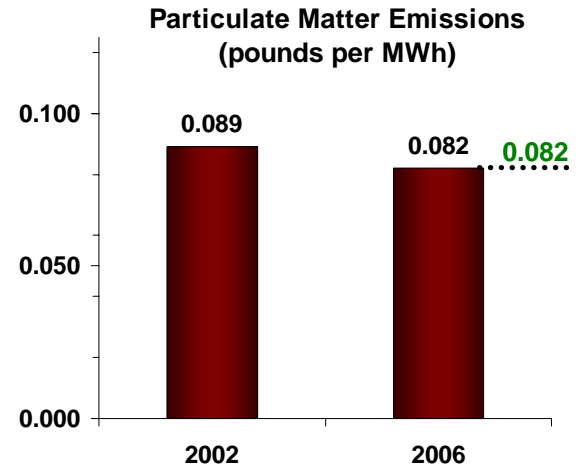
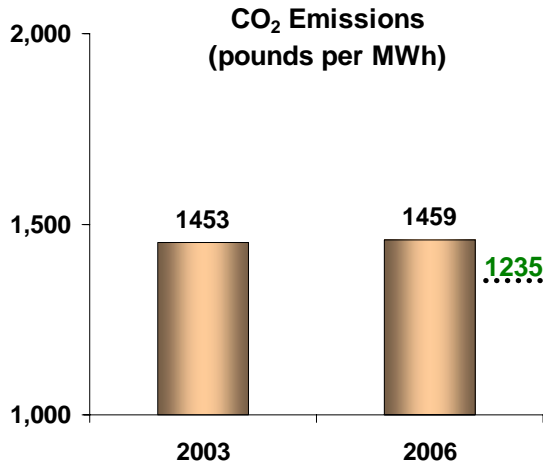


RESOURCE PORTFOLIO	Tot. Net Generation Capacity (MW)	Percent of Tot. Resources (%)	Regulated or Unregulated
Coal			
San Juan Generating Station	765	28%	Regulated
Four Corners	192	7%	Regulated
Twin Oaks	305	11%	Unregulated
Total	1,262	46%	
Nuclear			
Palo Verde Units 1&2	268	10%	Regulated
Palo Verde Unit 3	134	5%	Unregulated
Total	402	15%	
Gas			
Reeves (radiant boiler)	154	5%	Regulated
Las Vegas (diesel)	18	1%	Regulated
Afton (CT)	141	5%	Regulated
Delta (CT)	132	5%	Regulated
Luna (combined-cycle)	190	7%	Unregulated
Lordsburg (CT)	72	2%	Unregulated
Total	707	25%	
Other			
Wind purchase power	200	7%	
Long-term purchase contracts	200	7%	
Total	400	14%	
Total Resources	2,771	100%	

Environmental Progress



■ NO_x ■ SO₂



2006 comparisons exclude Twin Oaks Power facility

PNM Resources made EPA-approved changes in its CO₂ calculation methodology in 2003. As a result, reduction of the emissions from the 2002 baseline appears more significant than actual reduction. For this reason, PNM Resources has changed the baseline year for its CO₂ goal from 2002 to 2003.

Quarter EPS by Segment

	Q1 2007	Q1 2006	+/-
Total Diluted Ongoing EPS	\$0.39	\$0.39	\$0.00
<u>Regulated Operations:</u>			
PNM Electric	\$0.13	\$0.13	\$0.00
PNM Gas	\$0.16	\$0.15	\$0.01
TNMP Electric	\$0.01	\$0.02	(\$0.01)
Total Regulated	\$0.30	\$0.30	\$0.00
<u>Unregulated Operations:</u>			
Wholesale	\$0.09	\$0.13	(\$0.04)
First Choice	\$0.08	\$0.01	\$0.07
Total Unregulated	\$0.17	\$0.14	\$0.03
<u>Corp/Other</u>	(\$0.08)	(\$0.05)	(\$0.03)

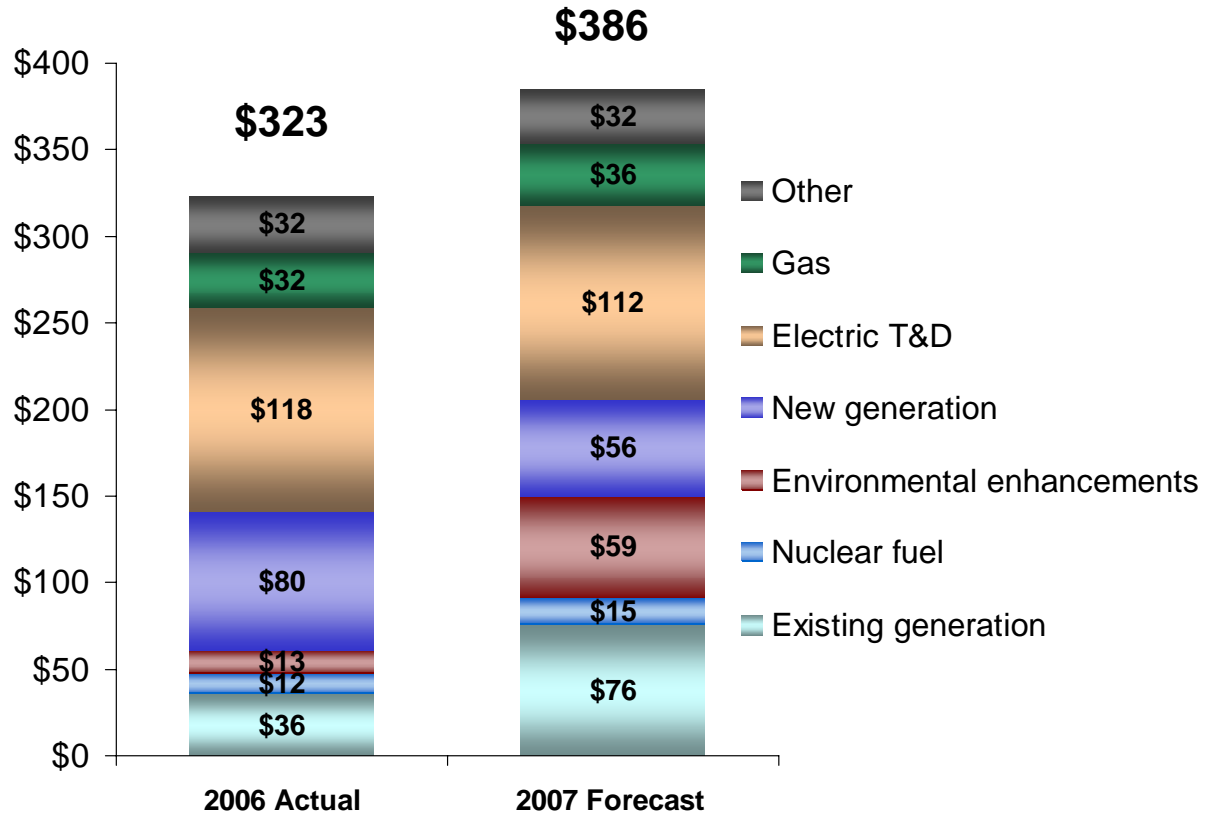
Quarter EBITDA by Segment (ongoing)



(in millions)	Q1 2007	Q1 2006	+/-
Total EBITDA	\$126.9	\$105.1	\$21.8
<u>Regulated Operations:</u>			
PNM Electric	\$43.3	\$38.1	\$5.2
PNM Gas	\$30.3	\$26.1	\$4.2
TNMP Electric	\$15.5	\$16.3	(\$0.8)
Total Regulated	\$89.1	\$80.5	\$8.6
<u>Unregulated Operations:</u>			
Wholesale	\$28.6	\$21.7	\$6.9
First Choice	\$10.1	\$1.8	\$8.3
Total Unregulated	\$38.7	\$23.5	\$15.2
<u>Corp/Other</u>	(\$0.9)	\$1.1	(\$2.0)

2006 vs. 2007 Capital Expenditures

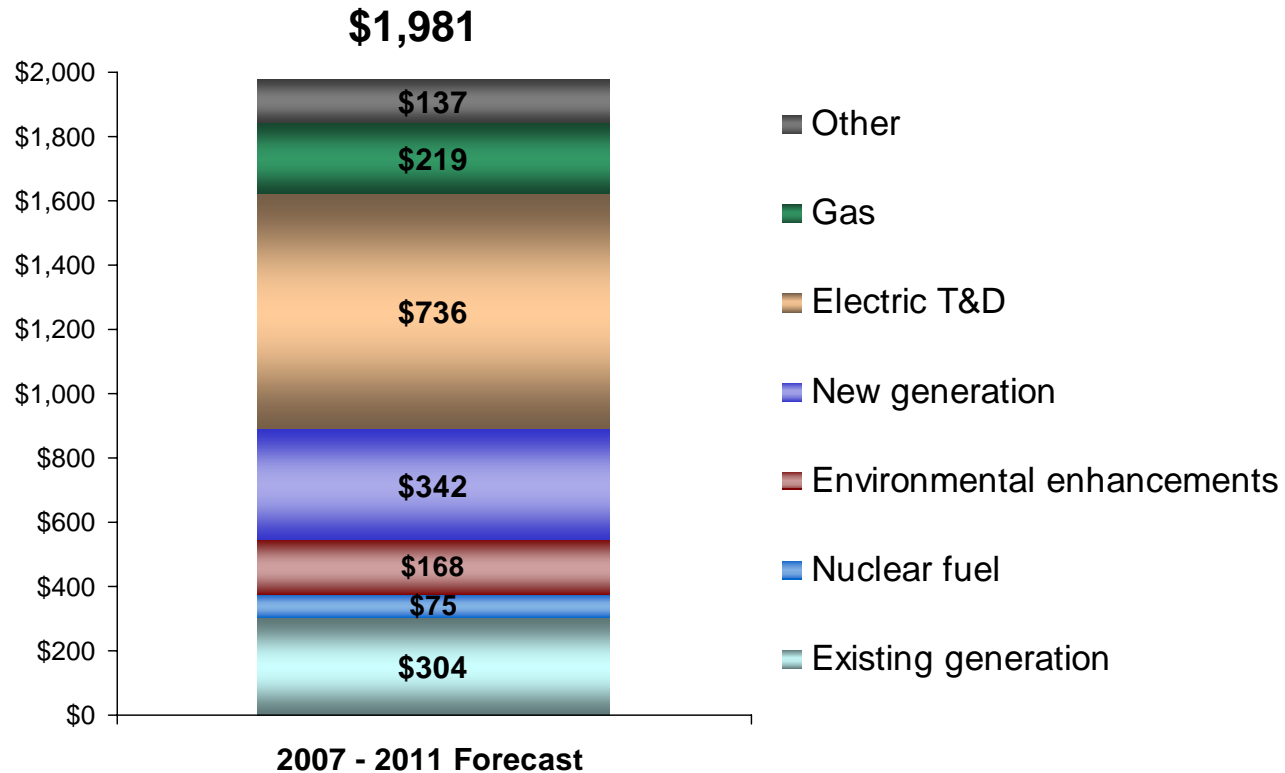
(In millions)



Includes AFUDC and capitalized interest

Five-Year Capital Expenditures

(In millions)



Includes AFUDC and capitalized interest