



First Quarter Earnings

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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 website as follows:

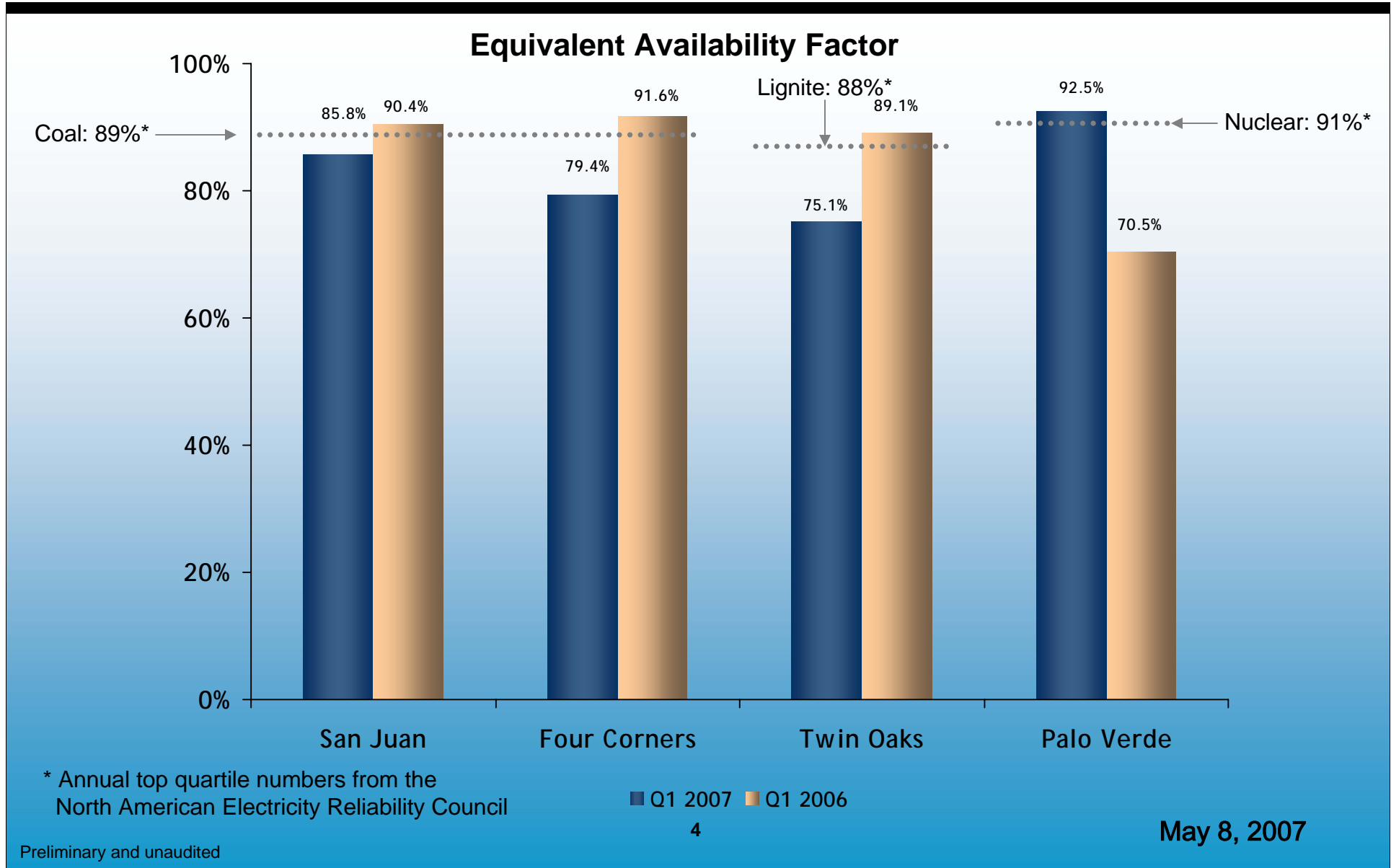
<http://www.pnmresources.com/fin>

Quarter Highlights and Updates



- **Net Earnings Increase 14.2% from Q1 2006**
 - EPS stays flat due to issuance of additional shares
- **Plant Availability**
 - Palo Verde improves
 - Spring maintenance at San Juan; forced outage at Four Corners
- **EnergyCo Update**
 - Twin Oaks contribution on or about June 1, 2007
 - Management update

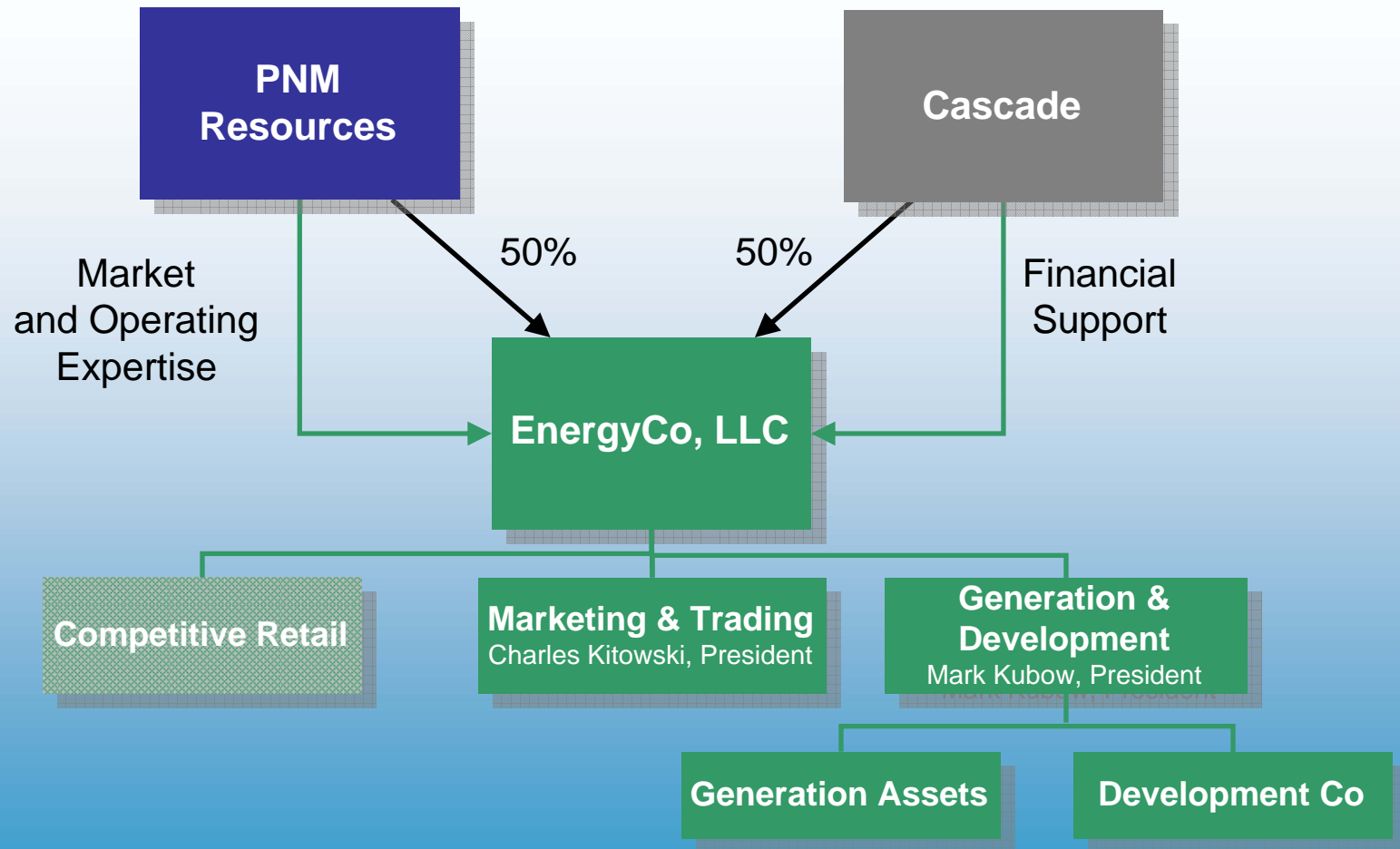
Power Plant Performance



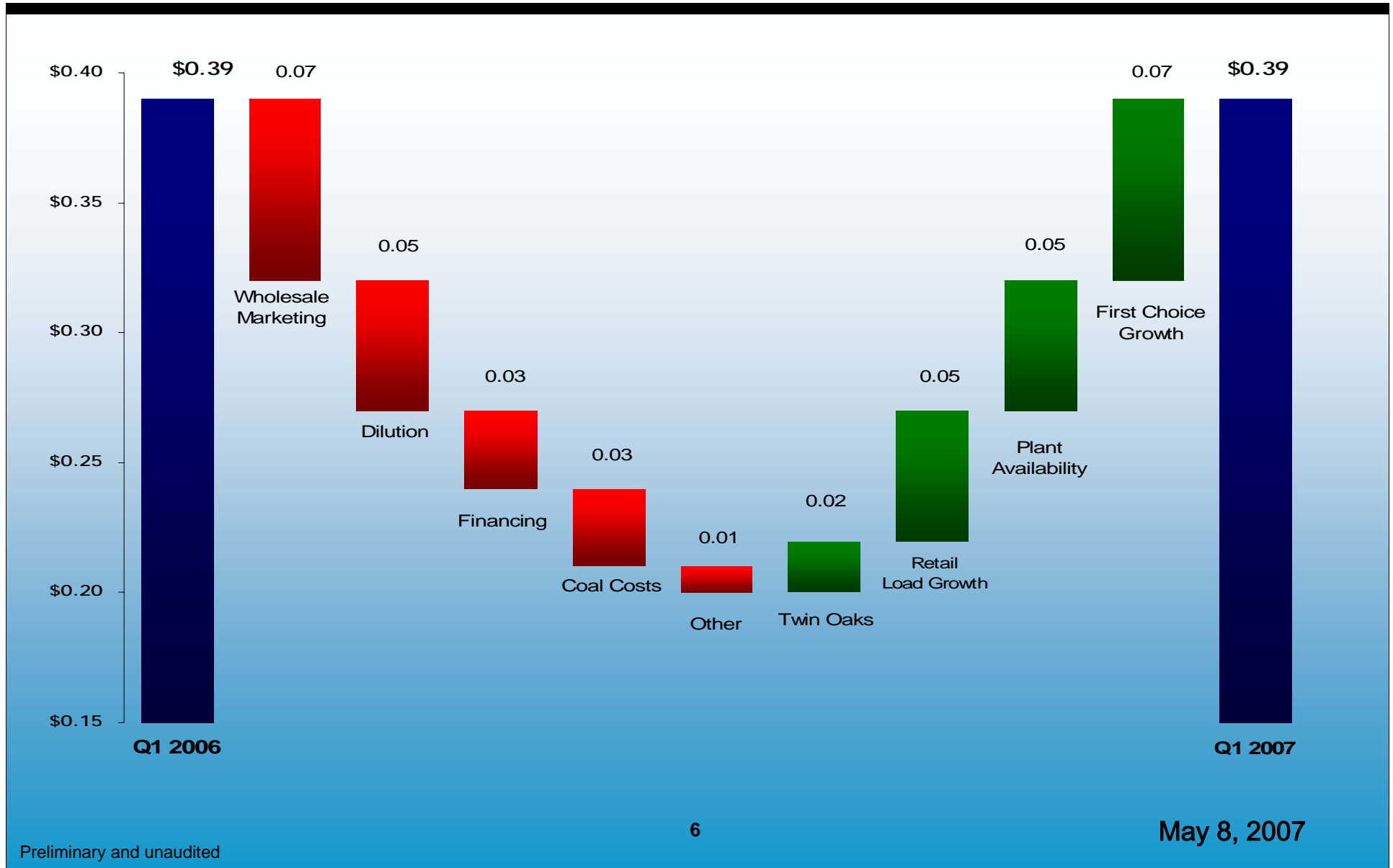
EnergyCo Update



Joint Venture Structure



Quarter Walk Across (ongoing)



Quarter EPS by Segment (ongoing)



	Q1 2007	Q1 2006	+/-
Total Diluted EPS	\$0.39	\$0.39	\$0.00

Regulated Operations:

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

Unregulated Operations:

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)
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Earnings Guidance Affirmed



- Earnings Guidance Range \$1.80-\$2.00
- Twin Oaks contribution to EnergyCo
 - \$(0.05) EPS impact
 - Fair market value: \$554M
 - Cash proceeds: \$277M to reduce corporate debt
 - Purchase accounting finalized after contribution

Rate Case Updates



- **PNM Gas Rate Case**
 - Waiting for recommended decision
 - 6/29/07 – Deadline for final order

- **PNM Electric Rate Case**
 - 8/6/07 – Staff and intervener testimony due
 - 9/5/07 – 9/14/07 Hearing
 - 12/23/07 – Deadline for final order
 - 1/08 – Rates expected to go into effect

Other Updates



- **ERCOT Market & Legislation**

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

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

- **Gina Jacobi**
 - Director of Investor Relations
 - Formerly Director of Modeling & Forecasting

Questions and Answers

First Quarter 2007

Appendix

GAAP-Ongoing Reconciliation



(in 000s except per share amounts)

	Quarter Ended March 31,			
	2007		2006	
	Earnings (in 000s)	EPS Diluted	Earnings (in 000s)	EPS Diluted
Net Earnings Available to Common Shareholders	\$ 29,969	\$ 0.38	\$ 26,325	\$ 0.38
Adjustments for Acquisition and Other				
Non-Recurring Charges (net of income tax effects):				
Acquisition Integration Costs	-	-	569	0.01
JV Formation Costs	742	0.01	-	-
Total Adjustments*	742	0.01	569	0.01
Net Ongoing Earnings Available to Common Shareholders	\$ 30,711	\$ 0.39	\$ 26,894	\$ 0.39
Average Diluted Shares	78,099		69,375	

*All adjustments are included in the Corporate/Other segment

Quarter Margin by Segment



(in millions)	Q1 2007	Q1 2006	+/-
Total Gross Margin	\$275.0	\$229.8	\$45.2
<u>Regulated Operations:</u>			
PNM Electric	\$109.3	\$98.5	\$10.8
PNM Gas	\$54.8	\$49.8	\$5.0
TNMP Electric	\$33.8	\$35.5	(\$1.7)
Total Regulated	\$197.9	\$183.8	\$14.1
<u>Unregulated Operations:</u>			
Wholesale	\$52.5	\$31.4	\$21.1
First Choice	\$24.7	\$14.7	\$10.0
Total Unregulated	\$77.2	\$46.1	\$31.1
<u>Corp/Other</u>	(\$0.1)	(\$0.1)	\$0.0

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)

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

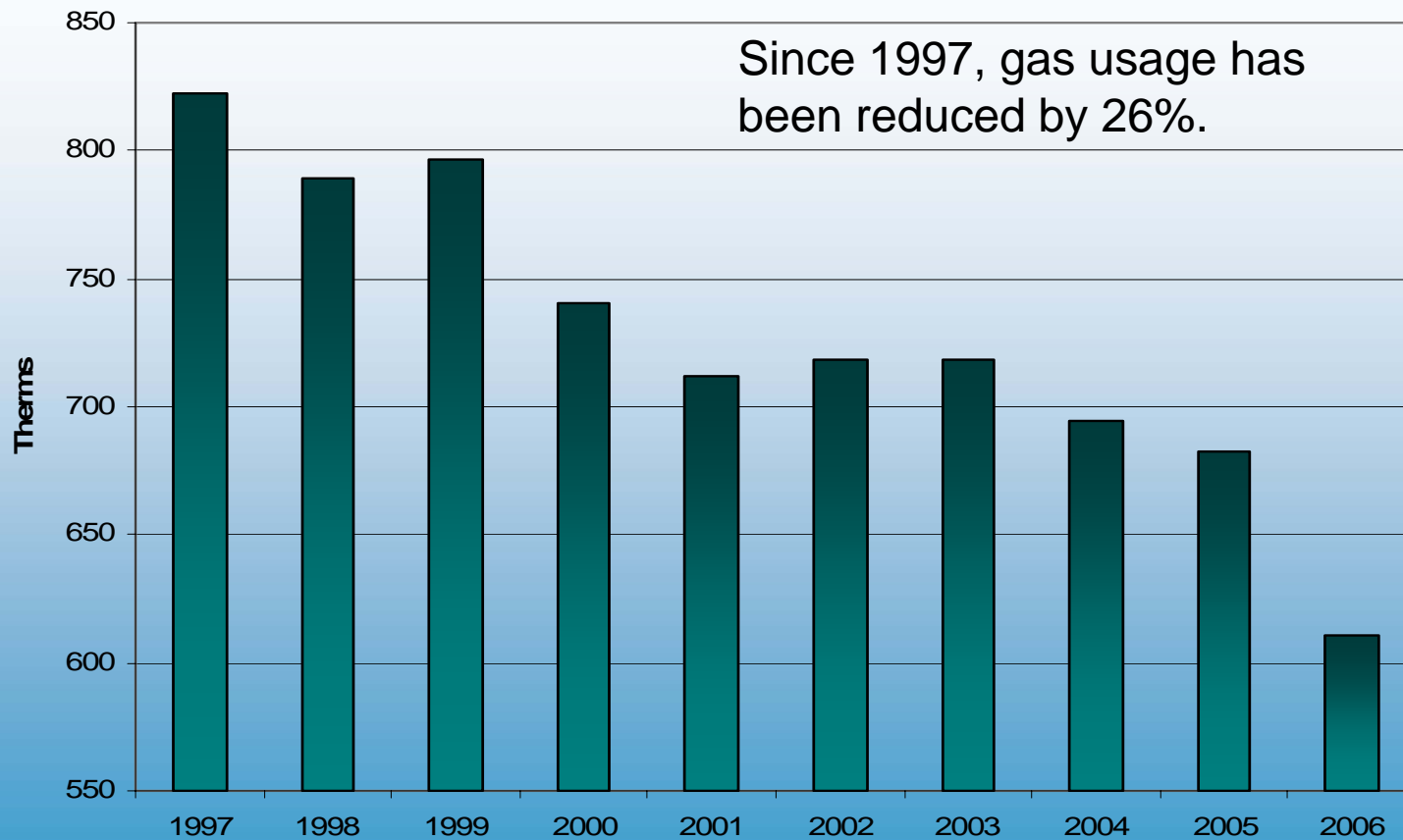


RESOURCE PORTFOLIO	Tot. Net Generation Capacity (MW)	Percent of Tot. Resources (%)	Regulated or Unregulated
Coal			
San Juan Generating Station	765	28%	Regulated
Four Corners	192	7%	Regulated
Twin Oaks	305	11%	Unregulated
Total	1,262	46%	
Nuclear			
Palo Verde Units 1&2	268	10%	Regulated
Palo Verde Unit 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%	

Gas Usage



Average Annual Residential per Customer Gas Usage
(weather normalized)



Twin Oaks Contribution



	\$ in millions	EPS
Projected Twin Oaks 12-Month Net Earnings*	\$26.2	\$0.33
Impacts of Contribution to JV June 1		
50% to JV for seven months	(\$9.9)	(\$0.13)
Interest Savings**	\$5.6	\$0.07
Total	\$21.9	\$0.28
Difference	(\$4.3)	(\$0.05)

*Includes interest charges on \$250M of debt

**Includes interest savings on \$277M of debt

Q1 Weather Data



Heating-Degree Days

	2007 Q1	2006 Q1	Normal
PNM	2,062	1,866	1,923
TNMP	1,014	726	993

Cooling-Degree Days

	2007 Q1	2006 Q1	Normal
PNM	0	0	0
TNMP	111	127	80

The heating-degree day (HDD) value is the accumulation in degrees that the daily mean temperature was below 65 degrees F. The cooling-degree day (CDD) value is the accumulation in degrees that the daily mean temperature was above 65 degrees F.