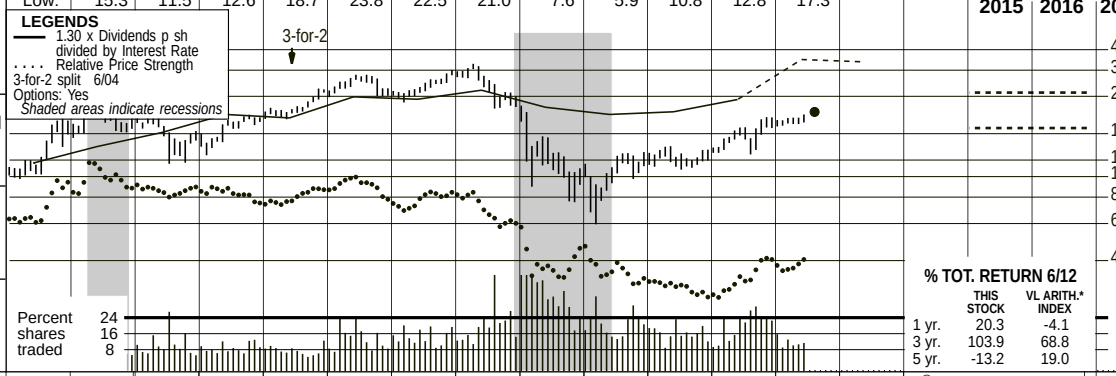
PNM RESOURCES NYSE-PNM

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
20.25	16.2	(Trailing: 16.9 Median: 16.0)	1.14	2.9%	VALUE LINE

TIMELINESS 2 Raised 12/9/11
SAFETY 3 Lowered 5/9/08
TECHNICAL 4 Lowered 6/22/12
BETA .95 (1.00 = Market)

High:	25.2	20.5	19.6	26.1	30.5	32.1	34.3	21.7	13.1	14.0	19.2	20.5
Low:	15.3	11.5	12.6	18.7	23.8	22.5	21.0	7.6	5.9	10.8	12.8	17.3

Target Price Range
2015 | 2016 | 2017



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+25%)	9%
Low	17	(-15%)	Nil

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	4	0	0	0	3	0	1
to Sell	0	0	4	0	0	0	4	0	1

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	103	63	84
to Sell	72	113	86
Hld's(000)	69709	69828	69113

% TOT. RETURN 6/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.3	-4.1
3 yr.	103.9	68.8
5 yr.	-13.2	19.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
14.10	18.12	17.43	18.96	27.46	40.09	19.92	24.11	26.54	30.19	32.25	24.92	22.65	19.01	19.31	21.35	*16.35*	*16.90*	Revenues per sh	*22.35*
2.61	2.58	3.04	2.82	3.16	4.31	2.83	3.05	3.14	3.56	3.57	2.54	1.76	2.32	2.67	3.18	*3.20*	*3.30*	"Cash Flow" per sh	*3.80*
1.15	1.25	1.50	1.29	1.55	2.61	1.07	1.15	1.43	1.59	1.72	.76	.11	.58	.87	1.08	*1.25*	*1.40*	Earnings per sh A	*2.05*
.24	.42	.51	.53	.53	.53	.57	.61	.63	.79	.86	.91	.61	.50	.50	.50	*.58*	*.70*	Div'd Decl'd per sh B ■†	*1.00*
1.42	2.05	2.06	1.56	2.50	4.51	4.09	2.78	2.25	3.07	4.04	5.94	3.99	3.32	3.25	4.10	*3.55*	*3.15*	Cap'l Spending per sh	*2.60*
12.04	12.84	13.75	14.74	15.76	17.25	16.60	17.84	18.19	18.70	22.09	22.03	18.89	18.90	17.60	19.62	*20.20*	*20.95*	Book Value per sh C	*22.20*
62.66	62.66	62.66	61.05	58.68	58.68	58.68	60.39	60.46	68.79	76.65	76.81	86.53	86.67	86.67	79.65	*80.00*	*80.00*	Common Shs Outst'g D	*85.00*
11.0	10.0	9.8	9.5	8.5	7.3	15.1	14.7	15.0	17.1	15.6	35.6	NMF	18.1	14.0	14.5	*Bold figures are*		Avg Ann'l P/E Ratio	*10.5*
.69	.58	.51	.54	.55	.37	.82	.84	.79	.91	.84	1.89	NMF	1.21	.89	.91	*Value Line*		Relative P/E Ratio	*.70*
1.9%	3.3%	3.5%	4.4%	4.1%	2.8%	3.5%	3.6%	2.9%	2.9%	3.2%	3.4%	4.9%	4.8%	4.1%	3.2%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 3/31/12
Total Debt $1671.8 mill. **Due in 5 Yrs** $236.8 mill.
LT Debt $1824.0 mill. **LT Interest** $100 mill.
(LT interest earned: 2.8x)
Pension Assets-12/11 $427.4 mill.
Oblig. $588.9 mill.

Pfd Stock $11.5 mill. **Pfd Div'd** $.5 mill.
115,293 shs. 4.58%, $100 par w/o mandatory redemption. Sinking fund began 2/1/84.

Common Stock 79,653,624 shs.
As of 4/27/12
MARKET CAP: $1.6 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
1169.0	1455.7	1604.8	2076.8	2471.7	1914.0	1959.5	1647.7	1673.5	1700.6	*1310*	*1350*	Revenues ($mill)	*1900*
64.3	68.9	88.3	106.6	122.1	59.9	8.1	53.5	80.0	96.6	*100*	*115*	Net Profit ($mill)	*175*
24.5%	29.0%	28.2%	31.1%	24.7%	5.1%	40.4%	30.4%	32.6%	38.8%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
- -	- -	- -	- -	- -	- -	- -	6.4%	7.1%	8.8%	*7.5%*	*7.5%*	AFUDC % to Net Profit	*8.0%*
49.8%	47.5%	47.1%	57.4%	50.9%	42.0%	45.6%	48.7%	50.4%	51.5%	*51.5%*	*51.0%*	Long-Term Debt Ratio	*51.0%*
49.5%	51.9%	52.4%	42.3%	48.8%	57.6%	54.0%	51.0%	49.2%	48.1%	*48.5%*	*48.5%*	Common Equity Ratio	*49.0%*
1966.9	2077.3	2098.9	3044.4	3470.7	2935.8	3025.4	3214.9	3100.3	3245.6	*3350*	*3460*	Total Capital ($mill)	*3900*
1867.3	2194.4	2324.6	2984.1	3761.9	2935.4	3192.0	3332.4	3444.4	3627.1	*3800*	*4000*	Net Plant ($mill)	*4630*
4.7%	4.7%	5.3%	4.7%	4.9%	3.4%	1.9%	3.1%	4.2%	4.5%	*5.0%*	*5.0%*	Return on Total Cap'l	*6.0%*
6.5%	6.3%	7.9%	8.2%	7.2%	3.5%	.5%	3.2%	5.2%	6.1%	*6.5%*	*7.0%*	Return on Shr. Equity	*9.0%*
6.5%	6.3%	8.0%	8.2%	7.2%	3.5%	.5%	3.2%	5.2%	6.1%	*6.5%*	*7.0%*	Return on Com Equity E	*9.0%*
3.1%	3.0%	4.5%	4.3%	3.7%	NMF	NMF	.4%	2.2%	3.3%	*3.5%*	*3.5%*	Retained to Com Eq	*5.0%*
53%	53%	44%	48%	49%	117%	NMF	86%	58%	47%	*46%*	*49%*	All Div'ds to Net Prof	*50%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-1.2	-5.7	+2.5
Avg. Indust. Use (MWH)	N/A	N/A	N/A
Avg. Indust. Revs. per KWH (¢)	N/A	N/A	N/A
Capacity at Peak (Mw)	2711	2631	2547
Peak Load, Summer (Mw)	1866	1973	1938
Annual Load Factor (%)	N/A	N/A	N/A
% Change Customers (yr-end)	-.9	-.7	- -
Fixed Charge Cov. (%)	156	182	201

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-3.5%	-7.5%	*2.0%*
"Cash Flow"	-2.5%	-4.5%	*5.5%*
Earnings	-7.5%	-12.0%	*16.0%*
Dividends	-.5%	-8.0%	*12.0%*
Book Value	1.5%	-1.0%	*3.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	385.9	401.1	477.7	383.0	1647.7
2010	383.5	405.8	503.7	380.5	1673.5
2011	387.7	415.5	549.5	347.9	1700.6
2012	305.4	*315*	*395*	*294.6*	*1310*
2013	*310*	*325*	*410*	*305*	*1350*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.15	.01	.60	d.18	.58
2010	.06	.21	.63	d.03	.87
2011	.04	.20	.61	.22	1.08
2012	.17	*.30*	*.60*	*.18*	*1.25*
2013	*.20*	*.35*	*.65*	*.20*	*1.40*

Cal-endar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.23	.23	.125	.125	.71
2009	.125	.125	.125	.125	.50
2010	.125	.125	.125	.125	.50
2011	.125	.125	.125	.125	.50
2012	.145	.145			

BUSINESS: PNM Resources is an investor-owned holding company of energy and energy related businesses. Primary subsidiaries include Public Service Company of New Mexico (PNM) and Texas-New Mexico Power Company (TNMP) which engage in the generation, transmission, and distribution of electricity in New Mexico and Texas. Sold competitive energy business First Choice Energy (9/11). Electric revenue breakdown '11: residential, 38%; commercial, 36%; industrial, 8%; other, 18%. Fuels: coal, 62%; nuclear, 30%; gas/oil, 8%. Fuel costs: 54% of revs. '11 depreciation rate: 3.0%. Has 1,951 employees. Chairman, President & CEO: Patricia K. Collawn. Inc.: NM. Addr.: Alvarado Square, Albuquerque, NM. 87158. Tel.: 505-241-2700. Internet: www.pnmresources.com.

PNM Resources posted a decent start to the year. The company's top- and bottom-line results of $305 million and $0.17 a share were in line with expectations. Earnings more than doubled from the year-ago tally, largely due to the sale of its competitive energy businesses, First Choice Power and Optim Energy, which put pressure on PNMR's performance last year. Moreover, share repurchases in 2011, totaling approximately $125 million, helped to boost share earnings in this year. Looking forward, we reiterate our 2012 share-net estimate of $1.25; however, we increased our 2013 projection by a nickel, to $1.40.

The Environmental Protection Agency's (EPA) best available retrofit technology (BART) requirements have led to an uphill battle. Recall, the court decided to deny PNMR's request to suspend installation of selective catalytic reduction (SCR) technology, which could cost the company more than $750 million over the next five years. Too, the governor of New Mexico sent a similar request, asking the EPA to permit a 90-day stay to allow PNMR to create an alternative plan. The motion was granted in July, and we expect a final decision later this year.

The electric utility remains engaged regarding other regulatory activity. Although PNMR is not anticipating another general rate case filing this year, the company is focused on its pending FERC rate cases, its renewable energy rider, and its 2013 renewable energy plan.

Shares of PNM Resources picked up steam since our last review. The stock price climbed to over $20 a share, hitting a high not seen since 2008. Thus, this issue is ranked to outperform the broader market averages over the coming six to 12 months.

However, PNM Resources' lackluster dividend yield may offset any positive sentiment. Despite the company's 16% quarterly dividend increase, to $0.145 a share, we are still unimpressed. PNMR's 2.9% yield is significantly below the utility industry average of 4.1%. Thus, income-seeking investors should look elsewhere right now. Moreover, PNMR's stock price is within our Target Price Range, limiting capital gains potential.

Michelle Jensen *August 3, 2012*

(A) EPS diluted. Excl. nonrecur. gains (losses): '97, 3¢; '98, net (16¢); '99, 5¢; '00, 14¢; '01, (10¢); '03, 45¢; '05, (56¢); '07, 14¢; '08, ($3.77); '10, ($1.36). Egs. may not sum due to rounding. Next egs. report due early Aug. **(B)** Div'ds hist. paid in mid Feb., May, Aug., Nov. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. **(C)** Incl. intang. '11: $3.21/sh. **(D)** In mill., adjust. for split. **(E)** Rate base: net orig. cost. Elect. ROE allowed in '08: 10.1%; earned on avg. com. eq., '11: 6.1%. Regulatory Climate: Avg.

Company's Financial Strength	B
Stock's Price Stability	65
Price Growth Persistence	25
Earnings Predictability	15

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