

PNM RESOURCES INC  
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The information in this preliminary prospectus supplement is not complete and may be changed. The registration statement to which this preliminary prospectus supplement relates is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated May 7, 2008

PROSPECTUS SUPPLEMENT  
(To Prospectus dated April 4, 2008)

\$350,000,000      % Senior Notes, Series A Due 2015

In March 2005, we issued \$247,250,000 aggregate principal amount of 4.80% Senior Notes, Series A, initially due May 16, 2010, in connection with the issuance of 4,945,000 6.75% Equity Units, which we refer to herein as the "Units". This is a remarketing of up to \$                      aggregate principal amount of the Senior Notes, Series A on behalf of the Unit holders or any holder of Senior Notes, Series A that are not components of Units who elect to participate in the remarketing and an offering of \$                      aggregate principal amount of additional Senior Notes, Series A. The notes being remarketed and the additional notes being offered will be treated for all purposes as one series and will be collectively referred to herein as the "notes" unless the context provides otherwise.

On and after May 16, 2008, interest on each note will be payable semi-annually in arrears on May 16 and November 16 of each year, commencing November 16, 2008, at                      % per year. The notes will mature on                      , 2015. We may not redeem the notes prior to their maturity on                      , 2015. Upon the occurrence of a Change of Control, we will generally be required to make an offer to repurchase the notes at a price equal to 101% of their aggregate principal amount plus accrued and unpaid interest to, but not including, the date of repurchase.

The notes are and will be our senior unsecured obligations and rank and will rank equally with all of our existing and future senior unsecured debt and senior to any future subordinated unsecured debt that we may incur.

The notes are not and will not be listed on any securities exchange or quoted on any automated quotation system. Currently there is no public trading market for the notes.

Investing in the notes involves risks. "Risk Factors" begin on page S-7.

Remarketed Note		Per	
New Note	Total Public Offering Price(1)	%	%
%	\$ Proceeds before expenses to PNM Resources	%	\$ Remarketing Fee(2) or Underwriting Discount
%	\$	%	\$ Proceeds to Participating Note Holders(3)

(1) Plus accrued interest from and including May 16, 2008, if settlement occurs after that date. (2) We will pay the remarketing fee to the remarketing agents. (3) The portion of the proceeds equal to aggregate principal amount of the notes being remarketed will be applied to satisfy the holders' obligation to purchase our common stock under the stock purchase contracts that are part of the Units. Any excess proceeds from the notes being remarketed will be remitted to the holders.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about May 16, 2008.

Remarketing Agents and Joint Book-Running Managers

Banc of America Securities LLC Lehman Brothers

Lynch & Co. Morgan Stanley Wachovia Securities

Merrill

Securities JPMorgan

Citi Deutsche Bank

Capital Markets Wedbush Morgan Securities Inc.  
May , 2008

RBC

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this remarketing and offering of notes. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire prospectus supplement as well as the accompanying prospectus and the documents incorporated by reference that are described under “Where You Can Find More Information” herein. In the event that the description of the remarketing and offering of notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us, or information to which we have referred you. We have not, and the remarketing agents or underwriters, as applicable, have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the remarketing agents or underwriters, as applicable, are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus supplement and the accompanying prospectus to “PNMR,” “PNM Resources,” “we,” “our” and “us” refer to PNM Resources, Inc. Unless otherwise indicated, financial information included or incorporated by reference herein is for PNM Resources, Inc. and its subsidiaries on a consolidated basis.

## PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully before making an investment decision.

### The Company

#### General

We are an investor-owned holding company of energy and energy-related businesses. Our primary subsidiaries are Public Service Company of New Mexico (“PNM”), Texas-New Mexico Power Company (“TNMP”) and First Choice Power, L.P. (“First Choice”). In addition, we have a 50 percent ownership interest in EnergyCo, LLC (“EnergyCo”), an unregulated energy company.

PNM is an integrated public utility with regulated operations primarily engaged in the generation, transmission and distribution of electricity, the transmission and distribution and sale of natural gas, and unregulated operations primarily focused on the sale and marketing of electricity into the wholesale market in the western United States. TNMP is a regulated electric utility providing transmission and distribution services in Texas. First Choice is a competitive retail electric provider operating in Texas.

EnergyCo was formed in January 2007 by PNMR and ECJV Holdings, LLC (“ECJV”), a wholly-owned subsidiary of Cascade Investment, L.L.C., one of PNMR’s largest shareholders, to target opportunities in expanding U.S. markets throughout the Southwest, Texas and the West. In June 2007, we contributed our interest in Altura Power L.P., whose primary asset is the coal fired 305 megawatt Twin Oaks power plan located in central Texas, to EnergyCo. In August 2007, EnergyCo completed the acquisition of the CoGen Lyondell Power Generation Facility (now known as Altura Cogen, LLC), a 614 MW natural gas-fired cogeneration plant, located near Houston, Texas and also announced that EnergyCo had agreed with NRG Energy, Inc. to jointly develop a 550 MW combined-cycle natural gas unit at the existing NRG Cedar Bayou Generating Station near Houston. EnergyCo anticipates the construction of the project will be completed in the summer of 2009, at which time 275 MW of electricity will be available for sale by EnergyCo.

#### Recent Developments

On January 12, 2008, PNM entered into an agreement (the “Gas Assets Agreement”) with Continental Energy Systems LLC (“Continental”) and New Mexico Gas Company, Inc. (“NMGC”), a subsidiary of Continental, to sell PNM’s natural gas operations to NMGC for \$620 million in cash, subject to adjustment based on, among other things, the amount of certain assets and liabilities attributable to PNM’s natural gas operations at closing. In a separate transaction that is conditioned upon the closing of the transactions contemplated by the Gas Assets Agreement, on January 12, 2008, we and PNM Merger Sub LLC, our newly formed subsidiary, entered into an Agreement and Plan of Merger (the “Texas Merger Agreement”) with Continental and Cap Rock Holding Corporation (“CRHC”), which is a subsidiary of Continental. Under the terms of the Texas Merger Agreement, we will acquire 100% ownership of CRHC and its subsidiaries, including Cap Rock Energy, which operate an electric distribution and transmission business serving approximately 36,000 customers in 28 counties in north, west and central Texas, for \$202.5 million in cash, subject to adjustment for the changes in certain components of working capital, and subject to the condition that the outstanding indebtedness of CRHC and its subsidiaries is eliminated at or prior to closing. We expect to use the net after-tax proceeds of these transactions to retire debt, fund future electric capital expenditures and for other corporate purposes. The Gas Assets Agreement and the Texas Merger Agreement each contain a number of customary representations and

warranties and indemnification provisions as well

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as closing conditions, including regulatory and third-party approvals. The parties may terminate the agreements under certain circumstances. In addition, the Gas Assets Agreement includes a provision that no terms can be imposed in connection with the final regulatory approvals that could reasonably be expected to have a material adverse effect or impose any material adverse requirements on the buyer or its affiliates, operations or assets. The Gas Assets Agreement is not conditioned on the closing of the Texas Merger Agreement. Subject to all required approvals, the transactions are expected to close by year-end 2008.

On March 7, 2008, TNMP entered into a term loan credit facility in an aggregate principal amount of up to \$150.0 million (the "TNMP Term Facility") and, effective April 9, 2008, TNMP borrowed \$150.0 million to redeem its 6.125% senior unsecured notes prior to their maturity date of June 1, 2008.

On April 24, 2008, the New Mexico Public Regulation Commission (the "NMPRC") issued a final order in PNM's electric rate case, resulting in a revenue increase of \$34.4 million for PNM. New rates reflecting the \$34.4 million increase are effective for bills rendered on and after May 1, 2008. The NMPRC also authorized a return on equity ("ROE") of 10.1 percent. PNM had requested a \$76.9 million rate increase, an ROE of 10.75 percent and a fuel and purchased power cost adjustment clause to allow PNM to timely recover the higher cost of fuel and energy needed to serve residential and business customers. In its final order, the NMPRC also disallowed recovery associated with PNM's renewable energy certificates that are being deferred as regulatory assets and capped the recovery of coal mine decommissioning costs at \$100.0 million. PNM is considering the filing of a motion for rehearing and a notice of appeal to the New Mexico Supreme Court on the April 24th decision on its rate case. Under New Mexico law an appeal is allowed without filing for rehearing. PNM and other parties have 30 days from the issuance of the final order to file for either rehearing or appeal. If a motion for rehearing is filed, the NMPRC must act on the motion within 20 days or it is deemed denied. If a motion for rehearing is filed, parties have 30 days to file a notice of appeal after disposition of the motion. An appeal may be filed even if a rehearing motion is pending.

The NMPRC will hear arguments regarding PNM's application to implement an emergency fuel-adjustment clause during a hearing scheduled to begin on May 12, 2008. Two intervenors in PNM's rate case, the New Mexico Attorney General's Office, which serves as the residential and small business consumer advocate in rate case proceedings, and the International Brotherhood of Electrical Workers Local 611, support PNM's request for an emergency fuel clause. There can be no assurance that PNM's request will be successful.

On May 1, 2008, PNMR announced that TNMP has entered into a binding commitment for a revolving credit facility currently in an aggregate principal amount of up to \$80.0 million and is in the process of syndicating additional amounts (the "TNMP Revolving Facility"). This commitment is subject to conditions and final documentation. In addition, on May 1, 2008, PNMR announced that PNM has entered into a binding commitment for a short-term letter of credit facility in an aggregate principal amount of \$100.0 million (the "PNM Letter of Credit Facility"). The PNM Letter of Credit Facility is subject to conditions and final documentation. Also on May 1, 2008, PNMR announced that PNM has entered into agreements to sell its share of power, approximately 135 megawatts, from Palo Verde Nuclear Generating Station Unit 3. The long-term, power-sale deals begin May 1 and run through December 31, 2010. As part of the sales agreements, PNM received \$70.6 million in pre-payments.

On May 5, 2008, PNM entered into a delayed draw term loan facility in an aggregate principal amount of up to \$300.0 million which expires April 30, 2009 (the "PNM Delayed Draw Term Facility").

#### Concurrent Offering

Concurrently with this remarketing and offering of notes, PNM will offer, by means of a separate prospectus and prospectus supplement, its % Senior Unsecured Notes Due 2018 (the "concurrently





offered notes'') in an aggregate principal amount of \$350,000,000 (the "concurrent offering"). The remarketing and offering of notes are not conditioned on the completion of PNM's concurrent offering. There can be no assurance that PNM's concurrent offering will be completed.

#### Corporate Information

Our principal executive office is located at Alvarado Square, Albuquerque, New Mexico 87158, and our telephone number is (505) 241-2700. We also maintain a website at [www.pnmresources.com](http://www.pnmresources.com). Our website and the information contained therein are not part of this prospectus supplement.

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The Remarketing and Offering of the Notes

PNM Resources, Inc. Issuer

*% Senior Notes, Series A Due 2015.*

Securities \$350,000,000 aggregate principal amount of

Denominations The notes being remarketed have been issued, and the additional notes will be issued, in denominations of \$1,000 and integral multiples thereof.

Date , 2015. Maturity

Interest Rate On and after May 16, 2008, the notes will bear interest at the rate of % per year.

Interest Payment Dates We will pay interest in arrears on May 16 and November 16 of each year, commencing November 16, 2008.

Redemption We are not and will not be required to make mandatory redemption or sinking fund payments on the notes. Mandatory

Optional Redemption We may not redeem the notes prior to their maturity on , 2015.

Control Upon the occurrence of a change of control, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. See "Description of Notes — Repurchase at the Option of Holders — Change of Control." Change of

Ranking The notes are and will be our general unsecured obligations. The notes rank and will rank equally in right of payment with all our existing and future senior debt. The notes are and will be senior in right of payment to any subordinated debt that we may incur. As of March 31, 2008, we (exclusive of our subsidiaries) had \$752.4 million aggregate principal amount of short-term and long-term debt outstanding (\$13.2 million of which is secured). The notes are and will be effectively subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries. As of March 31, 2008, our subsidiaries had approximately \$1,667.5 million aggregate principal amount of short-term and long-term debt outstanding (\$65.0 million of which is secured), excluding intercompany loans. See "Description of the Notes — Ranking" below.

Covenants The indenture, as supplemented, limits our ability, among other things:

Certain

- to create liens without equally and ratably securing the notes; and
- to engage in certain sale/leaseback transactions.

It also

limits our ability to engage in mergers, consolidations and certain sales of assets.

These

covenants are subject to important exceptions and qualifications, as described under “Description of Notes — Certain Covenants” below and “Description of Debt Securities — Restrictions on Mergers and Sale of Assets” in the accompanying prospectus.

The Remarketing The notes being remarketed were issued originally by us in March 2005 in connection with our issuance and sale to the public of the Units. Each Unit initially consisted of both a purchase contract and a Senior Note, Series A. In order to secure their obligations under the purchase contract, holders of the Units pledged their original notes to us through a collateral agent. Pursuant to the terms of the Units, the remarketing agents will remarket the notes originally issued in March 2005 on behalf of current holders of Units in accordance with the remarketing agreement, as supplemented by the supplemental remarketing agreement among us, the remarketing agents and The Bank of New York (as successor to JPMorgan Chase Bank, N.A.), as purchase contract agent and as attorney-in-fact for holders of purchase contracts. See “Plan of Distribution and Underwriting” in this prospectus supplement.

The

terms of the Units and the notes require the remarketing agents to use their reasonable efforts to remarket the notes of holders participating in the remarketing at a price of 100% of the aggregate principal amount of such notes. In connection with the remarketing, Banc of America Securities LLC and Lehman Brothers Inc., as reset agents, have reset the interest rate on the notes to % per year.

Use of Proceeds

With regards to the remarketing, the remarketing agents will remit to U.S. Bank Trust National Association, as collateral agent, \$ , which is 100% of the aggregate principal amount of the remarketed notes currently held as components of the Units. The collateral agent will pay to us \$ , which is 100% of the aggregate principal amount of the remarketed notes currently held as components of the Units, less the amount of any accrued and unpaid contract adjustment payments, to satisfy in full the obligation of the holders of those Units to purchase

our  
common stock, which we must issue on May 16, 2008. The balance of any proceeds from the remarketing of those notes will be remitted by the Collateral Agent to the purchase contract agent for the benefit of such holders. The remarketing agents will remit to U.S. Bank Trust National Association, as custodial agent, for the benefit of any holder of notes that are not components of the Units who have elected to participate in this remarketing all of the proceeds from the remarketing of such notes.

We will use the net proceeds from the sale of our common stock to the holders of the Units, together with the proceeds from the sale of the additional notes, to pay down outstanding borrowings under our revolving credit facility (the "PNMR Revolving Facility"). See "Use of Proceeds" below.

Ratings As of May 6, 2008, ratings on our senior unsecured notes were as follows:

- S&P:  
BB- (stable)
- Moody's: Ba2 (under review for possible downgrade)

Investors are cautioned that a security rating is not a recommendation to buy, sell or hold securities, that it is subject to revision or withdrawal at any time by the assigning rating organization, and that each rating should be evaluated independently of any other rating.

## RISK FACTORS

Before you invest in our notes, you should carefully consider the risks described below. In addition, you should carefully consider the risks set forth in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, and Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2007, both of which are incorporated by reference in this prospectus supplement. See also “Where You Can Find More Information” about future filings which we will make with the SEC, some of which may contain additional risk factors, and are incorporated by reference into this prospectus supplement. If any of the risks actually occurs, our business, financial condition, results of operations and cash flows could be harmed.

Any failure to meet our debt obligations could harm our business, financial condition and results of operations.

As of May 6, 2008, we had consolidated short-term debt outstanding of \$952.0 million, which included TNMP’s \$150.0 million short-term bank loan, which is due on October 9, 2008. In addition, as of May 6, 2008, our subsidiaries have scheduled maturities of long-term debt aggregating \$467.7 million due prior to April 30, 2009, consisting of PNM’s \$300.0 million aggregate principal amount of 4.4% senior unsecured notes due September 15, 2008 and TNMP’s \$167.7 million aggregate principal amount of 6.25% senior unsecured notes due January 15, 2009.

We also have \$100.0 million aggregate principal amount of 5.1% senior unsecured notes due August 1, 2010. We are obligated to remarket these notes beginning August 16, 2008, and if we cannot remarket such notes, the holder of such notes has the right to put the notes to us on November 16, 2008 to satisfy its obligation under the related purchase contract to purchase common or preferred stock and we will not receive the \$100 million of cash we would have otherwise received for the issuance of our common or preferred stock.

We and our subsidiaries are exploring financial alternatives to meet these obligations and we currently believe that our and our subsidiaries’ internal cash generation, credit arrangements, and access to capital markets will provide sufficient resources to meet capital requirements and retire or refinance the senior unsecured notes described above at maturity. To cover the difference in the amounts and timing of cash generation and cash requirements, we intend to use short-term borrowings under current liquidity arrangements described below and future liquidity arrangements that we may enter into.

The credit ratings of PNM’s debt were recently downgraded and are below investment grade and there has also been an overall deterioration of the credit markets in general. If our cash flow and capital resources are insufficient to fund our debt obligations, we may be forced to sell assets, seek additional equity or debt capital or restructure our debt. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a further reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms and would result in an increase in the interest rates applicable under our credit facilities. Our cash flow and capital resources may be insufficient to pay interest and principal on our debt in the future, including payments on the notes. If that should occur, our capital raising or debt restructuring measures may be unsuccessful or inadequate to meet our scheduled debt service obligations, which could cause us to default on our obligations and further impair our liquidity.

We are a holding company and must rely on cash from our subsidiaries and EnergyCo to make payments on the notes.

We are a holding company and thus our investments in our subsidiaries and EnergyCo are our primary assets. Substantially all of our operations are conducted by our subsidiaries and EnergyCo. Consequently, our operating cash flow and our ability to service our indebtedness depends upon the operating cash flow of our subsidiaries and EnergyCo and the payment of funds by them to us in the form of dividends or other distributions. Our subsidiaries and

EnergyCo are separate legal entities that have no obligation to pay any amounts due pursuant to our obligations or to make any funds available for that purpose, whether by dividends or otherwise. In addition, each entity's ability to pay

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dividends to us depends on any statutory, regulatory and/or contractual restrictions that may be applicable to each one, which may include requirements to maintain minimum levels of equity ratios, working capital or other assets.

Our utility subsidiaries are regulated by various state utility commissions which generally possess broad powers to ensure that the needs of the utility customers are being met. Specifically, as part of the order approving our formation as a holding company, the NMPRC placed certain restrictions on the ability of one of our primary subsidiaries, PNM, to pay dividends to us. The order states that PNM shall not pay dividends that will cause its debt rating to go below investment grade. Furthermore, the order provides that PNM cannot pay dividends in any year, as determined on a rolling four-quarter basis, in excess of net earnings for that year, with certain rollovers for prior earnings not distributed, without prior NMPRC approval. In January 2003, the NMPRC modified this dividend restriction to allow PNM to dividend earnings as well as equity contributions made by us back to us. Additionally, PNM is subject to various financial covenants that limit the transfer of assets, through dividends or other means. As of March 31, 2008, the amount of retained earnings of our subsidiaries not subject to dividend restrictions, under the most restrictive of such tests and assuming that there is no violation of the order providing that PNM shall not pay dividends that cause its credit rating to go below investment grade, was approximately \$207.8 million. PNM has not paid any dividends to PNMR since 2005. To the extent that the state commissions attempt to impose further restrictions on the ability of our utility subsidiaries to pay dividends to us, it could adversely affect our ability to make payments on the notes.

The notes will be effectively subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries. In the event of the bankruptcy, insolvency, liquidation or reorganization of the business of one of our subsidiaries, creditors and holders of preferred stock of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. As of March 31, 2008, our subsidiaries had approximately \$1,667.5 million aggregate principal amount of short-term and long-term debt outstanding (excluding intercompany loans) and cumulative preferred stock with aggregate stated value of \$11.5 million outstanding.

We may not have sufficient funds to repurchase the notes if we experience a change in control.

We are required, under the terms of the notes, to offer to purchase all of the outstanding notes if we experience a change of control. If a change of control were to occur, we cannot assure you that we would have sufficient funds to repay debt outstanding or to purchase the notes, or any other securities that we may issue in the future that have a similar provision. We expect that we would require additional financing from third parties to fund any such purchases but we cannot assure you that we would be able to obtain such financing. Our failure to repay holders tendering notes upon a change of control would result in an event of default under the notes. See “Description of Notes — Repurchase at the Option of Holders — Change of Control.”

In addition to our current indebtedness, we and our subsidiaries may incur substantially more debt and our subsidiaries could issue more preferred stock. This could increase the risks described above.

Together with our subsidiaries, we may incur substantially more debt in the future. The indenture governing the notes does not restrict our ability to incur additional indebtedness. As of May 6, 2008, PNMR had \$615.0 million of liquidity arrangements. The liquidity arrangements consist of \$600.0 million from the PNMR Revolving Facility and \$15.0 million from local lines of credit. As of May 6, 2008, PNMR had borrowed \$462.0 million under the PNMR Revolving Facility and PNMR had no borrowings under the local lines of credit. In addition, PNMR had \$3.0 million in letters of credit outstanding, which reduces the available capacity under the PNMR Revolving Facility. As of May 6, 2008, First Choice had up to \$300.0 million of borrowing capacity under the PNMR Revolving Facility. Any borrowings made by First Choice under this sublimit are guaranteed by PNMR. As of May 6, 2008, First Choice had no borrowings under the PNMR Revolving Facility and First Choice had \$77.5 million in letters of credit outstanding, which reduces the available capacity under the PNMR Revolving Facility. TNMP can currently borrow up to

\$100.0 million under the PNMR Revolving Facility and any borrowings made by TNMP under this sublimit are not guaranteed by PNMR. As of May 6, 2008, TNMP had no borrowings under the PNMR Revolving Facility, and had

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\$1.9 million in letters of credit outstanding, which reduces available capacity under the PNMR Revolving Facility. Upon entry into the TNMP Revolving Facility, however, TNMP will be removed as a borrower under the PNMR Revolving Facility.

PNMR has established a commercial paper program under which it may issue up to \$400.0 million in commercial paper for up to 270 days. The commercial paper is unsecured and the proceeds are used for short-term cash management needs. The PNMR Revolving Facility serves as support for the outstanding commercial paper. As a result, the aggregate borrowings under the commercial paper program and the PNMR Revolving Facility cannot exceed the \$600.0 million limit under the PNMR Revolving Facility. As of May 6, 2008, PNMR had no commercial paper outstanding under this program.

As of May 6, 2008, PNM had \$713.5 million of liquidity arrangements, not including the binding commitment for the PNM Letter of Credit Facility. The liquidity arrangements consist of \$400.0 million from an unsecured revolving credit facility (the "PNM Revolving Facility"), \$300.0 million from the PNM Delayed Draw Term Facility and \$13.5 million in local lines of credit. As of May 6, 2008, PNM had borrowed \$340.0 million under the PNM Revolving Facility, had no borrowings under the PNM Delayed Draw Term Facility and had no borrowings under the local lines of credit. In addition, as of May 6, 2008, PNM had \$14.8 million in letters of credit outstanding, which reduces the available capacity under the PNM Revolving Facility.

PNM has a commercial paper program under which PNM may issue up to \$300.0 million in commercial paper for up to 365 days. The commercial paper is unsecured and the proceeds are used for short-term cash management needs. The PNM Revolving Facility serves as support for PNM's outstanding commercial paper so that the aggregate borrowing under both programs cannot exceed the \$400.0 million limit under the PNM Revolving Facility. As of May 6, 2008, PNM had no commercial paper outstanding under this program.

As of May 6, 2008, TNMP did not have independent liquidity arrangements but can borrow up to \$100.0 million under the PNMR Revolving Facility. Any borrowings made by TNMP under this sublimit are not guaranteed by PNMR. On May 1, 2008, PNMR announced that TNMP has entered into a binding commitment for the TNMP Revolving Facility in an aggregate principal amount of up to \$80.0 million and is in the process of syndicating additional amounts. Upon entry into the TNMP Revolving Facility, TNMP will be removed as a borrower under the PNMR Revolving Facility. On March 7, 2008, TNMP entered into the TNMP Term Facility and effective April 9, 2008, borrowed \$150.0 million thereunder.

To the extent that we or our subsidiaries incur new debt either under applicable indentures or pursuant to the facilities described above, this new debt will be combined with our current debt levels and the risks described herein and incorporated by reference could substantially increase.

PNMR and PNM cannot make any assurances that the proposed sale of PNM's natural gas operations or purchase of CRHC's electric distribution and transmission business in Texas will be consummated, and failure to complete the transactions would result in the incurrence of costs, the amounts of which could adversely impact PNMR's and PNM's future business and financial results, and could affect our ability to make payments on our debt obligations.

Consummation of the PNM natural gas operations sale and CRHC electric assets acquisition is subject to various conditions, including receiving approval from the NMPRC (for the sale of the natural gas operations), Public Utility Commission of Texas ("PUCT") (for the purchase of the electric distribution and transmission business), FERC, and expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and satisfaction of other closing conditions. There is no assurance that all of the various conditions will be satisfied. In addition, the Gas Assets Agreement includes a provision that no terms can be imposed in connection with

the final regulatory approvals that could reasonably be expected to have a material adverse effect or impose any material adverse requirements on the buyer or its affiliates, operations or assets. If the transactions contemplated by the Gas Assets Agreement are not consummated by January 12, 2009, such agreement will terminate pursuant to its terms, subject to a six-month extension under certain circumstances.

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If the gas operations sale is not completed for any reason:

not receive the \$620 million sale price for the natural gas operations and will not be able to utilize the after-tax proceeds from the sale to, among other things, make payments on our debt obligations,

- PNM will
- PNMR will not be able to purchase CRHC's electric distribution and transmission business in Texas, as such purchase is conditioned on the sale of PNM's natural gas operations,
- PNMR and PNM will be subject to numerous expenses, including having incurred certain costs relating to the proposed transactions that are payable whether or not the transactions are completed, including legal, consulting and accounting fees, and having had management focused on completing the proposed transactions, instead of on pursuing another business strategy, including acquisition or investment opportunities that could have been beneficial to PNMR and PNM, and
- the profit margin for PNM's natural gas distribution business could be adversely affected if PNM does not obtain adequate rate relief, including in PNM's pending gas rate case appeal.

As a result of these and other factors, PNMR's and PNM's business, financial results and financial condition could be adversely affected.

The notes have no established trading market and liquidity of trading markets for the notes may be limited.

We do not intend to apply for a listing of the notes on any securities exchange or interdealer quotation system. As a result, there can be no assurance as to the liquidity of markets that may develop for the notes, the ability of noteholders to sell their notes or the prices at which notes could be sold. The notes may trade at prices that are lower than their initial purchase price depending on many factors, including prevailing interest rates and the markets for similar securities. The liquidity of trading markets for the notes may also be adversely affected by general declines or disruptions in the markets for debt securities. Those market declines or disruptions could adversely affect the liquidity of and market for the notes independent of our financial performance or prospects.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, and other documents that 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. Forward-looking statements often can be identified by the words “believe”, “expect”, “anticipate”, “estimate” or similar expressions. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates and we assume no obligation or duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Since actual results may differ materially from those expressed or implied by these forward-looking statements, we caution readers not to place undue reliance on these statements. Our business, financial condition, cash flow and operating results are influenced by many factors, which are often beyond our control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. These factors include:

- Conditions affecting our ability to access the financial markets, including actions by ratings agencies affecting our credit ratings and the credit ratings of our operating subsidiaries, or EnergyCo’s access to additional debt financing following the utilization of its existing credit facility,
- State and federal regulatory and legislative decisions and actions, including PNM’s pending application for an emergency fuel adjustment clause,
- The risk that the closings of the pending sales of the PNM natural gas utility and certain wholesale electricity, natural gas and transmission contracts, and the pending purchase of certain Continental subsidiaries may not occur due to regulatory or other reasons,
- The performance of our generating units and transmission systems, including the Palo Verde Nuclear Generating Station, the San Juan Generating Station, the Four Corners Plant, and EnergyCo generating units, and transmission systems,
- The risk that EnergyCo is unable to identify and implement profitable acquisitions, including development of the Cedar Bayou IV Generating Station, or that PNMR and ECJV will not agree to make additional capital contributions to EnergyCo,
- The potential unavailability of cash from our subsidiaries or EnergyCo due to regulatory, statutory or 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 to attract and retain customers,
- Changes in Electric Reliability Council of Texas protocols,
- Changes in the cost of power acquired by First Choice,
- Collections experience,
- Insurance coverage available for claims made in litigation,
- Fluctuations in interest rates,
- Weather,

fuel costs,  
Availability of fuel supplies,  
risk management and commodity risk transactions,  
other changes in supply and demand in the market for electric power,

- Water supply,
  - Changes in
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- The effectiveness of
- Seasonality and

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Variability of wholesale power prices and natural gas prices,  
liquidity in the wholesale power markets and the natural gas markets,  
competitive environment in the electric and natural gas industries,  
long-term power sales,  
our subsidiaries and EnergyCo may have to commit to substantial capital investments and incur additional operating costs to comply with new environmental control requirements including possible future requirements to address concerns about global climate change,  
with completion of generation, including pollution control equipment at the San Juan Generating Station, and the EnergyCo Cedar Bayou IV Generating Station, transmission, distribution and other projects, including construction delays and unanticipated cost overruns,  
legal proceedings, including PNM's pending gas rate case appeal,  
applicable accounting principles, and  
state, regional and national economies.

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- Volatility and
- Changes in the
- The ability to secure
- The risk that we,
- The risks associated
- The outcome of
- Changes in
- The performance of

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## USE OF PROCEEDS

With regards to the remarketing, the remarketing agents will remit to U.S. Bank Trust National Association, as collateral agent, \$ \_\_\_\_\_, which is 100% of the aggregate principal amount of the remarketed notes currently held as components of the Units. The collateral agent will pay to us \$ \_\_\_\_\_, which is 100% of the aggregate principal amount of the remarketed notes currently held as components of the Units, less the amount of any accrued and unpaid contract adjustment payments, to satisfy in full the obligation of the holders of those Units to purchase our common stock which we must issue on May 16, 2008. The balance of any proceeds from the remarketing of those notes will be remitted by the collateral agent to the purchase contract agent for the benefit of such holders. The remarketing agents will remit to U.S. Bank Trust National Association, as custodial agent, for the benefit of any holder of notes that are not components of the Units who have elected to participate in this remarketing all of the proceeds from the remarketing of such notes.

With regards to the offering of \$ \_\_\_\_\_ aggregate principal amount of additional notes, we estimate that the net proceeds will be approximately \$ \_\_\_\_\_ million, after deducting the underwriting discount and our estimated offering expenses and after our payment of a remarketing fee to the remarketing agents in connection with the preceding paragraph.

We expect to use the net proceeds from the sale of our common stock to the holders of the Units and from the sale of the additional notes to pay down outstanding borrowings under the PNMR Revolving Facility. Our borrowings under the PNMR Revolving Facility as of May 6, 2008, totaled \$462.0 million at a weighted average interest rate of 3.55%. Amounts borrowed under the PNMR Revolving Facility were used for general corporate purposes. Certain of the underwriters or their affiliates are lenders under the PNMR Revolving Facility and, accordingly, will receive a portion of the proceeds from the offering of additional notes. See “Underwriting — Relationships and FINRA Conduct Rules.”

## CAPITALIZATION

The following table shows our capitalization at March 31, 2008, on an actual basis and as adjusted to reflect the remarketing of the notes and the settlement of the stock purchase contracts that are components of the Units by our issuance of common stock on May 16, 2008, as well as the offering of additional notes and application of the estimated net proceeds therefrom, all as described in "Use of Proceeds." The as adjusted information also reflects our borrowing of \$150.0 million under the TNMP Term Facility and the application of proceeds therefrom that occurred on April 9, 2008. The as adjusted information does not reflect PNM's concurrent offering of \$350.0 million of senior unsecured notes. You should read this table together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

March 31, 2008	Actual	As Adjusted	(dollar amounts in thousands)	Short-term debt of PNMR	\$ 392,000	\$
42,000 (1)	Short-term debt of PNM	345,000	345,000	Short-term debt of TNMP(2)	—	150,000
installments of long-term debt(2)	619,212	470,298	Total short-term debt and current installments of long-term debt	1,356,212	1,007,298	
debt	1,356,212	1,007,298	Long-term debt, excluding current installments:			% Senior Notes, Series A, due 2015 (initially the 4.80% Senior Notes, Series A, due 2010)
initially due 2010	100,000	100,000	Long-term debt of PNM	247,250	350,000	5.1% Senior Notes,
				705,870		