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Resources (NYSE:PNM) and Western Resources Inc. (NYSE:WR) has been terminated by the PNM Resources Board of Directors, the company announced today. The agreement, entered into in November 2000, called for PNM to acquire Western's electric utility operations in Kansas in a stock transaction initially valued at more than \$4 billion.

The agreement provided for termination of the deal if the parties had not made satisfactory progress toward completing the transaction by December 31, 2001. PNM filed suit against Western Resources in October, alleging that the Kansas company breached the agreement by misrepresenting the regulatory approvals needed and regulatory rulings in Kansas make it impossible to complete the transaction. Western filed its own lawsuit in November. Both lawsuits are now pending in New York state court.

"It is clear that this transaction cannot be completed as originally designed," said PNM Senior Vice President Patrick Ortiz, the company's chief legal counsel and corporate secretary. "Regulatory rulings in Kansas, including one declaring a necessary condition of the transaction to be unlawful, and actions and failures by Western which are inconsistent with the terms of the Agreement made it necessary for PNM to take this action."

"We regret that we were unable to complete this acquisition," said PNM Chairman, President and Chief Executive Officer Jeff Sterba. "The combination of PNM and Western's electric utility operations would have benefited shareholders of both companies as well as the people of New Mexico and Kansas."

PNM Resources is an energy holding company based in Albuquerque, New Mexico. Its principal subsidiary is Public Service Company of New Mexico, which provides electric power and natural gas utility services to more than 1.3 million people in New Mexico. The company also sells power on the wholesale market in the Western U.S. PNM Resources stock is traded primarily on the NYSE under the symbol PNM.

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

- 99.1 Letter to Western Resources, Inc. regarding PNM Resources' termination of the Agreement and Plan of Restructuring and Merger Among Western Resources, Inc. ("WRI"), Public Service Company of New Mexico ("PNM"), HVOLT Enterprises, Inc., HVK, Inc. and HVNM, Inc. ("Agreement")

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW MEXICO

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(Registrant)

Date: January 9, 2002

/s/ John R. Loyack

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John R. Loyack  
Vice President, Corporate Controller  
and Chief Accounting Officer  
(Officer duly authorized to sign this report)