

Pinnacle West Capital Corporation
Consolidated Statement of Income
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

| | Year Ended December 31, | |
|--|--------------------------------|-------------|
| | 1999 | 1998 |
| Operating Revenues | | |
| Electric | \$2,293,184 | \$2,006,398 |
| Real estate | 130,169 | 124,188 |
| Total | 2,423,353 | 2,130,586 |
| Operating Expenses | | |
| Fuel and purchased power | 796,109 | 545,297 |
| Utility operations and maintenance | 446,777 | 419,433 |
| Real estate operations | 119,516 | 115,331 |
| Depreciation and amortization | 385,568 | 379,679 |
| Taxes other than income taxes | 96,606 | 103,718 |
| Total | 1,844,576 | 1,563,458 |
| Operating Income | 578,777 | 567,128 |
| Other Income (Expense) | | |
| Preferred stock dividend requirements of APS | (1,016) | (9,703) |
| Net other income and expense | 10,793 | 609 |
| Total | 9,777 | (9,094) |
| Income Before Interest and Income Taxes | 588,554 | 558,034 |
| Interest Expense | | |
| Interest charges | 162,381 | 169,145 |
| Capitalized interest | (11,664) | (18,596) |
| Total | 150,717 | 150,549 |
| Income From Continuing Operations Before Income Taxes | 437,837 | 407,485 |

| | | |
|--|------------|------------|
| Income Taxes | 168,065 | 164,593 |
| Income From Continuing Operations | 269,772 | 242,892 |
| Income tax benefit from discontinued operations | 38,000 | -- |
| Extraordinary charge - net of income taxes of \$94,115 | (139,885) | -- |
| Net Income | \$ 167,887 | \$ 242,892 |
| Average Common Shares Outstanding - Basic | 84,717,135 | 84,774,218 |
| Average Common Shares Outstanding - Diluted | 85,008,527 | 85,345,946 |
| Earnings Per Average Common Share Outstanding | | |
| Continuing operations - basic | \$ 3.18 | \$ 2.87 |
| Net income - basic | 1.98 | 2.87 |
| Continuing operations - diluted | 3.17 | 2.85 |
| Net income - diluted | 1.97 | 2.85 |
| Dividends Declared Per Share | \$ 1.325 | \$ 1.225 |

Certain prior year amounts have been restated to conform to the 1999 presentation.