

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	THREE MONTHS ENDED		Increase (Decrease)	
	2003	2002	Amount	Percent
Operating Revenues				
Regulated electricity segment	\$ 384,960	\$ 380,241	\$ 4,719	1.2% B
Marketing and trading segment	162,743	75,815	86,928	114.7% B
Real estate segment	40,688	39,511	1,177	3.0% B
Other revenues	15,571	4,277	11,294	264.1% B
Total	<u>603,962</u>	<u>499,844</u>	<u>104,118</u>	20.8% B
Operating Expenses				
Regulated electricity segment purchased power and fuel	74,671	61,531	13,140	21.4% W
Marketing and trading segment purchased power and fuel	143,645	35,785	107,860	301.4% W
Operations and maintenance	133,117	117,430	15,687	13.4% W
Real estate operations segment	40,159	36,646	3,513	9.6% W
Depreciation and amortization	105,398	99,656	5,742	5.8% W
Taxes other than income taxes	28,496	26,758	1,738	6.5% W
Other expenses	9,221	3,302	5,919	179.3% W
Total	<u>534,707</u>	<u>381,108</u>	<u>153,599</u>	40.3% W
Operating Income	<u>69,255</u>	<u>118,736</u>	<u>(49,481)</u>	41.7% W
Other				
Other income	5,721	5,161	560	10.9% B
Other expense	(4,197)	(5,089)	892	17.5% B
Total	<u>1,524</u>	<u>72</u>	<u>1,452</u>	2016.7% B
Interest Expense				
Interest charges	47,851	44,519	3,332	7.5% W
Capitalized interest	(9,979)	(13,859)	3,880	28.0% W
Total	<u>37,872</u>	<u>30,660</u>	<u>7,212</u>	23.5% W
Income From Continuing Operations Before Income Taxes	<u>32,907</u>	<u>88,148</u>	<u>(55,241)</u>	62.7% W
Income Taxes	<u>12,754</u>	<u>34,897</u>	<u>(22,143)</u>	63.5% B
Income From Continuing Operations	<u>20,153</u>	<u>53,251</u>	<u>(33,098)</u>	62.2% W
Income From Discontinued Operations - Net of Income Tax	<u>5,145</u>	<u>506</u>	<u>4,639</u>	916.8% B
Net Income	<u>\$ 25,298</u>	<u>\$ 53,757</u>	<u>\$ (28,459)</u>	52.9% W
Weighted Average Common Shares Outstanding - Basic	91,256	84,735	6,521	7.7%
Weighted Average Common Shares Outstanding - Diluted	91,359	84,884	6,475	7.6%
Earnings Per Weighted Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 0.22	\$ 0.63	\$ (0.41)	65.1% W
Net Income - Basic	\$ 0.28	\$ 0.63	\$ (0.35)	55.6% W
Income From Continuing Operations - Diluted	\$ 0.22	\$ 0.63	\$ (0.41)	65.1% W
Net Income - Diluted	\$ 0.28	\$ 0.63	\$ (0.35)	55.6% W

Certain prior year amounts have been restated to conform to the 2003 presentation.

B -- Better
W -- Worse

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	TWELVE MONTHS ENDED		Increase (Decrease)	
	2003	March 31, 2002	Amount	Percent
Operating Revenues				
Regulated electricity segment	\$ 2,017,742	\$ 2,529,522	\$ (511,780)	20.2% W
Marketing and trading segment	412,859	468,750	(55,891)	11.9% W
Real estate segment	202,258	176,084	26,174	14.9% B
Other revenues	73,231	14,505	58,726	404.9% B
Total	<u>2,706,090</u>	<u>3,188,861</u>	<u>(482,771)</u>	15.1% W
Operating Expenses				
Regulated electricity segment purchased power and fuel	512,683	1,092,767	(580,084)	53.1% B
Marketing and trading segment purchased power and fuel	301,899	218,588	83,311	38.1% W
Operations and maintenance	600,225	522,275	77,950	14.9% W
Real estate operations segment	189,438	159,100	30,338	19.1% W
Depreciation and amortization	429,824	422,778	7,046	1.7% W
Taxes other than income taxes	109,690	102,523	7,167	7.0% W
Other expenses	110,878	12,717	98,161	771.9% W
Total	<u>2,254,637</u>	<u>2,530,748</u>	<u>(276,111)</u>	10.9% B
Operating Income	<u>451,453</u>	<u>658,113</u>	<u>(206,660)</u>	31.4% W
Other				
Other income	16,226	27,096	(10,870)	40.1% W
Other expense	(33,519)	(32,864)	(655)	2.0% W
Total	<u>(17,293)</u>	<u>(5,768)</u>	<u>(11,525)</u>	199.8% W
Interest Expense				
Interest charges	190,844	177,592	13,252	7.5% W
Capitalized interest	(39,869)	(51,294)	11,425	22.3% W
Total	<u>150,975</u>	<u>126,298</u>	<u>24,677</u>	19.5% W
Income From Continuing Operations Before Income Taxes	<u>283,185</u>	<u>526,047</u>	<u>(242,862)</u>	46.2% W
Income Taxes	<u>110,085</u>	<u>207,634</u>	<u>(97,549)</u>	47.0% B
Income From Continuing Operations	<u>173,100</u>	<u>318,413</u>	<u>(145,313)</u>	45.6% W
Income From Discontinued Operations - Net of Income Tax	13,594	506	13,088	2586.6% B
Cumulative Effect of a Change in Accounting for Derivatives - Net of Income Tax	-	(12,446)	12,446	100.0% B
Cumulative Effect of a Change in Accounting for Trading Activities - Net of Income Tax	(65,745)	-	(65,745)	100.0% W
Net Income	<u>\$ 120,949</u>	<u>\$ 306,473</u>	<u>\$ (185,524)</u>	60.5% W
Weighted Average Common Shares Outstanding - Basic	86,509	84,719	1,790	2.1%
Weighted Average Common Shares Outstanding - Diluted	86,627	84,910	1,717	2.0%
Earnings Per Weighted Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 2.00	\$ 3.76	\$ (1.76)	46.8% W
Net Income - Basic	\$ 1.40	\$ 3.62	\$ (2.22)	61.3% W
Income From Continuing Operations - Diluted	\$ 2.00	\$ 3.75	\$ (1.75)	46.7% W
Net Income - Diluted	\$ 1.40	\$ 3.61	\$ (2.21)	61.2% W

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