

CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,

(dollars in thousands, except per share amounts)

*2000**1999**1998*

	<i>2000</i>	<i>1999</i>	<i>1998</i>
OPERATING REVENUES			
Electric	\$ 3,531,810	\$ 2,293,184	\$ 2,006,398
Real estate	158,365	130,169	124,188
Total	3,690,175	2,423,353	2,130,586
OPERATING EXPENSES			
Fuel and purchased power	1,934,783	796,109	545,297
Operations and maintenance	450,809	446,777	419,433
Real estate operations	134,422	119,516	115,331
Depreciation and amortization (Note 1)	394,410	385,568	379,679
Taxes other than income taxes	99,780	96,606	103,718
Total	3,014,204	1,844,576	1,563,458
OPERATING INCOME	675,971	578,777	567,128
OTHER INCOME (EXPENSE)			
Preferred stock dividend requirements of APS	—	(1,016)	(9,703)
Net other income and expense	(186)	10,793	609
Total	(186)	9,777	(9,094)
INCOME BEFORE INTEREST AND INCOME TAXES	675,785	588,554	558,034
INTEREST EXPENSE			
Interest charges	171,239	162,381	169,145
Capitalized interest	(21,638)	(11,664)	(18,596)
Total	149,601	150,717	150,549
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	526,184	437,837	407,485
INCOME TAXES (NOTE 4)	223,852	168,065	164,593
INCOME FROM CONTINUING OPERATIONS	302,332	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	\$ 302,332	\$ 167,887	\$ 242,892
AVERAGE COMMON SHARES OUTSTANDING – BASIC	84,733	84,717	84,774
AVERAGE COMMON SHARES OUTSTANDING – DILUTED	84,935	85,009	85,346
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING (NOTE 16)			
Continuing operations – basic	\$ 3.57	\$ 3.18	\$ 2.87
Net income – basic	3.57	1.98	2.87
Continuing operations – diluted	3.56	3.17	2.85
Net income – diluted	3.56	1.97	2.85
DIVIDENDS DECLARED PER SHARE	\$ 1.425	\$ 1.325	\$ 1.225

See Notes to Consolidated Financial Statements.