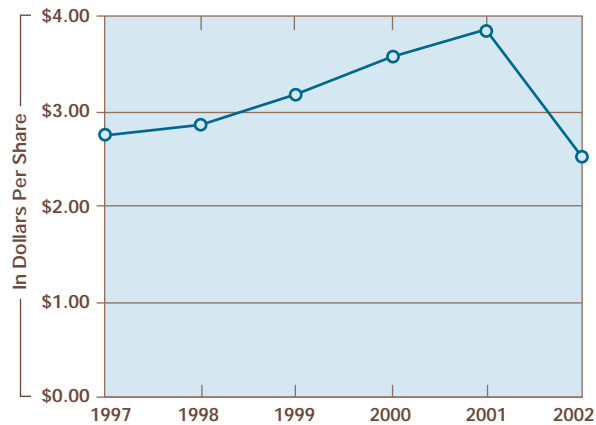


CONSOLIDATED HISTORICAL GROWTH RATES

year ended December 31,	2002	2001	2000
Income from continuing operations	(34.3)%	8.3%	12.1%
Earnings per share from continuing operations – diluted	(34.3)%	8.1%	12.3%
Indicated annual dividend rate (year-end) (a)	6.3%	6.7%	7.1%
Electric revenues			
Total	(27.2)%	8.7%	42.9%
Regulated electricity segment	(21.4)%	0.9%	32.6%
Marketing and trading segment	(50.0)%	55.6%	171.6%
Electric sales			
Total	13.0%	(2.0)%	21.1%
Regulated electricity segment	(4.3)%	(10.3)%	33.3%
Marketing and trading segment	42.8%	16.7%	0.5%

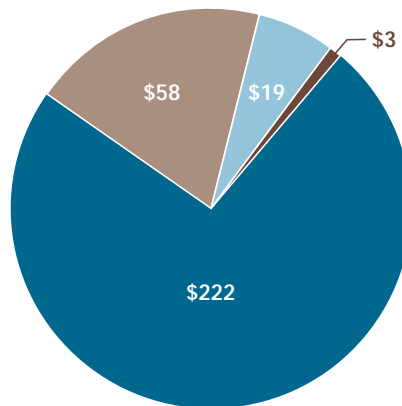
(a) The Company reinstated dividend payments in 1993.

PNW EARNINGS PER SHARE FROM CONTINUING OPERATIONS – DILUTED



1999	1998	1997	Compound Annual Growth Rates	
			5 Years 1997-2002	10 Years 1992-2002
11.1%	3.0%	11.7%	(1.8)%	3.6%
11.2%	4.0%	14.2%	(1.6)%	3.9%
7.7%	8.3%	9.1%	7.2%	-
7.7%	2.3%	9.3%	4.5%	4.0%
10.0%	1.8%	(0.4)%	3.3%	2.4%
(14.4)%	7.6%	-	14.3%	18.5%
19.5%	6.0%	29.8%	11.2%	9.1%
5.7%	2.7%	3.9%	4.4%	4.1%
53.2%	15.0%	312.7%	24.2%	23.5%

2002 EARNINGS BY BUSINESS SEGMENT*
(\$ Millions)



- Regulated Electricity
- Marketing & Trading
- Real Estate
- Other

*Excluding certain non-recurring items

CONSOLIDATING INCOME STATEMENT (dollars in thousands)

year ended December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
OPERATING REVENUES				
Regulated electricity segment	\$ -	\$ 99,953	\$ 2,059,339	\$ 89,043
Marketing and trading segment	-	208,669	34,054	21,448
Real estate segment	-	-	-	-
Other revenues	-	-	-	-
Total	-	308,622	2,093,393	110,491
OPERATING EXPENSES				
Regulated electricity segment purchased power and fuel	-	89,430	595,368	49,245
Marketing and trading segment purchased power and fuel	-	118,218	32,662	17,259
Operations and maintenance	(3,480)	22,304	495,845	59,405
Real estate operations segment	-	-	-	-
Depreciation and amortization	2,840	655	399,640	13,874
Taxes other than income taxes	-	-	107,925	-
Other expenses	-	-	-	-
Total	(640)	230,607	1,631,440	139,783
OPERATING INCOME	640	78,015	461,953	(29,292)
OTHER				
Other income	180,744	-	5,149	204
Other expenses	(5,307)	-	(19,338)	(77)
Total	175,437	-	(14,189)	127
INTEREST EXPENSE				
Interest charges	43,538	251	136,766	26,083
Capitalized interest	(104)	(207)	(15,150)	(23,152)
Total	43,434	44	121,616	2,931
INCOME BEFORE INCOME TAXES	132,643	77,971	326,148	(32,096)
INCOME TAXES	(16,765)	30,884	126,805	(12,785)
INCOME BEFORE ACCOUNTING CHANGE	149,408	47,087	199,343	(19,311)
Cumulative effect of a change in accounting for trading activities-net of income taxes of \$43,123	-	(65,745)	-	-
NET INCOME (LOSS)	\$ 149,408	\$ (18,658)	\$ 199,343	\$ (19,311)

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- Elimination of inter-company sales of electricity.
- Reclassification of certain expenses.
- Elimination of inter-company interest expense and income.
- Elimination of Parent Company equity in earnings of subsidiaries.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ -	\$ -	\$ -	\$ (235,312) (a)	\$ 2,013,023
-	-	128,621	(66,861) (a)	325,931
236,388	-	-	-	236,388
-	35,038	26,899	-	61,937
236,388	35,038	155,520	(302,173)	2,637,279
-	-	-	(234,500) (a)	499,543
-	-	92,761	(66,861) (a)	194,039
-	-	11,276	(812) (b)	584,538
205,066	-	-	249 (b)	205,315
4,784	1,783	1,310	-	424,886
-	-	-	27 (b)	107,952
-	83,064	21,895	-	104,959
209,850	84,847	127,242	(301,897)	2,121,232
26,538	(49,809)	28,278	(276)	516,047
7,606	1,479	-	(180,078) (c,d)	15,104
-	(8,960)	-	27 (c)	(33,655)
7,606	(7,481)	-	180,051	(18,551)
7,686	607	177	(26,755) (c)	188,353
(5,081)	-	(167)	(249) (c)	(44,110)
2,605	607	10	(27,004)	144,243
31,539	(57,897)	28,268	(153,323)	353,253
12,685	(2,724)	-	-	138,100
18,854	(55,173)	28,268	(153,323)	215,153
-	-	-	-	(65,745)
\$ 18,854	\$ (55,173)	\$ 28,268	\$ (153,323)	\$ 149,408

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 946	\$ (1,395)	\$ 42,549	\$ 5,326
Customer and other receivables – net	542,809	330,650	338,201	27,743
Accrued utility revenues	–	–	72,915	–
Materials and supplies (at average cost)	–	–	79,985	11,667
Fossil fuel (at average cost)	–	–	28,185	–
Deferred income taxes	–	–	4,094	–
Assets from risk management and trading activities	–	19,546	39,616	–
Other current assets	4,684	–	45,361	461
Total current assets	548,439	348,801	650,906	45,197
INVESTMENTS AND OTHER ASSETS				
Real estate investments – net	–	–	–	–
Assets from risk management and trading activities – long-term	–	90,714	31,622	–
Other assets	3,215,297	–	214,404	–
Total investments and other	3,215,297	90,714	246,026	–
PROPERTY, PLANT AND EQUIPMENT				
Plant in service and held for future use	7,770	–	8,299,131	703,071
Less accumulated depreciation and amortization	–	–	3,442,571	15,935
Total	7,770	–	4,856,560	687,136
Construction work in progress	18,867	9,584	329,089	414,384
Intangible assets, net of accumulated amortization	8,503	6,005	93,259	–
Nuclear fuel, net of accumulated amortization	–	–	7,466	–
Net property, plant and equipment	35,140	15,589	5,286,374	1,101,520
DEFERRED DEBITS				
Regulatory assets	–	–	241,045	–
Other deferred debits	–	2,747	97,456	7,190
Total deferred debits	–	2,747	338,501	7,190
TOTAL ASSETS	\$ 3,798,876	\$ 457,851	\$ 6,521,807	\$ 1,153,907

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- Elimination of inter-company receivables and payables.
- Miscellaneous reclassifications.
- Elimination of minority interests of SunCor joint venture partners.
- Elimination of Parent Company investment in subsidiaries.
- Reclassification of accrued taxes receivable.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 25,235	\$ 2,480	\$ 2,566	\$ -	\$ 77,707
14,481	19,993	51,879	(950,761) (a)	374,995
-	-	-	-	72,915
-	-	-	-	91,652
-	-	-	-	28,185
14,946	-	-	(14,946) (b)	4,094
-	-	-	-	59,162
38,247	689	4,117	10,419 (e)	103,978
92,909	23,162	58,562	(955,288)	812,688
435,752	-	-	(10,421) (b,c)	425,331
-	-	-	-	122,336
-	2,804	373	(3,202,987) (b,d)	229,891
435,752	2,804	373	(3,213,408)	777,558
-	24,718	24,210	-	9,058,900
-	14,592	1,227	-	3,474,325
-	10,126	22,983	-	5,584,575
-	-	5,618	-	777,542
-	-	2,048	-	109,815
-	-	-	-	7,466
-	10,126	30,649	-	6,479,398
-	-	-	-	241,045
5,046	-	-	2,678 (b)	115,117
5,046	-	-	2,678	356,162
\$ 533,707	\$ 36,092	\$ 89,584	\$(4,166,018)	\$ 8,425,806

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 32,908	\$ 77,691	\$ 118,133	\$ 56,654
Accrued taxes	(10,913)	615	82,557	(15,941)
Accrued interest	10,036	-	42,608	-
Short-term borrowings	96,200	-	-	-
Current maturities of long-term debt	275,822	-	3,503	-
Customer deposits	-	-	39,865	-
Liabilities from risk management and trading activities	-	10,894	59,773	-
Other current liabilities	104,376	300,972	51,820	505,103
Total current liabilities	508,429	390,172	398,259	545,816
LONG-TERM DEBT LESS CURRENT MATURITIES	515,647	-	2,217,340	-
DEFERRED CREDITS AND OTHER				
Liabilities from risk management and trading activities – long-term	-	38,964	36,678	-
Deferred income taxes	(17,270)	12,004	1,225,552	3,734
Unamortized gain-sale of utility plant	-	-	59,484	-
Pension liability	23,592	(1,089)	156,442	(533)
Other	818	(63)	268,740	(43)
Total deferred credits	7,140	49,816	1,746,896	3,158
COMMITMENTS AND CONTINGENCIES				
MINORITY INTERESTS				
Joint ventures of SunCor	-	-	-	-
COMMON STOCK EQUITY				
Common stock	2,206,001	-	1,424,966	608,709
Accumulated other comprehensive income (loss)				
Minimum pension liability adjustment	(9,777)	-	(61,487)	-
Derivative instruments	-	3,779	(23,799)	-
Total accumulated other comprehensive income (loss)	(9,777)	3,779	(85,286)	-
Retained earnings	571,436	14,084	819,632	(3,776)
Total common stock equity	2,767,660	17,863	2,159,312	604,933
TOTAL LIABILITIES AND EQUITY	\$ 3,798,876	\$ 457,851	\$ 6,521,807	\$ 1,153,907

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of inter-company receivables and payables.
- (b) Miscellaneous reclassifications.
- (c) Elimination of minority interests of SunCor joint venture partners.
- (d) Elimination of Parent Company equity interest in subsidiaries.
- (e) Reclassification of accrued taxes receivable.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 21,019	\$ 37,842	\$ 12,058	\$ -	\$ 356,305
2,798	1,316	258	10,419 (e)	71,109
374	-	-	-	53,018
5,983	23,456	3,882	(27,338) (a)	102,183
435	1,263	-	-	281,023
15,973	-	-	-	55,838
-	-	-	-	70,667
8,154	8,706	14,605	(928,764) (a,b)	64,972
54,736	72,583	30,803	(945,683)	1,055,115
146,600	2,108	-	-	2,881,695
-	-	-	-	75,642
-	-	-	(14,946) (b)	1,209,074
-	-	-	-	59,484
6,037	-	(569)	-	183,880
-	-	(30)	5,341 (b)	274,763
6,037	-	(599)	(9,605)	1,802,843
14,925	-	-	(14,925) (c)	-
343,053	14,046	63,440	(2,927,315) (d)	1,732,900
-	-	-	-	(71,264)
-	-	-	-	(20,020)
-	-	-	-	(91,284)
(31,644)	(52,645)	(4,060)	(268,490) (d)	1,044,537
311,409	(38,599)	59,380	(3,195,805)	2,686,153
\$ 533,707	\$ 36,092	\$ 89,584	\$(4,166,018)	\$ 8,425,806

CONSOLIDATED STATEMENTS OF INCOME (dollars and shares in thousands, except per share amounts)

year ended December 31,	2002	2001	2000
OPERATING REVENUES			
Regulated electricity segment	\$ 2,013,023	\$ 2,562,089	\$ 2,538,752
Marketing and trading segment	325,931	651,230	418,532
Real estate segment	236,388	168,908	158,365
Other revenues	61,937	11,771	3,873
Total	2,637,279	3,393,998	3,119,522
OPERATING EXPENSES			
Regulated electricity segment purchased power and fuel	499,543	1,160,863	1,065,597
Marketing and trading segment purchased power and fuel	194,039	334,209	292,669
Operations and maintenance	584,538	530,095	450,205
Real estate operations segment	205,315	153,462	134,422
Depreciation and amortization	424,886	427,903	431,229
Taxes other than income taxes	107,952	101,068	99,780
Other expenses	104,959	10,375	782
Total	2,121,232	2,717,975	2,474,684
OPERATING INCOME	516,047	676,023	644,838
OTHER			
Preferred stock dividend of APS	-	-	-
Other income	15,104	26,416	21,832
Other expenses	(33,655)	(33,577)	(25,329)
Total	(18,551)	(7,161)	(3,497)
INTEREST EXPENSE			
Interest charges	188,353	175,822	166,447
Capitalized interest	(44,110)	(47,862)	(21,638)
Total	144,243	127,960	144,809
INCOME BEFORE INCOME TAXES	353,253	540,902	496,532
INCOME TAXES	138,100	213,535	194,200
INCOME FROM CONTINUING OPERATIONS	215,153	327,367	302,332
Income tax benefit from discontinued operations	-	-	-
Extraordinary charge for regulatory disallowance – net of income taxes of \$94,115	-	-	-
Cumulative effect of change in accounting for derivatives – net of income taxes of \$9,892	-	(15,201)	-
Cumulative effect of a change in accounting for trading activities – net of income taxes of \$43,123	(65,745)	-	-
NET INCOME	\$ 149,408	\$ 312,166	\$ 302,332
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	84,903	84,718	84,733
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	84,964	84,930	84,935
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING			
Continuing operations – basic	\$ 2.53	\$ 3.86	\$ 3.57
Net income – basic	1.76	3.68	3.57
Continuing operations – diluted	2.53	3.85	3.56
Net income – diluted	1.76	3.68	3.56
DIVIDENDS DECLARED PER SHARE	\$ 1.625	\$ 1.525	\$ 1.425

	1999	1998	1997
	\$ 1,915,108	\$ 1,741,148	\$ 1,711,134
	154,125	180,145	167,419
	130,169	124,188	116,473
	439	-	-
	2,199,841	2,045,481	1,995,026
	433,459	306,884	284,153
	136,521	151,164	157,380
	446,173	418,829	405,421
	119,516	115,331	111,628
	419,842	413,381	399,500
	96,606	103,718	108,011
	200	-	-
	1,652,317	1,509,307	1,466,093
	547,524	536,174	528,933
	(1,016)	(9,703)	(12,803)
	38,303	26,633	21,577
	(27,969)	(26,244)	(17,228)
	9,318	(9,314)	(8,454)
	157,142	163,975	177,383
	(11,664)	(18,596)	(19,703)
	145,478	145,379	157,680
	411,364	381,481	362,799
	141,592	138,589	126,943
	269,772	242,892	235,856
	38,000	-	-
	(139,885)	-	-
	-	-	-
	-	-	-
	\$ 167,887	\$ 242,892	\$ 235,856
	84,717	84,774	85,503
	85,009	85,346	86,023
	\$ 3.18	\$ 2.87	\$ 2.76
	1.98	2.87	2.76
	3.17	2.85	2.74
	1.97	2.85	2.74
	\$ 1.325	\$ 1.225	\$ 1.125

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 77,707	\$ 28,619	\$ 10,363
Customer and other receivables – net	374,995	367,241	513,822
Accrued utility revenues	72,915	76,131	74,566
Materials and supplies (at average cost)	91,652	81,215	71,966
Fossil fuel (at average cost)	28,185	27,023	19,405
Deferred income taxes	4,094	–	5,793
Assets from risk management and trading activities	59,162	66,973	17,506
Other current assets	103,978	80,203	80,492
Total current assets	812,688	727,405	793,913
INVESTMENTS AND OTHER ASSETS			
Real estate investments – net	425,331	418,673	371,323
Assets from risk management and trading activities – long-term	122,336	200,351	32,955
Other assets	229,891	304,453	297,258
Total investments and other assets	777,558	923,477	701,536
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	9,058,900	8,030,847	7,644,018
Less accumulated depreciation and amortization	3,474,325	3,290,097	3,116,357
Total	5,584,575	4,740,750	4,527,661
Construction work in progress	777,542	1,047,072	465,620
Intangible assets, net of accumulated amortization	109,815	86,782	94,393
Nuclear fuel, net of accumulated amortization	7,466	6,933	7,071
Net property, plant and equipment	6,479,398	5,881,537	5,094,745
DEFERRED DEBITS			
Regulatory assets	241,045	342,383	469,867
Other deferred debits	115,117	64,597	62,606
Total deferred debits	356,162	406,980	532,473
TOTAL ASSETS	\$ 8,425,806	\$ 7,939,399	\$ 7,122,667

	1999	1998	1997
\$	20,705	\$ 20,538	\$ 27,484
	244,599	233,876	183,507
	72,919	67,740	58,559
	69,977	69,074	70,634
	21,869	13,978	9,621
	8,163	3,999	57,887
	-	-	-
	60,562	47,594	41,408
	498,794	456,799	449,100
	344,293	331,021	365,921
	-	-	-
	246,170	235,536	213,989
	590,463	566,557	579,910
	7,412,937	7,119,296	6,941,688
	2,985,186	2,800,746	2,611,368
	4,427,751	4,318,550	4,330,320
	229,554	228,643	237,492
	93,384	133,318	59,170
	11,631	16,507	51,624
	4,762,320	4,697,018	4,678,606
	613,729	980,084	1,080,799
	105,717	89,517	62,002
	719,446	1,069,601	1,142,801
\$	6,571,023	\$ 6,789,975	\$ 6,850,417

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 356,305	\$ 269,124	\$ 375,805
Accrued taxes	71,109	96,729	89,246
Accrued interest	53,018	48,806	42,954
Short-term borrowings	102,183	405,762	82,775
Current maturities of long-term debt	281,023	126,140	463,469
Customer deposits	55,838	30,232	26,189
Deferred income taxes	-	3,244	-
Liabilities from risk management and trading activities	70,667	35,994	37,179
Other current liabilities	64,972	69,475	69,992
Total current liabilities	1,055,115	1,085,506	1,187,609
LONG-TERM DEBT LESS CURRENT MATURITIES	2,881,695	2,673,078	1,955,083
DEFERRED CREDITS AND OTHER			
Liabilities from risk management and trading activities – long-term	75,642	207,576	14,711
Deferred income taxes	1,209,074	1,064,993	1,143,040
Unamortized gain – sale of utility plant	59,484	64,060	68,636
Pension liability	183,880	49,032	78,979
Other	274,763	295,831	291,895
Total deferred credits and other	1,802,843	1,681,492	1,597,261
COMMITMENTS AND CONTINGENCIES			
MINORITY INTERESTS			
Non-redeemable preferred stock of APS	-	-	-
Redeemable preferred stock of APS	-	-	-
COMMON STOCK EQUITY			
Common stock, no par value	1,732,900	1,531,038	1,532,831
Accumulated other comprehensive loss:			
Minimum pension liability adjustment	(71,264)	(966)	-
Derivative instruments	(20,020)	(63,599)	-
Total accumulated other comprehensive loss	(91,284)	(64,565)	-
Retained earnings	1,044,537	1,032,850	849,883
Total common stock equity	2,686,153	2,499,323	2,382,714
TOTAL LIABILITIES AND EQUITY	\$ 8,425,806	\$ 7,939,399	\$ 7,122,667

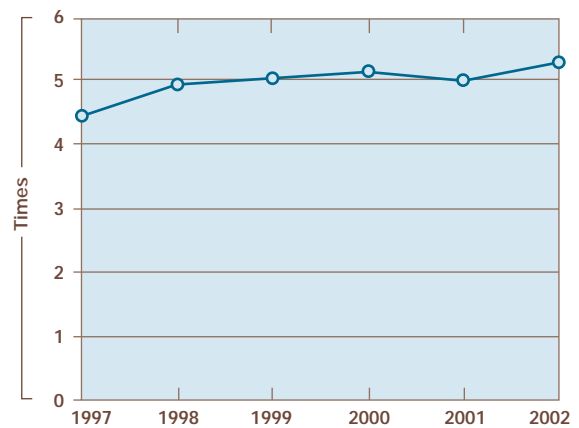
	1999	1998	1997
\$	186,524	\$ 155,800	\$ 117,429
	70,510	62,520	84,610
	33,253	31,866	32,974
	38,300	178,830	130,750
	114,798	168,045	108,695
	26,098	28,510	30,672
	-	-	-
	-	-	-
	24,258	12,633	17,767
	493,741	638,204	522,897
	2,206,052	2,048,961	2,244,248
	-	-	-
	1,183,855	1,343,536	1,363,461
	73,212	77,787	82,363
	95,554	108,632	93,173
	312,876	314,263	345,678
	1,665,497	1,844,218	1,884,675
	-	85,840	142,051
	-	9,401	29,110
	1,537,449	1,550,643	1,553,771
	-	-	-
	-	-	-
	-	-	-
	668,284	612,708	473,665
	2,205,733	2,163,351	2,027,436
\$	6,571,023	\$ 6,789,975	\$ 6,850,417

CONSOLIDATED STATEMENTS OF CASH FLOWS (dollars in thousands)

year ended December 31,	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income from continuing operations	\$ 215,153	\$ 327,367	\$ 302,332
Items not requiring cash:			
Depreciation and amortization	424,886	427,903	431,229
Nuclear fuel amortization	31,185	28,362	30,083
Deferred income taxes	196,324	(17,203)	(37,885)
Change in mark-to-market	(18,146)	(133,573)	(11,752)
Redhawk Units 3 & 4 cancellation	49,192	-	-
Changes in current assets and liabilities:			
Customer and other receivables	18,615	146,581	(269,223)
Materials, supplies and fossil fuel	(11,599)	(16,867)	475
Other current assets	(9,784)	(1,276)	(39,083)
Accounts payable	74,833	(127,782)	193,502
Accrued taxes	(36,039)	7,483	18,736
Accrued interest	4,212	5,852	9,701
Other current liabilities	17,489	5,260	98,493
Change in real estate investments	(6,112)	(44,173)	(25,937)
Increase in regulatory assets	(11,029)	(17,516)	(14,138)
Change in risk management and trading – assets	(11,700)	(51,894)	-
Change in risk management and trading – liabilities	(22,783)	45,330	13,834
Change in customer advances	(23,780)	28,599	2,544
Change in pension liability	(1,571)	(28,347)	(16,575)
Change in long-term assets	(16,918)	13,874	54,829
Change in long-term liabilities	8,346	(26,937)	(27,771)
Net cash flow provided by operating activities	870,774	571,043	713,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(895,522)	(1,055,574)	(658,608)
Capitalized interest	(44,110)	(47,862)	(21,638)
Other	36,635	(16,481)	(55,595)
Net cash flow used for investing activities	(902,997)	(1,119,917)	(735,841)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	725,419	995,447	651,000
Short-term borrowings and payments – net	(303,579)	322,987	44,475
Dividends paid on common stock	(137,721)	(129,199)	(120,733)
Repurchase and retirement of common stock	-	-	-
Repayment of long-term debt	(404,670)	(621,057)	(558,019)
Common stock equity issuance	199,238	-	-
Redemption of preferred stock	-	-	-
Other	2,624	(1,048)	(4,618)
Net cash flow provided by (used for) financing activities	81,311	567,130	12,105
NET CASH FLOW	49,088	18,256	(10,342)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,619	10,363	20,705
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 77,707	\$ 28,619	\$ 10,363

	1999	1998	1997
\$	269,772	\$ 242,892	\$ 235,856
	419,842	413,381	399,500
	31,371	32,856	32,702
	(67,400)	(8,258)	(22,047)
	(975)	-	-
	-	-	-
	(10,723)	(50,369)	(14,270)
	(8,794)	(2,797)	7,793
	(18,147)	(15,367)	(3,198)
	28,193	34,386	(54,882)
	12,591	(22,090)	2,197
	1,387	(1,108)	(6,678)
	14,047	(5,235)	(23,087)
	(12,542)	33,405	33,010
	(12,262)	(10,582)	-
	-	-	-
	-	-	-
	6,699	2,157	5,250
	(14,078)	16,459	715
	186,970	(72,919)	7,253
	(190,351)	19,027	23,305
	635,600	605,838	623,419
	(343,448)	(319,142)	(307,876)
	(11,664)	(18,596)	(19,703)
	(16,143)	(2,144)	(3,124)
	(371,255)	(339,882)	(330,703)
	607,791	148,229	146,013
	(140,530)	48,080	113,850
	(112,311)	(103,849)	(96,160)
	-	-	(79,997)
	(510,693)	(286,314)	(325,526)
	-	-	-
	(96,499)	(75,517)	(47,201)
	(11,936)	(3,531)	(2,897)
	(264,178)	(272,902)	(291,918)
	167	(6,946)	798
	20,538	27,484	26,686
\$	20,705	\$ 20,538	\$ 27,484

PNW CASH INTEREST COVERAGE RATIOS (a)



(a) Earnings before non-cash income, non-cash expenses and interest expense divided by interest expense

SELECTED CONSOLIDATED FINANCIAL DATA (dollars per share)

	2002	2001	2000	1999	1998	1997
BOOK VALUE PER SHARE						
AT YEAR-END						
APS	\$ 23.63	\$ 25.35	\$ 24.99	\$ 23.38	\$ 23.29	\$ 21.80
SunCor	3.41	3.61	3.57	3.67	3.59	3.42
El Dorado	(0.42)	0.20	0.19	0.33	0.32	0.41
APS Energy Services	0.65	0.51	0.08	0.03	-	-
Pinnacle West Energy	6.62	0.99	0.16	-	-	-
Parent Company	(4.49)	(1.20)	(0.90)	(1.41)	(1.70)	(1.73)
Total	\$ 29.40	\$ 29.46	\$ 28.09	\$ 26.00	\$ 25.50	\$ 23.90
Common shares outstanding at year-end	91,379,947	84,824,947	84,824,947	84,824,947	84,824,947	84,824,947
EARNINGS PER SHARE						
FROM CONTINUING OPERATIONS - DILUTED						
APS	\$ 2.35	\$ 3.30	\$ 3.61	\$ 3.14	\$ 2.88	\$ 2.77
SunCor	0.22	0.04	0.14	0.07	0.52 (a)	0.06
El Dorado	(0.65)	-	0.02	0.14	0.05	0.10
APS Energy Services	0.33	(0.12)	(0.16)	(0.11)	-	-
Pinnacle West Energy	(0.23)	0.21	(0.03)	-	-	-
Parent Company	0.51	0.42	(0.02)	(0.07)	(0.60) (a)	(0.19)
Total	\$ 2.53	\$ 3.85	\$ 3.56	\$ 3.17	\$ 2.85	\$ 2.74
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - DILUTED						
	84,963,921	84,930,140	84,935,282	85,008,527	85,345,946	86,022,709
STOCK PRICE HISTORY						
High	\$ 46.68	\$ 50.70	\$ 52.22	\$ 43.38	\$ 49.25	\$ 42.75
Low	21.70	37.65	26.25	30.19	39.38	27.63
Close	34.09	41.85	47.63	30.56	42.38	42.38

(a) SunCor includes \$37.2 million from recognition of a deferred tax asset related to net operating losses and book/tax basis differences. SunCor is expected to realize these benefits in subsequent periods pursuant to an inter-company tax allocation agreement. On a consolidated basis, the Parent Company had already recognized the income tax benefits; therefore, there was no impact on consolidated net income in 1998.

NON-UTILITY LONG-TERM DEBT SCHEDULE (dollars in thousands)

year ended December 31,	2002	2001	2000	1999	1998	1997
PARENT COMPANY						
REVOLVING CREDIT						
Variable-rate loan due 2001	\$ -	\$ -	\$ 188,000	\$ 56,000	\$ 42,000	\$ 155,000
NOTES PAYABLE						
6.62% senior notes due 2001	-	-	25,000	25,000	25,000	25,000
6.87% senior notes due 2003	25,000	25,000	25,000	25,000	25,000	25,000
4.5% senior notes due 2004	215,000	-	-	-	-	-
6.40% senior notes due 2006	300,000	300,000	-	-	-	-
Floating notes due 2003	250,000	250,000	-	-	-	-
Unamortized discount and premium	(530)	-	-	-	-	-
	789,470	575,000	50,000	50,000	50,000	50,000
OTHER LONG-TERM DEBT						
Capitalized lease obligations	1,999	1,066	-	-	-	-
Total Parent Company	791,469	576,066	238,000	106,000	92,000	205,000
SUNCOR						
REVOLVING CREDIT						
Variable-rate facility due 2000	-	-	-	-	-	40,600
Variable-rate facility due 2001	-	-	-	-	38,139	-
Variable-rate facility due 2003	-	-	110,000	94,000	-	-
Variable-rate facility due 2003	-	128,000	-	-	-	-
Variable-rate facility due 2004	125,500	-	-	-	-	-
	125,500	128,000	110,000	94,000	38,139	40,600
BANK LOAN						
Variable-rate loan due 2001	-	-	-	-	42,061	45,000
NOTES PAYABLE						
5.39% note due 1998-1999	-	-	-	-	399	1,563
Variable-rate notes due 2003-2008	7,646	7,912	8,163	3,404	3,489	3,550
	7,646	7,912	8,163	3,404	3,888	5,113
BONDS PAYABLE						
5.85% bonds due 2039	-	-	5,215	5,335	-	-
5.95% bonds due 2024	5,090	5,215	-	-	-	-
6.75% bonds due 2026	7,500	7,500	-	-	-	-
	12,590	12,715	5,215	5,335	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	1,299	-	-	-	-	-
Total SunCor	147,035	148,627	123,378	102,739	84,088	90,713
EL DORADO						
REVOLVING CREDIT						
Variable-rate loan due 2005	2,600	-	-	-	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	771	-	-	-	-	-
Total El Dorado	3,371	-	-	-	-	-
TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES						
	\$ 941,875	\$ 724,693	\$ 361,378	\$ 208,739	\$ 176,088	\$ 295,713

See Note 6 of Notes to Consolidated Financial Statements on pages 55-56.

CONSOLIDATED ELECTRIC REVENUE ANALYSIS (dollars in thousands)

year ended December 31,	2002		2001	
ELECTRIC REVENUES				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 906,069	38.7%	\$ 914,711	28.4%
Commercial	791,728	33.9	805,326	25.1
Industrial	122,234	5.2	133,663	4.2
Irrigation	2,257	0.1	1,975	–
Other	11,554	0.5	11,663	0.4
Total retail	1,833,842	78.4	1,867,338	58.1
Wholesale revenue on electricity delivered				
Traditional contracts	8,616	0.4	73,305	2.3
Retail load hedge management (a)	122,630	5.2	577,784	18.0
Transmission for others	29,803	1.3	25,971	0.8
Other miscellaneous services	18,132	0.8	17,691	0.6
Total regulated electricity	2,013,023	86.1	2,562,089	79.8
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	50,364	2.2	148,316	4.6
Realized margin on electricity trading	47,897	2.0	62,067	1.9
Other delivered electricity (a)	207,810	8.9	328,972	10.2
Total delivered marketing and trading	306,071	13.1	539,355	16.7
OTHER MARKETING AND TRADING				
Realized margins on delivered commodities other than electricity	7,771	0.3	(13,646)	(0.4)
Prior period mark-to-market gains on contracts delivered during current period	(40,072)	(1.7)	(1,059)	–
Change in mark-to-market for future-period deliveries	52,161	2.2	126,580	3.9
Total other marketing and trading	19,860	0.8	111,875	3.5
Total marketing and trading	325,931	13.9	651,230	20.2
Total electric revenues	\$ 2,338,954	100.0%	\$ 3,213,319	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues	(1.8)%		2.8%	
Regulated electricity revenues	(21.4)%		0.9%	
Marketing and trading revenues	(50.0)%		55.6%	
Total electric revenues	(27.2)%		8.7%	
AVERAGE RETAIL REVENUE PER kWh				
Residential	8.68¢		8.85¢	
Commercial	7.48¢		7.67¢	
Industrial	5.57¢		5.49¢	
Irrigation	7.06¢		7.35¢	

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
\$ 880,468	29.8%	\$ 805,173	38.9%	\$ 766,378	39.9%	\$ 746,937	39.8%
771,909	26.1	733,038	35.4	699,016	36.4	687,988	36.6
146,088	4.9	159,329	7.7	172,296	9.0	164,696	8.8
6,498	0.2	7,374	0.4	7,288	0.4	8,706	0.5
10,719	0.4	11,708	0.6	10,644	0.5	11,842	0.6
1,815,682	61.4	1,716,622	83.0	1,655,622	86.2	1,620,169	86.3
120,618	4.1	60,486	2.9	58,184	3.0	63,027	3.4
560,493	18.9	108,153	5.2	-	-	-	-
14,765	0.5	11,348	0.6	11,058	0.6	10,295	0.5
27,194	0.9	18,499	0.9	16,284	0.8	17,643	0.9
2,538,752	85.8	1,915,108	92.6	1,741,148	90.6	1,711,134	91.1
115,476	3.9	29,551	1.4	-	-	-	-
55,910	1.9	8,565	0.4	2,157	-	-	-
244,183	8.3	112,551	5.5	170,796	9.0	163,801	8.7
415,569	14.1	150,667	7.3	172,953	9.0	163,801	8.7
(8,789)	(0.3)	2,483	0.1	7,192	0.4	3,618	0.2
(2,079)	(0.1)	-	-	-	-	-	-
13,831	0.5	975	-	-	-	-	-
2,963	0.1	3,458	0.1	7,192	0.4	3,618	0.2
418,532	14.2	154,125	7.4	180,145	9.4	167,419	8.9
\$ 2,957,284	100.0%	\$ 2,069,233	100.0%	\$ 1,921,293	100.0%	\$ 1,878,553	100.0%
5.8%		3.7%		2.2%		2.3%	
32.6%		10.0%		1.8%		(0.4)%	
171.6%		(14.4)%		7.6%		-	
42.9%		7.7%		2.3%		9.3%	
9.00¢		9.18¢		9.22¢		9.37¢	
7.67¢		7.68¢		8.04¢		8.07¢	
5.82¢		6.22¢		5.25¢		5.27¢	
7.46¢		7.40¢		8.61¢		7.75¢	

CONSOLIDATED ELECTRIC SALES ANALYSIS

year ended December 31,	2002		2001	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	10,443,820	21.2%	10,334,860	23.7%
Commercial	10,589,065	21.5	10,504,044	24.1
Industrial	2,192,958	4.4	2,433,438	5.6
Irrigation	31,964	0.1	26,860	-
Other	103,948	0.2	99,810	0.2
Total retail	23,361,755	47.4	23,399,012	53.6
Wholesale electricity delivered				
Traditional contracts	473,699	1.0	1,213,704	2.8
Retail load hedge management (a)	2,641,714	5.3	3,039,905	7.0
Total regulated electricity	26,477,168	53.7	27,652,621	63.4
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	1,791,319	3.6	1,387,860	3.2
Electricity trading	16,924,509	34.3	12,031,055	27.5
Other delivered electricity (a)	4,138,055	8.4	2,581,942	5.9
Total delivered marketing and trading	22,853,883	46.3	16,000,857	36.7
Total electric sales	49,331,051	100.0%	43,653,478	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales		(0.2)%		3.8%
Regulated electricity sales		(4.3)%		(10.3)%
Delivered marketing and trading sales		42.8%		16.7%
Total electric sales		13.0%		(2.0)%

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
9,780,680	22.0%	8,774,822	23.9%	8,310,689	27.0%	7,970,309	27.4%
10,057,707	22.6	9,543,853	26.0	8,697,397	28.3	8,524,882	29.3
2,511,292	5.6	2,561,349	7.0	3,279,430	10.6	3,123,283	10.8
87,073	0.2	99,669	0.3	84,640	0.3	112,363	0.4
97,772	0.2	94,877	0.2	90,927	0.3	86,090	0.3
22,534,524	50.6	21,074,570	57.4	20,463,083	66.5	19,816,927	68.2
1,610,032	3.6	1,421,522	3.9	1,410,392	4.6	1,486,439	5.1
6,673,658	15.0	630,945	1.7	-	-	-	-
30,818,214	69.2	23,127,037	63.0	21,873,475	71.1	21,303,366	73.3
1,494,299	3.4	1,267,349	3.4	-	-	-	-
9,259,054	20.8	5,679,023	15.4	846,864	2.7	-	-
2,960,314	6.6	6,694,995	18.2	8,060,135	26.2	7,747,134	26.7
13,713,667	30.8	13,641,367	37.0	8,906,999	28.9	7,747,134	26.7
44,531,881	100.0%	36,768,404	100.0%	30,780,474	100.0%	29,050,500	100.0%
6.9%		3.0%		3.3%		4.2%	
33.3%		5.7%		2.7%		3.9%	
0.5%		53.2%		15.0%		312.7%	
21.1%		19.5%		6.0%		29.8%	

CONSOLIDATED MARKETING AND TRADING GROSS MARGIN SUMMARY (dollars in thousands)

year ended December 31,	2002	2001	2000
REALIZED AND MARK-TO-MARKET COMPONENTS			
Current period effects			
Realized margin on delivered commodities			
Electricity			
Generation sales other than Native Load (a)	\$ 13,971	\$ 79,328	\$ 54,396
Other electricity marketing and trading (a)	99,568	117,635	68,585
Total electricity	113,539	196,963	122,981
Other commodities	7,771	(13,646)	(8,789)
Total realized margin	121,310	183,317	114,192
Prior-period mark-to-market (gains) losses on contracts delivered during current period			
Electricity	(30,220)	(10,954)	(2,071)
Other commodities	(11,202)	25,197	(8)
Charge related to trading activities with Enron and its affiliates	-	(7,940)	-
Subtotal	(41,422)	6,303	(2,079)
Total current period effects	79,888	189,620	112,113
Change in mark-to-market gains (losses) for future period deliveries			
Electricity	63,047	145,749	7,205
Other commodities	(11,043)	(18,348)	6,545
Total future period effects	52,004	127,401	13,750
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863
BY COMMODITY SOLD OR TRADED			
Electricity	\$ 146,366	\$ 327,585	\$ 128,115
Other commodities	(14,474)	(10,564)	(2,252)
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863
ACCUMULATED MARK-TO-MARKET GAINS (LOSSES)			
AT END OF YEAR (b)	\$ 41,233	\$ 137,926	\$ 12,405
BY PINNACLE WEST ENTITY			
Parent Company marketing and trading division			
Generation sales other than Native Load	\$ 8,390	\$ -	\$ -
Electricity marketing and trading	96,535	59,680	(1,717)
Other commodities marketing and trading	(14,474)	18,073	-
APS			
Generation sales other than Native Load	1,392	79,328	54,396
Electricity marketing and trading	-	180,791	76,216
Other commodities marketing and trading	-	(24,870)	(2,253)
Pinnacle West Energy			
Generation sales other than Native Load	4,189	-	-
Electricity marketing and trading	-	-	-
APS ES			
Electricity marketing and trading	35,860	4,019	(779)
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

(b) As of December 31, 2002, Pinnacle West had accumulated mark-to-market net gains of \$41 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: 2003, \$4 million; 2004, \$10 million; 2005 and thereafter, \$27 million.

	1999	1998	1997
	\$ 7,043	\$ -	\$ -
	7,103	20,643	7,041
	14,146	20,643	7,041
	2,483	8,337	2,998
	16,629	28,980	10,039
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	16,629	28,980	10,039
	1,548	-	-
	(573)	-	-
	975	-	-
	\$ 17,604	\$ 28,980	\$ 10,039
	\$ 15,695	\$ 20,643	\$ 7,041
	1,909	8,337	2,998
	\$ 17,604	\$ 28,980	\$ 10,039
	\$ 653	\$ -	\$ -
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	7,043	-	-
	8,651	20,643	7,041
	1,910	8,337	2,998
	-	-	-
	-	-	-
	-	-	-
	\$ 17,604	\$ 28,980	\$ 10,039

SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

year ended December 31,	2002	2001	2000
PNW SOURCE OF ENERGY (MWh)			
Steam generation			
Nuclear	8,980,814	8,384,724	8,840,745
Coal	12,055,956	12,573,954	12,509,372
Gas	456,582	1,359,747	1,161,775
Oil	-	127,670	23,041
Combustion turbines			
Gas	224,678	803,031	445,796
Oil	2,847	100,585	51,907
Combined cycle			
Gas	3,653,015	1,567,869	1,048,237
Oil	144	60	19,404
Hydro and solar	31,536	33,660	33,746
Total generation	25,405,572	24,951,300	24,134,023
Purchased power (a)			
Firm load	1,618,531	2,961,204	2,514,500
Marketing and trading	23,704,278	17,652,902	18,893,026
Total	25,322,809	20,614,106	21,407,526
Total source of energy	50,728,381	45,565,406	45,541,549
PNW DISPOSITION OF ENERGY (MWh)			
Sales to ultimate customers	23,361,755	23,399,012	22,534,524
Sales for resale (a)	25,969,296	20,254,466	21,997,357
Losses and company use	1,397,330	1,911,928	1,009,668
Total disposition of energy	50,728,381	45,565,406	45,541,549
PNW ENERGY FUEL MIX (%)			
Nuclear	17.7%	18.4%	19.4%
Coal	23.8%	27.6%	27.5%
Gas	8.5%	8.2%	5.8%
Other (b)	0.1%	0.6%	0.3%
Purchased power and interchange – net	49.9%	45.2%	47.0%
Total	100.0%	100.0%	100.0%

(a) Purchased power and sales for resale include interchange purchases and sales, respectively.

(b) "Other" includes oil, hydro and solar generation.

1999	1998	1997
8,848,660	8,805,877	8,588,632
11,878,404	11,564,305	11,211,631
822,572	497,642	335,507
-	-	-
141,193	129,052	72,848
2,347	7,801	2,175
756,967	599,925	418,861
482	2,665	1,150
33,908	32,035	33,154
22,484,534	21,639,302	20,663,958
2,479,342	2,468,001	-
14,594,983	7,930,505	9,793,805
17,074,325	10,398,506	9,793,805
39,558,859	32,037,808	30,457,763
21,074,570	20,463,083	19,816,927
15,693,834	10,317,391	9,233,573
2,790,455	1,257,334	1,407,263
39,558,859	32,037,808	30,457,763
22.4%	27.5%	28.2%
29.9%	36.2%	36.5%
4.4%	3.9%	3.0%
0.1%	0.1%	0.1%
43.2%	32.3%	32.2%
100.0%	100.0%	100.0%