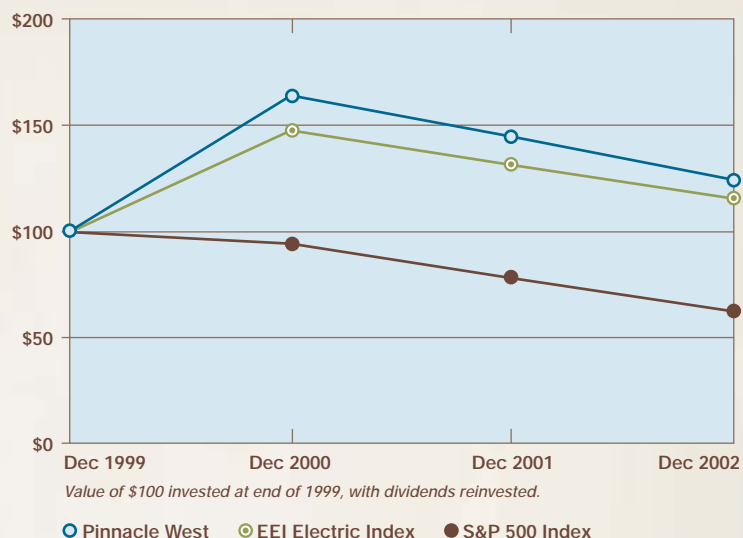


## STOCK PERFORMANCE COMPARISON

A \$100 investment in Pinnacle West in December 1999 (with dividends reinvested) would have been worth \$125 at the end of 2002. By comparison, the same \$100 would have been worth \$115 if invested in the EEI Electric Index, and \$62 if invested in the S&P 500 Index.



## CORE STRATEGIC OBJECTIVES

Focus on superior long-term total returns for shareholders · Provide Arizona electricity customers with reliable energy at stable prices · Capture growth opportunities in our electricity markets · Actively manage our costs and business risks · Maximize the long-term value of our assets · Maintain a disciplined focus on our long-term goals while remaining agile · Build our generation portfolio consistent with our native load, cash flow and market conditions

## FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

year ended December 31,	2002	2001	2000	Growth Rate 2002 VS. 2001	Growth Rate 2001 VS. 2000
<b>INCOME HIGHLIGHTS</b>					
Operating revenues	\$ 2,637,279	\$ 3,393,998	\$ 3,119,522	(22.3%)	8.8%
Income before accounting change	\$ 215,153	\$ 327,367	\$ 302,332	(34.3%)	8.3%
<b>BALANCE SHEET HIGHLIGHTS</b>					
Total assets – year-end	\$ 8,425,806	\$ 7,939,399	\$ 7,122,667	6.1%	11.5%
Common stock equity – year-end	\$ 2,686,153	\$ 2,499,323	\$ 2,382,714	7.5%	4.9%
<b>PER SHARE HIGHLIGHTS</b>					
Earnings per share before accounting change – diluted	\$ 2.53	\$ 3.85	\$ 3.56	(34.3%)	8.1%
Indicated annual dividend – year-end	\$ 1.70	\$ 1.60	\$ 1.50	6.3%	6.7%
Book value per share – year-end	\$ 29.40	\$ 29.46	\$ 28.09	(0.2%)	4.9%
<b>STOCK PERFORMANCE</b>					
Stock price per share – year-end	\$ 34.09	\$ 41.85	\$ 47.63		
Stock price appreciation	(18.5%)	(12.1%)	55.8%		
Total return	(14.8%)	(9.0%)	61.8%		
Market capitalization – year-end	\$ 3,115,142	\$ 3,549,924	\$ 4,039,788	(12.2%)	(12.1%)