



2008

2003_Statistical Report
for Financial Analysis
PINNACLE WEST CAPITAL CORPORATION

ABOUT OUR COMPANY

Pinnacle West is a Phoenix-based company with consolidated assets of approximately \$9.5 billion and consolidated revenues of \$2.8 billion. Through our subsidiaries, we generate, sell and deliver electricity and sell energy-related products and services to retail and wholesale customers in the western United States. We also develop residential, commercial and industrial real estate products.

ABOUT THIS REPORT

This Statistical Report for Financial Analysis is a supplement to our 2003 Annual Report to Shareholders. It contains comparative information for the years 1998 through 2003 to facilitate financial analysis. The report is also available on our Web site, www.pinnaclewest.com, in PDF and Excel formats.

Table of Contents

2_ARIZONA ECONOMIC OVERVIEW

4_PINNACLE WEST CAPITAL CORPORATION

4_CONSOLIDATING FINANCIAL STATEMENTS

10_COMPARATIVE CONSOLIDATED
FINANCIAL STATEMENTS

18_BOOK VALUE PER SHARE AT YEAR-END

18_EARNINGS PER SHARE FROM CONTINUING
OPERATIONS - DILUTED

18_STOCK PRICE HISTORY

19_NON-UTILITY LONG-TERM DEBT SCHEDULE

20_CONSOLIDATED ELECTRIC
REVENUE ANALYSIS

22_CONSOLIDATED ELECTRIC SALES ANALYSIS

24_CONSOLIDATED MARKETING AND TRADING
GROSS MARGIN SUMMARY

26_CONSOLIDATED SOURCE AND DISPOSITION
OF ELECTRIC ENERGY

26_CONSOLIDATED FUEL MIX

28_ARIZONA PUBLIC SERVICE COMPANY

28_SELECTED FINANCIAL DATA

28_HISTORICAL GROWTH RATES

30_COMPARATIVE FINANCIAL STATEMENTS

38_LONG-TERM DEBT SCHEDULE

40_ELECTRIC REVENUE ANALYSIS

42_ELECTRIC SALES ANALYSIS

44_CUSTOMER DATA

44_RATE REGULATION

46_SOURCE AND DISPOSITION OF
ELECTRIC ENERGY

46_FUEL MIX

47_LOADS AND RESOURCES AT PEAK

47_POWER PLANT OPERATING PERFORMANCE

48_GENERATION RESOURCES

48_PINNACLE WEST ENERGY

49_APS ENERGY SERVICES COMPANY

49_EL DORADO INVESTMENT COMPANY

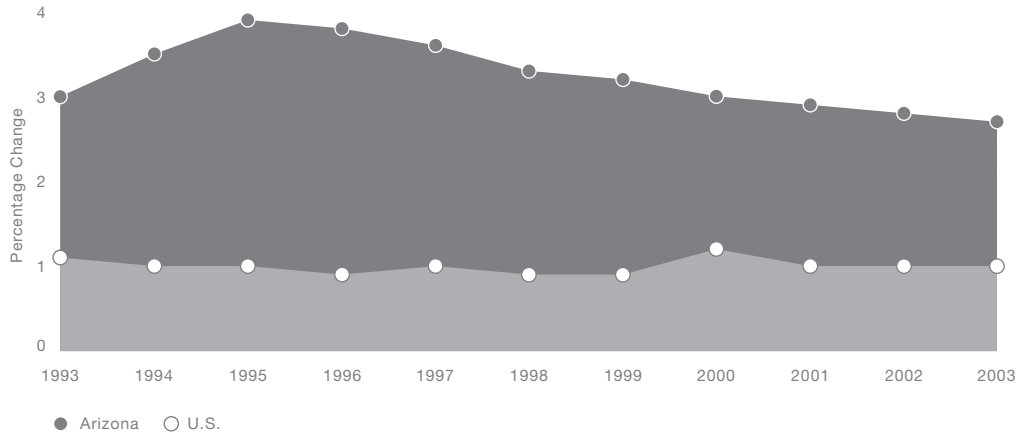
50_SUNCOR DEVELOPMENT COMPANY

52_DIRECTORS AND OFFICERS

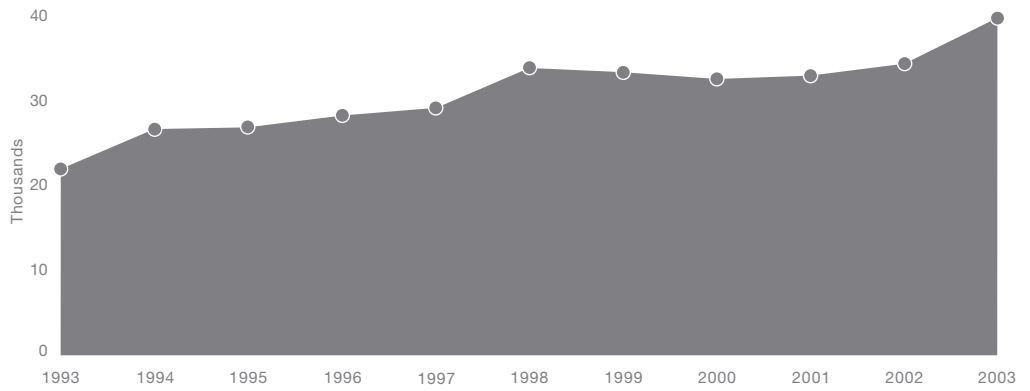
54_SHAREHOLDER INFORMATION

Arizona Economic Overview

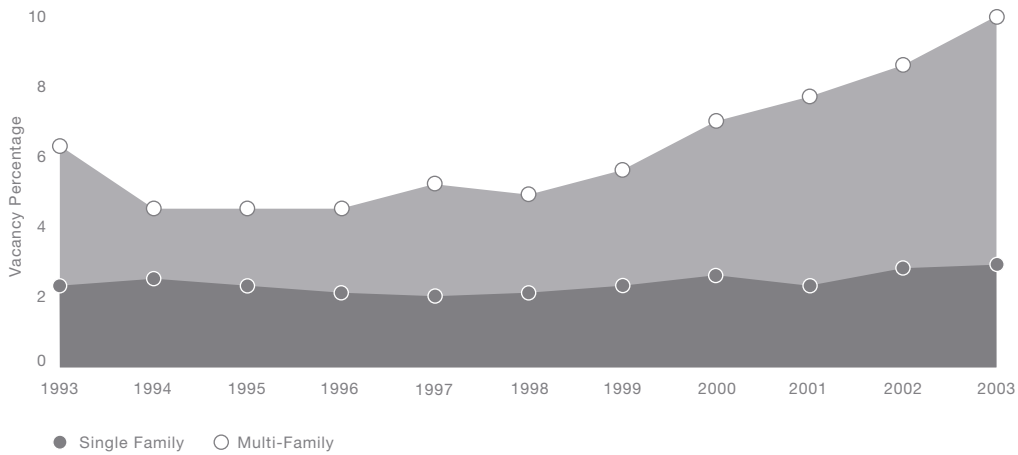
ARIZONA VS. U.S. POPULATION GROWTH



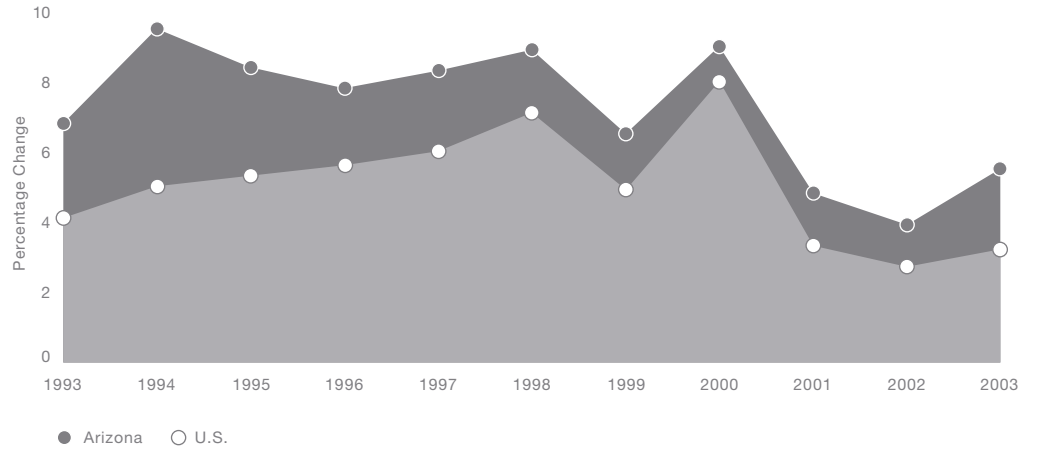
PHOENIX SINGLE-FAMILY BUILDING PERMITS



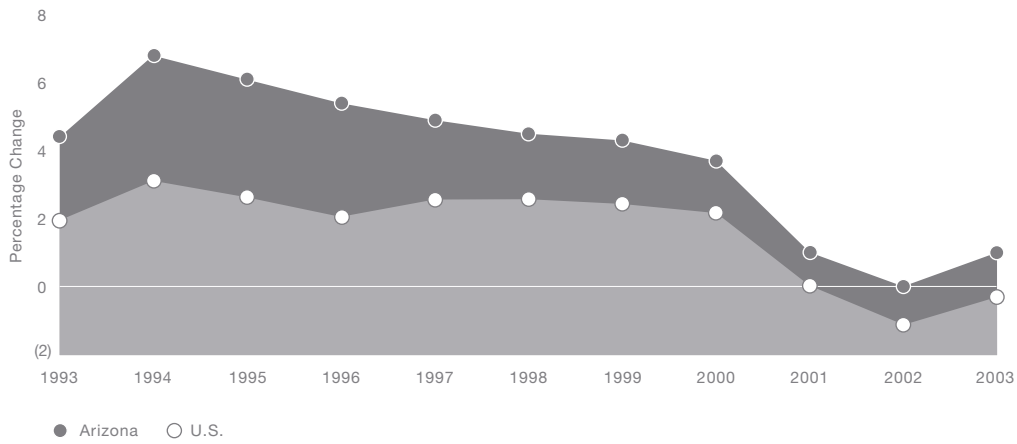
PHOENIX RESIDENTIAL VACANCY RATES



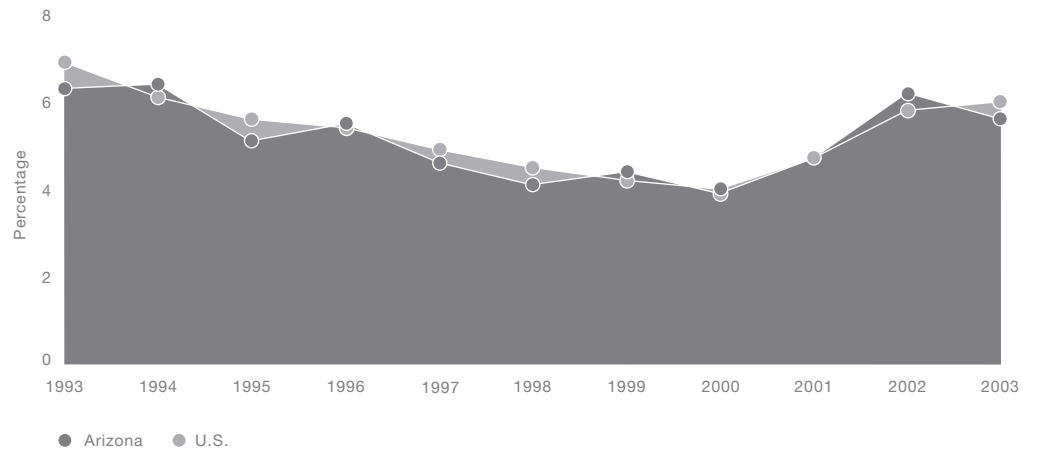
ARIZONA VS. U.S. PERSONAL INCOME GROWTH



ARIZONA VS. U.S. WAGE AND SALARY EMPLOYMENT GROWTH



ARIZONA VS. U.S. UNEMPLOYMENT RATE



CONSOLIDATING INCOME STATEMENT (dollars in thousands)

Year Ended December 31, 2003	Pinnacle West Parent Company	APS	Pinnacle West Energy
OPERATING REVENUES			
Regulated electricity segment	\$ 1	\$ 1,999,390	\$ 70,498
Marketing and trading segment	97,016	105,541	13,110
Real estate segment	-	-	-
Other revenues	-	-	-
Total	97,017	2,104,931	83,608
OPERATING EXPENSES			
Regulated electricity segment purchased power and fuel	6,086	606,251	(3,870)
Marketing and trading segment purchased power and fuel	91,960	97,180	4,810
Operations and maintenance	(1,792)	513,604	32,187
Real estate operations segment	-	-	-
Depreciation and amortization	6,046	389,240	33,020
Taxes other than income taxes	(22)	108,852	1,413
Other expenses	-	-	-
Total	102,278	1,715,127	67,560
OPERATING INCOME	(5,261)	389,804	16,048
OTHER			
Allowance for equity funds used during construction	-	14,240	-
Other income	275,705	20,277	196
Other expenses	(5,743)	(12,962)	(1,202)
Total	269,962	21,555	(1,006)
INTEREST EXPENSE			
Interest charges	38,752	150,947	35,116
Capitalized interest	1,244	(7,379)	(17,863)
Total	39,996	143,568	17,253
INCOME BEFORE INCOME TAXES	224,705	267,791	(2,211)
INCOME TAXES	(15,874)	86,854	(876)
INCOME FROM CONTINUING OPERATIONS	240,579	180,937	(1,335)
Income from discontinued operations – net of income taxes of \$6,529	-	-	-
NET INCOME (LOSS)	\$ 240,579	\$ 180,937	\$ (1,335)

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of inter-company sales of electricity.
- (b) Reclassification of certain expenses.
- (c) Elimination of inter-company interest expense and income.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ -	\$ -	\$ -	\$ (91,814) (a)	\$ 1,978,075
-	-	197,711	(21,492) (a)	391,886
361,604	-	-	-	361,604
-	58,358	27,929	-	86,287
361,604	58,358	225,640	(113,306)	2,817,852
-	-	-	(91,147) (a)	517,320
-	-	161,695	(10,783) (a)	344,862
-	-	16,109	(11,376) (a)	548,732
304,599	-	-	1,375 (b)	305,974
5,305	3,003	1,529	-	438,143
-	-	-	27 (b)	110,270
-	47,244	23,254	-	70,498
309,904	50,247	202,587	(111,904)	2,335,799
51,700	8,111	23,053	(1,402)	482,053
-	-	-	-	14,240
25,414	559	-	(286,588) (c)	35,563
-	(694)	-	27 (b)	(20,574)
25,414	(135)	-	(286,561)	29,229
6,433	687	179	(27,524) (c)	204,590
(3,892)	-	(179)	(1,375) (b)	(29,444)
2,541	687	-	(28,899)	175,146
74,573	7,289	23,053	(259,064)	336,136
28,452	-	7,004	-	105,560
46,121	7,289	16,049	(259,064)	230,576
10,003	-	-	-	10,003
\$ 56,124	\$ 7,289	\$ 16,049	\$ (259,064)	\$ 240,579

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2003	Pinnacle West Parent Company	APS	Pinnacle West Energy
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 81,725	\$ 112,002	\$ 1,298
Customer and other receivables	608,442	258,424	57,395
Allowance for doubtful accounts	(1,200)	(3,743)	–
Accrued utility revenues	–	71,501	–
Materials and supplies (at average cost)	–	80,682	15,417
Fossil fuel (at average cost)	–	28,360	7
Assets from risk management and trading activities	45,182	52,448	–
Other current assets	2,442	6,969	4,812
Total current assets	736,591	606,643	78,929
INVESTMENTS AND OTHER ASSETS			
Real estate investments – net	–	–	–
Assets from risk management and trading activities – long-term	120,945	18,001	–
Decommissioning trust accounts	–	240,645	–
Other assets	3,041,818	561,984	243
Total investments and other	3,162,763	820,630	243
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	25,018	8,826,033	1,022,737
Less accumulated depreciation and amortization	4,951	3,089,645	48,835
Total	20,067	5,736,388	973,902
Construction work in progress	9,426	187,478	356,775
Intangible assets, net of accumulated amortization	12,884	94,181	–
Nuclear fuel, net of accumulated amortization	–	52,011	–
Net property, plant and equipment	42,377	6,070,058	1,330,677
DEFERRED DEBITS			
Regulatory assets	–	164,804	–
Other deferred debits	–	92,853	12,846
Total deferred debits	–	257,657	12,846
TOTAL ASSETS	\$ 3,941,731	\$ 7,754,988	\$ 1,422,695

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 investment in subsidiaries.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 25,885	\$ 5,871	\$ 1,998	\$ -	\$ 228,779
16,987	12,181	42,722	(630,419) (a)	365,732
-	-	(4,280)	-	(9,223)
-	-	17,128	-	88,629
-	-	-	-	96,099
-	-	-	-	28,367
-	-	-	-	97,630
34,174	511	672	23,454 (b)	73,034
77,046	18,563	58,240	(606,965)	969,047
355,312	-	-	(11,990) (b,c)	343,322
-	-	-	-	138,946
-	-	-	-	240,645
1,812	3,038	417	(3,520,496) (a,b,d)	88,816
357,124	3,038	417	(3,532,486)	811,729
-	20,470	31,086	-	9,925,344
-	15,066	2,178	-	3,160,675
-	5,404	28,908	-	6,764,669
-	-	1,197	-	554,876
-	-	1,469	-	108,534
-	-	-	-	52,011
-	5,404	31,574	-	7,480,090
-	-	-	-	164,804
5,055	-	-	(46) (b)	110,708
5,055	-	-	(46)	275,512
\$ 439,225	\$ 27,005	\$ 90,231	\$(4,139,497)	\$ 9,536,378

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2003	Pinnacle West Parent Company	APS	Pinnacle West Energy
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 68,845	\$ 131,383	\$ 52,403
Accrued taxes	(1,487)	90,474	(65,481)
Accrued interest	9,057	42,702	5,325
Short-term borrowings	-	-	-
Current maturities of long-term debt	215,845	206,727	-
Customer deposits	-	45,481	-
Deferred income taxes	-	631	-
Liabilities from risk management and trading activities	34,617	58,138	-
Other current liabilities	148,136	60,008	394,514
Total current liabilities	475,013	635,544	386,761
LONG-TERM DEBT LESS CURRENT MATURITIES	465,128	2,415,946	500,000
DEFERRED CREDITS AND OTHER			
Deferred income taxes	19,045	1,248,397	62,594
Regulatory liabilities	-	510,423	-
Liability for asset retirement	-	234,440	-
Pension liability	21,402	160,639	(115)
Liabilities from risk management and trading activities – long-term	78,228	4,502	-
Unamortized gain-sale of utility plant	-	54,909	-
Other	1,159	286,558	6
Total deferred credits	119,834	2,499,868	62,485
COMMITMENTS AND CONTINGENCIES			
MINORITY INTERESTS			
Joint ventures of SunCor	-	-	-
COMMON STOCK EQUITY			
Common stock	2,217,455	1,424,966	478,560
Treasury stock	(3,273)	-	-
Accumulated other comprehensive income (loss)			
Minimum pension liability adjustment	(9,406)	(57,158)	-
Derivative instruments	22,382	5,253	-
Total accumulated other comprehensive income (loss)	12,976	(51,905)	-
Retained earnings	654,598	830,569	(5,111)
Total common stock equity	2,881,756	2,203,630	473,449
TOTAL LIABILITIES AND EQUITY	\$ 3,941,731	\$ 7,754,988	\$ 1,422,695

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.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 21,235	\$ 10,384	\$ 9,177	\$ -	\$ 293,427
19,671	2,436	702	23,454 (b)	69,769
66	-	-	(5,325) (a)	51,825
86,081	39,418	5,069	(44,487) (a)	86,081
2,002	906	-	-	425,480
4,302	-	-	-	49,783
-	-	-	-	631
-	-	-	-	92,755
6,563	3,989	16,176	(548,163) (a,b)	81,223
139,920	57,133	31,124	(574,521)	1,150,974
15,851	800	-	(500,000) (a)	2,897,725
-	-	(783)	-	1,329,253
-	-	-	-	510,423
-	-	-	-	234,440
6,433	-	(318)	-	188,041
-	-	-	-	82,730
-	-	-	-	54,909
2,369	454	2	(32,444) (b)	258,104
8,802	454	(1,099)	(32,444)	2,657,900
15,119	-	-	(15,119) (c)	-
235,054	14,046	48,217	(2,673,944) (d)	1,744,354
-	-	-	-	(3,273)
-	-	-	-	(66,564)
-	(72)	-	-	27,563
-	(72)	-	-	(39,001)
24,479	(45,356)	11,989	(343,469) (d)	1,127,699
259,533	(31,382)	60,206	(3,017,413)	2,829,779
\$ 439,225	\$ 27,005	\$ 90,231	\$(4,139,497)	\$ 9,536,378

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

Year Ended December 31,	2003	2002	2001
OPERATING REVENUES			
Regulated electricity segment	\$ 1,978,075	\$ 1,890,391	\$ 1,984,305
Marketing and trading segment	391,886	286,879	469,784
Real estate segment	361,604	201,081	168,908
Other revenues	86,287	61,937	11,771
Total	2,817,852	2,440,288	2,634,768
OPERATING EXPENSES			
Regulated electricity segment purchased power and fuel	517,320	376,911	583,080
Marketing and trading segment purchased power and fuel	344,862	154,987	152,762
Operations and maintenance	548,732	584,538	530,095
Real estate operations segment	305,974	185,925	153,462
Depreciation and amortization	438,143	424,082	427,903
Taxes other than income taxes	110,270	107,952	101,068
Other expenses	70,498	104,959	10,375
Total	2,335,799	1,939,354	1,958,745
OPERATING INCOME	482,053	500,934	676,023
OTHER			
Preferred stock dividend of APS	-	-	-
Allowance for equity funds used during construction	14,240	-	-
Other income	35,563	14,910	26,416
Other expenses	(20,574)	(33,655)	(33,577)
Total	29,229	(18,745)	(7,161)
INTEREST EXPENSE			
Interest charges	204,590	187,512	175,822
Capitalized interest	(29,444)	(43,749)	(47,862)
Total	175,146	143,763	127,960
INCOME BEFORE INCOME TAXES	336,136	338,426	540,902
INCOME TAXES	105,560	132,228	213,535
INCOME FROM CONTINUING OPERATIONS	230,576	206,198	327,367
Income from discontinued operations – net of income taxes of \$6,529 and \$5,872	10,003	8,955	-
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	\$ 240,579	\$ 149,408	\$ 312,166
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	91,265	84,903	84,718
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	91,405	84,964	84,930
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING			
Continuing operations – basic	\$ 2.53	\$ 2.43	\$ 3.86
Net income – basic	2.64	1.76	3.68
Continuing operations – diluted	2.52	2.43	3.85
Net income – diluted	2.63	1.76	3.68
DIVIDENDS DECLARED PER SHARE	\$ 1.725	\$ 1.625	\$ 1.525

	2000	1999	1998
	\$ 2,538,752	\$ 1,915,108	\$ 1,741,148
	418,532	154,125	180,145
	158,365	130,169	124,188
	3,873	439	-
	<u>3,119,522</u>	<u>2,199,841</u>	<u>2,045,481</u>
	1,065,597	433,459	306,884
	292,669	136,521	151,164
	450,205	446,173	418,829
	134,422	119,516	115,331
	431,229	419,842	413,381
	99,780	96,606	103,718
	782	200	-
	<u>2,474,684</u>	<u>1,652,317</u>	<u>1,509,307</u>
	<u>644,838</u>	<u>547,524</u>	<u>536,174</u>
	-	(1,016)	(9,703)
	-	-	-
	21,832	38,303	26,633
	(25,329)	(27,969)	(26,244)
	<u>(3,497)</u>	<u>9,318</u>	<u>(9,314)</u>
	166,447	157,142	163,975
	(21,638)	(11,664)	(18,596)
	<u>144,809</u>	<u>145,478</u>	<u>145,379</u>
	496,532	411,364	381,481
	194,200	141,592	138,589
	<u>302,332</u>	<u>269,772</u>	<u>242,892</u>
	-	-	-
	-	38,000	-
	-	(139,885)	-
	-	-	-
	-	-	-
	<u>\$ 302,332</u>	<u>\$ 167,887</u>	<u>\$ 242,892</u>
	84,733	84,717	84,774
	84,935	85,009	85,346
	\$ 3.57	\$ 3.18	\$ 2.87
	3.57	1.98	2.87
	3.56	3.17	2.85
	3.56	1.97	2.85
	<u>\$ 1.425</u>	<u>\$ 1.325</u>	<u>\$ 1.225</u>

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2003	2002	2001
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 228,779	\$ 77,566	\$ 28,619
Customer and other receivables	365,732	362,587	381,575
Allowance for doubtful accounts	(9,223)	(9,607)	(14,334)
Accrued utility revenues	88,629	94,504	76,131
Materials and supplies (at average cost)	96,099	91,652	81,215
Fossil fuel (at average cost)	28,367	28,185	27,023
Deferred income taxes	–	4,094	–
Assets from risk management and trading activities	97,630	102,664	66,973
Real estate assets held for sale	–	42,339	–
Other current assets	73,034	66,388	48,366
Total current assets	969,047	860,372	695,568
INVESTMENTS AND OTHER ASSETS			
Real estate investments – net	343,322	384,427	417,711
Assets from risk management and trading activities – long-term	138,946	191,754	200,351
Decommissioning trust accounts	240,645	194,440	202,036
Other assets	88,816	76,843	135,216
Total investments and other assets	811,729	847,464	955,314
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	9,925,344	9,058,900	8,030,847
Less accumulated depreciation and amortization	3,160,675	2,917,552	2,742,721
Total	6,764,669	6,141,348	5,288,126
Construction work in progress	554,876	777,542	1,047,072
Intangible assets, net of accumulated amortization	108,534	109,815	86,782
Nuclear fuel, net of accumulated amortization	52,011	51,124	49,282
Net property, plant and equipment	7,480,090	7,079,829	6,471,262
DEFERRED DEBITS			
Regulatory assets	164,804	241,045	342,383
Other deferred debits	110,708	110,447	64,597
Total deferred debits	275,512	351,492	406,980
TOTAL ASSETS	\$ 9,536,378	\$ 9,139,157	\$ 8,529,124

2000

1999

1998

\$ 10,363	\$ 20,705	\$ 20,538
516,402	246,137	235,601
(2,580)	(1,538)	(1,725)
74,566	72,919	67,740
71,966	69,977	69,074
19,405	21,869	13,978
5,793	8,163	3,999
17,506	-	-
-	-	-
48,430	47,950	35,884
761,851	486,182	445,089
369,714	343,382	330,234
32,955	-	-
204,716	175,733	145,552
126,213	83,960	102,481
733,598	603,075	578,267
7,644,018	7,412,937	7,119,296
2,581,784	2,498,250	2,361,405
5,062,234	4,914,687	4,757,891
465,620	229,554	228,643
94,393	93,384	133,318
47,389	49,113	51,078
5,669,636	5,286,738	5,170,930
469,867	613,729	980,084
62,606	105,717	89,517
532,473	719,446	1,069,601
\$ 7,697,558	\$ 7,095,441	\$ 7,263,887

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2003	2002	2001
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 293,427	\$ 332,441	\$ 268,521
Accrued taxes	69,769	71,107	96,729
Accrued interest	51,825	53,018	48,806
Short-term borrowings	86,081	227,683	405,762
Current maturities of long-term debt	425,480	280,888	126,140
Customer deposits	49,783	42,190	30,232
Deferred income taxes	631	-	3,244
Liabilities from risk management and trading activities	92,755	111,329	35,994
Real estate liabilities held for sale	-	28,855	-
Other current liabilities	81,223	85,585	70,078
Total current liabilities	1,150,974	1,233,096	1,085,506
LONG-TERM DEBT LESS CURRENT MATURITIES	2,897,725	2,743,741	2,673,078
DEFERRED CREDITS AND OTHER			
Deferred income taxes	1,329,253	1,209,074	1,064,993
Regulatory liabilities	510,423	26,264	27,355
Liability for asset retirements and removals	234,440	600,431	589,725
Pension liability	188,041	183,880	49,032
Liabilities from risk management and trading activities – long-term	82,730	147,900	207,576
Unamortized gain – sale of utility plant	54,909	59,484	64,060
Other	258,104	249,134	268,476
Total deferred credits and other	2,657,900	2,476,167	2,271,217
COMMITMENTS AND CONTINGENCIES			
MINORITY INTERESTS			
Non-redeemable preferred stock of APS	-	-	-
Redeemable preferred stock of APS	-	-	-
COMMON STOCK EQUITY			
Common stock, no par value	1,744,354	1,737,258	1,536,924
Treasury stock	(3,273)	(4,358)	(5,886)
Accumulated other comprehensive income (loss):			
Minimum pension liability adjustment	(66,564)	(71,264)	(966)
Derivative instruments	27,563	(20,020)	(63,599)
Total accumulated other comprehensive loss	(39,001)	(91,284)	(64,565)
Retained earnings	1,127,699	1,044,537	1,032,850
Total common stock equity	2,829,779	2,686,153	2,499,323
TOTAL LIABILITIES AND EQUITY	\$ 9,536,378	\$ 9,139,157	\$ 8,529,124

2000

1999

1998

\$ 375,437	\$ 185,720	\$ 154,913
89,246	70,510	62,520
42,954	33,253	31,866
82,775	38,300	178,830
463,469	114,798	168,045
26,189	26,098	28,510
-	-	-
37,179	-	-
-	-	-
70,360	25,062	13,520
1,187,609	493,741	638,204
1,955,083	2,206,052	2,048,961

1,143,040	1,183,855	1,343,536
28,022	45,263	77,660
574,891	524,418	473,912
78,979	95,554	108,632
14,711	-	-
68,636	73,212	77,787
263,873	267,613	236,603
2,172,152	2,189,915	2,318,130

-	-	85,840
---	---	--------

-	-	9,401
---	---	-------

1,537,920	1,540,197	1,550,643
(5,089)	(2,748)	-
-	-	-
-	-	-
-	-	-
849,883	668,284	612,708
2,382,714	2,205,733	2,163,351
\$ 7,697,558	\$ 7,095,441	\$ 7,263,887

CONSOLIDATED STATEMENTS OF CASH FLOWS (dollars in thousands)

Year Ended December 31,	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	\$ 240,579	\$ 149,408	\$ 312,166
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Gain on sale of discontinued operations	(10,003)	(8,955)	-
Cumulative effect of accounting change, net of tax	-	65,745	15,201
Extraordinary charge for regulatory disallowance – net of tax	-	-	-
Depreciation and amortization	438,143	424,082	427,903
Nuclear fuel amortization	28,757	31,185	28,362
Allowance for equity funds used during construction	(14,240)	-	-
Deferred income taxes	81,756	191,135	(17,203)
Change in mark-to-market valuations	17,410	(18,146)	(133,573)
Redhawk Units 3 & 4 cancellation charge	-	49,192	-
Changes in current assets and liabilities:			
Customer and other receivables	(3,529)	40,343	146,581
Accrued utility revenue	5,875	(18,373)	(1,565)
Materials, supplies and fossil fuel	(4,629)	(11,599)	(16,867)
Other current assets	(6,646)	(7,247)	64
Accounts payable	(34,303)	54,592	(128,017)
Accrued taxes	(1,338)	(36,041)	7,483
Accrued interest	(1,193)	4,212	5,852
Other current liabilities	4,918	32,366	3,761
Proceeds from the sale of real estate assets	163,700	57,178	35,783
Real estate investments	(71,618)	(72,412)	(80,603)
Increase in regulatory assets	(11,697)	(11,029)	(17,516)
Change in risk management and trading – assets	46,911	(11,700)	(51,894)
Change in risk management and trading – liabilities	(11,613)	(22,783)	45,330
Change in customer advances	7,270	(23,780)	28,599
Change in pension liability	19,074	(3,009)	(30,205)
Change in other long-term assets	5,598	(23,554)	14,746
Change in other long-term liabilities	12,648	10,420	(23,345)
Net cash flow provided by operating activities	901,830	841,230	571,043
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(693,475)	(895,522)	(1,055,574)
Capitalized interest	(29,444)	(43,749)	(47,862)
Proceeds from sale of assets from discontinued operations	27,193	28,917	-
Other	(21,040)	36,635	(16,481)
Net cash flow used for investing activities	(716,766)	(873,719)	(1,119,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	656,850	674,919	995,447
Short-term borrowings and payments – net	(173,303)	(306,079)	322,987
Dividends paid on common stock	(157,417)	(137,721)	(129,199)
Repayment of long-term debt	(368,162)	(351,545)	(621,057)
Common stock equity issuance	-	199,238	-
Redemption of preferred stock	-	-	-
Other	8,181	2,624	(1,048)
Net cash flow (used for) provided by financing activities	(33,851)	81,436	567,130
NET CASH FLOW	151,213	48,947	18,256
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	77,566	28,619	10,363
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 228,779	\$ 77,566	\$ 28,619

	2000	1999	1998
	\$ 302,332	\$ 167,887	\$ 242,892
	-	(38,000)	-
	-	-	-
	-	139,885	-
	431,229	419,842	413,381
	30,083	31,371	32,856
	-	-	-
	(37,885)	(67,400)	(8,258)
	(11,752)	(975)	-
	-	-	-
	(269,223)	(10,723)	(50,369)
	(1,647)	(5,179)	(9,181)
	475	(8,794)	(2,797)
	(17,986)	(12,066)	(14,128)
	193,066	28,110	34,386
	18,736	12,591	(22,090)
	9,701	1,387	(1,108)
	98,929	14,130	(5,235)
	23,836	38,212	59,312
	(49,075)	(50,630)	(25,907)
	(14,138)	(12,262)	(10,582)
	-	-	-
	13,834	-	-
	2,544	6,699	2,157
	(19,614)	(14,078)	16,459
	34,681	185,944	(64,977)
	(24,732)	(190,351)	19,027
	713,394	635,600	605,838
	(658,608)	(343,448)	(319,142)
	(21,638)	(11,664)	(18,596)
	-	-	-
	(55,595)	(16,143)	(2,144)
	(735,841)	(371,255)	(339,882)
	651,000	607,791	148,229
	44,475	(140,530)	48,080
	(120,733)	(112,311)	(103,849)
	(558,019)	(510,693)	(286,314)
	-	-	-
	-	(96,499)	(75,517)
	(4,618)	(11,936)	(3,531)
	12,105	(264,178)	(272,902)
	(10,342)	167	(6,946)
	20,705	20,538	27,484
	\$ 10,363	\$ 20,705	\$ 20,538

SELECTED CONSOLIDATED FINANCIAL DATA (dollars per share)

	2003	2002	2001	2000	1999	1998
BOOK VALUE PER SHARE						
AT YEAR-END						
APS	\$ 24.12	\$ 23.63	\$ 25.35	\$ 24.99	\$ 23.38	\$ 23.29
SunCor	2.84	3.41	3.61	3.57	3.67	3.59
El Dorado	(0.34)	(0.42)	0.20	0.19	0.33	0.32
APS Energy Services	0.66	0.65	0.51	0.08	0.03	–
Pinnacle West Energy	10.65	6.62	0.99	0.16	–	–
Parent Company	(6.96)	(4.49)	(1.20)	(0.90)	(1.41)	(1.70)
Total	\$ 30.97	\$ 29.40	\$ 29.46	\$ 28.09	\$ 26.00	\$ 25.50
COMMON SHARES						
OUTSTANDING AT YEAR-END	91,379,947	91,379,947	84,824,947	84,824,947	84,824,947	84,824,947
EARNINGS PER SHARE						
FROM CONTINUING OPERATIONS - DILUTED						
APS	\$ 1.98	\$ 2.35	\$ 3.30	\$ 3.61	\$ 3.14	\$ 2.88
SunCor	0.61	0.12	0.04	0.14	0.07	0.52 (a)
El Dorado	0.08	(0.65)	–	0.02	0.14	0.05
APS Energy Services	0.18	0.33	(0.12)	(0.16)	(0.11)	–
Pinnacle West Energy	(0.01)	(0.23)	0.21	(0.03)	–	–
Parent Company	(0.32)	0.51	0.42	(0.02)	(0.07)	(0.60)(a)
Total	\$ 2.52	\$ 2.43	\$ 3.85	\$ 3.56	\$ 3.17	\$ 2.85
WEIGHTED-AVERAGE COMMON SHARES						
OUTSTANDING – DILUTED	91,405,134	84,963,921	84,930,140	84,935,282	85,008,527	85,345,946
STOCK PRICE HISTORY						
High	\$ 40.48	\$ 46.68	\$ 50.70	\$ 52.22	\$ 43.38	\$ 49.25
Low	28.34	21.70	37.65	26.25	30.19	39.38
Close	40.02	34.09	41.85	47.63	30.56	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)

December 31,	2003	2002	2001	2000	1999	1998
PARENT COMPANY						
REVOLVING CREDIT						
Variable-rate loan due 2001	\$ -	\$ -	\$ -	\$ 188,000	\$ 56,000	\$ 42,000
NOTES PAYABLE						
6.62% senior notes due 2001	-	-	-	25,000	25,000	25,000
6.87% senior notes due 2003	-	25,000	25,000	25,000	25,000	25,000
4.50% senior notes due 2004	215,000	215,000	-	-	-	-
6.40% senior notes due 2006	300,000	300,000	300,000	-	-	-
Floating rate notes due 2003	-	250,000	250,000	-	-	-
Floating rate senior notes due 2005	165,000	-	-	-	-	-
Unamortized discount and premium	(270)	(530)	-	-	-	-
	679,730	789,470	575,000	50,000	50,000	50,000
OTHER LONG-TERM DEBT						
Capitalized lease obligations	1,243	1,999	1,066	-	-	-
Total Parent Company	680,973	791,469	576,066	238,000	106,000	92,000
SUNCOR						
REVOLVING CREDIT						
Variable-rate facility due 2001	-	-	-	-	-	38,139
Variable-rate facility due 2003	-	-	-	110,000	94,000	-
Variable-rate facility due 2003	-	-	128,000	-	-	-
	-	-	128,000	110,000	94,000	38,139
BANK LOAN						
Variable-rate loan due 2001	-	-	-	-	-	42,061
NOTES PAYABLE						
5.39% note due 1998-1999	-	-	-	-	-	399
Variable-rate notes due						
2004-2008	17,125	7,647	7,912	8,163	3,404	3,489
	17,125	7,647	7,912	8,163	3,404	3,888
BONDS PAYABLE						
5.85% bonds due 2039	-	-	-	5,215	5,335	-
5.95% bonds due 2024	-	-	5,215	-	-	-
6.75% bonds due 2026	-	-	7,500	-	-	-
	-	-	12,715	5,215	5,335	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	728	1,299	-	-	-	-
Total SunCor	17,853	8,946	148,627	123,378	102,739	84,088
EL DORADO						
REVOLVING CREDIT						
Variable-rate loan due 2005	1,600	2,600	-	-	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	106	771	-	-	-	-
Total El Dorado	1,706	3,371	-	-	-	-
TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES						
	\$ 700,532	\$ 803,786	\$ 724,693	\$ 361,378	\$ 208,739	\$ 176,088

CONSOLIDATED ELECTRIC REVENUE ANALYSIS

Year Ended December 31,	2003		2002	
ELECTRIC REVENUES (dollars in thousands)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 956,553	40.4%	\$ 906,069	41.6%
Commercial	808,901	34.1	791,728	36.4
Industrial	130,603	5.5	122,234	5.6
Irrigation	1,898	0.1	2,257	0.1
Other	11,818	0.5	11,554	0.5
Total retail	1,909,773	80.6	1,833,842	84.2
Wholesale revenue on electricity delivered				
Traditional contracts	15,301	0.6	8,616	0.4
Retail load hedge management (a)	—	—	—	—
Transmission for others	28,098	1.2	29,803	1.4
Other miscellaneous services	24,903	1.1	18,130	0.8
Total regulated electricity	1,978,075	83.5	1,890,391	86.8
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	87,832	3.7	50,364	2.3
Realized margin on electricity trading	21,605	0.9	50,431	2.3
Other delivered electricity (a)	308,345	13.0	167,731	7.7
Total delivered marketing and trading	417,782	17.6	268,526	12.3
OTHER MARKETING AND TRADING				
Realized margins on delivered commodities other than electricity	(7,858)	(0.3)	7,771	0.4
Prior period mark-to-market gains on contracts delivered during current period	(10,740)	(0.5)	(41,422)	(1.9)
Change in mark-to-market for future-period deliveries	(7,298)	(0.3)	52,004	2.4
Total other marketing and trading	(25,896)	(1.1)	18,353	0.9
Total marketing and trading	391,886	16.5	286,879	13.2
Total electric revenues	\$ 2,369,961	100.0%	\$ 2,177,270	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues	4.1%		(1.8)%	
Regulated electricity revenues	4.6%		(4.7)%	
Marketing and trading revenues	36.6%		(38.9)%	
Total electric revenues	8.9%		(11.3)%	
AVERAGE RETAIL REVENUE PER kWh				
Residential	8.58¢		8.68¢	
Commercial	7.38¢		7.48¢	
Industrial	5.62¢		5.57¢	
Irrigation	7.13¢		7.06¢	

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

2001

2000

1999

1998

\$ 914,711	37.3%	\$ 880,468	29.8%	\$ 805,173	38.9%	\$ 766,378	39.9%
805,326	32.8	771,909	26.1	733,038	35.4	699,016	36.4
133,663	5.4	146,088	4.9	159,329	7.7	172,296	9.0
1,975	0.1	6,498	0.2	7,374	0.4	7,288	0.4
11,663	0.5	10,719	0.4	11,708	0.6	10,644	0.5
1,867,338	76.1	1,815,682	61.4	1,716,622	83.0	1,655,622	86.2

73,305	3.0	120,618	4.1	60,486	2.9	58,184	3.0
-	-	560,493	18.9	108,153	5.2	-	-
25,971	1.1	14,765	0.5	11,348	0.6	11,058	0.6
17,691	0.7	27,194	0.9	18,499	0.9	16,284	0.8
1,984,305	80.9	2,538,752	85.8	1,915,108	92.6	1,741,148	90.6

148,316	6.0	115,476	3.9	29,551	1.4	-	-
69,942	2.9	55,910	1.9	8,565	0.4	2,157	-
131,468	5.4	244,183	8.3	112,551	5.5	170,796	9.0
349,726	14.3	415,569	14.1	150,667	7.3	172,953	9.0

(13,646)	(0.6)	(8,789)	(0.3)	2,483	0.1	7,192	0.4
6,303	0.2	(2,079)	(0.1)	-	-	-	-
127,401	5.2	13,831	0.5	975	-	-	-
120,058	4.8	2,963	0.1	3,458	0.1	7,192	0.4
469,784	19.1	418,532	14.2	154,125	7.4	180,145	9.4
\$ 2,454,089	100.0%	\$ 2,957,284	100.0%	\$ 2,069,233	100.0%	\$ 1,921,293	100.0%

2.8%	5.8%	3.7%	2.2%
(21.8)%	32.6%	10.0%	1.8%
12.2%	171.6%	(14.4)%	7.6%
(17.0)%	42.9%	7.7%	2.3%

8.85¢	9.00¢	9.18¢	9.22¢
7.67¢	7.67¢	7.68¢	8.04¢
5.49¢	5.82¢	6.22¢	5.25¢
7.35¢	7.46¢	7.40¢	8.61¢

CONSOLIDATED ELECTRIC SALES ANALYSIS

Year Ended December 31,	2003		2002	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	11,147,195	20.3%	10,443,820	21.2%
Commercial	10,961,417	19.9	10,589,065	21.5
Industrial	2,322,074	4.2	2,192,958	4.4
Irrigation	26,626	0.1	31,964	0.1
Other	104,993	0.2	103,948	0.2
Total retail	24,562,305	44.7	23,361,755	47.4
Wholesale electricity delivered				
Traditional contracts	499,949	0.9	473,699	1.0
Retail load hedge management (a)	1,093,846	2.0	2,641,714	5.3
Total regulated electricity	26,156,100	47.6	26,477,168	53.7
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	2,146,271	3.9	1,791,319	3.6
Electricity trading	21,304,944	38.8	18,035,867	36.6
Other delivered electricity (a)	5,351,539	9.7	3,026,697	6.1
Total delivered marketing and trading	28,802,754	52.4	22,853,883	46.3
Total electric sales	54,958,854	100.0%	49,331,051	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales		5.1%		(0.2)%
Regulated electricity sales		(1.2)%		(4.3)%
Delivered marketing and trading sales		26.0%		42.8%
Total electric sales		11.4%		13.0%

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

2001

2000

1999

1998

10,334,860	23.7%	9,780,680	22.0%	8,774,822	23.9%	8,310,689	27.0%
10,504,044	24.1	10,057,707	22.6	9,543,853	26.0	8,697,397	28.3
2,433,438	5.6	2,511,292	5.6	2,561,349	7.0	3,279,430	10.6
26,860	–	87,073	0.2	99,669	0.3	84,640	0.3
99,810	0.2	97,772	0.2	94,877	0.2	90,927	0.3
23,399,012	53.6	22,534,524	50.6	21,074,570	57.4	20,463,083	66.5

1,213,704	2.8	1,610,032	3.6	1,421,522	3.9	1,410,392	4.6
3,039,905	7.0	6,673,658	15.0	630,945	1.7	–	–
27,652,621	63.4	30,818,214	69.2	23,127,037	63.0	21,873,475	71.1

1,387,860	3.2	1,494,299	3.4	1,267,349	3.4	–	–
13,587,032	31.1	9,259,054	20.8	5,679,023	15.4	846,864	2.7
1,025,965	2.3	2,960,314	6.6	6,694,995	18.2	8,060,135	26.2
16,000,857	36.6	13,713,667	30.8	13,641,367	37.0	8,906,999	28.9
43,653,478	100.0%	44,531,881	100.0%	36,768,404	100.0%	30,780,474	100.0%

3.8%	6.9%	3.0%	3.3%
(10.3)%	33.3%	5.7%	2.7%
16.7%	0.5%	53.2%	15.0%
(2.0)%	21.1%	19.5%	6.0%

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

Year Ended December 31,	2003	2002	2001
REALIZED AND MARK-TO-MARKET COMPONENTS			
Current period effects			
Realized margin on delivered commodities			
Electricity			
Generation sales other than Native Load (a)	\$ 6,676	\$ 13,971	\$ 79,328
Other electricity marketing and trading (a)	66,245	99,568	117,636
Total electricity	72,921	113,539	196,964
Other commodities	(7,858)	7,771	(13,646)
Total realized margin	65,063	121,310	183,318
Prior-period mark-to-market (gains) losses on contracts delivered during current period			
Electricity	(13,656)	(30,220)	(10,954)
Other commodities	2,917	(11,202)	25,197
Charge related to trading activities with Enron and its affiliates	–	–	(7,940)
Subtotal	(10,739)	(41,422)	6,303
Total current period effects	54,324	79,888	189,621
Change in mark-to-market gains (losses) for future period deliveries			
Electricity	(8,098)	63,047	145,749
Other commodities	798	(11,043)	(18,348)
Total future period effects	(7,300)	52,004	127,401
Total gross margin before income taxes	\$ 47,024	\$ 131,892	\$ 317,022
BY COMMODITY SOLD OR TRADED			
Electricity	\$ 51,167	\$ 146,366	\$ 327,586
Other commodities	(4,143)	(14,474)	(10,564)
Total gross margin before income taxes	\$ 47,024	\$ 131,892	\$ 317,022
BY PINNACLE WEST ENTITY			
Parent Company marketing and trading division			
Generation sales other than Native Load	\$ (2,977)	\$ 8,390	\$ –
Electricity marketing and trading	(1,881)	96,535	59,681
Other commodities marketing and trading	(795)	(14,474)	18,073
APS			
Generation sales other than Native Load	11,487	1,392	79,328
Electricity marketing and trading	222	–	180,791
Other commodities marketing and trading	(3,348)	–	(24,870)
Pinnacle West Energy			
Generation sales other than Native Load	(1,834)	4,189	–
Electricity marketing and trading	10,134	–	–
APS ES			
Electricity marketing and trading	36,016	35,860	4,019
Total gross margin before income taxes	\$ 47,024	\$ 131,892	\$ 317,022
ACCUMULATED MARK-TO-MARKET GAINS AT END OF YEAR (b)	\$ 23,083	\$ 41,233	\$ 137,926

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

(b) As of December 31, 2003, Pinnacle West had accumulated mark-to-market net gains of \$23 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: 2004, \$5 million; 2005, \$5 million; 2006, \$3 million; and thereafter, \$10 million.

2000

1999

1998

\$ 54,396	\$ 7,043	\$ -
68,585	7,103	20,643
122,981	14,146	20,643
(8,789)	2,483	8,337
114,192	16,629	28,980

(2,071)	-	-
(8)	-	-
-	-	-
(2,079)	-	-
112,113	16,629	28,980

7,205	1,548	-
6,545	(573)	-
13,750	975	-
\$ 125,863	\$ 17,604	\$ 28,980

\$ 128,115	\$ 15,695	\$ 20,643
(2,252)	1,909	8,337
\$ 125,863	\$ 17,604	\$ 28,980

\$ -	\$ -	\$ -
(1,717)	-	-
-	-	-

54,396	7,043	-
76,216	8,651	20,643
(2,253)	1,910	8,337

-	-	-
-	-	-

(779)	-	-
-------	---	---

\$ 125,863	\$ 17,604	\$ 28,980
\$ 12,405	\$ 653	\$ -

CONSOLIDATED SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

Year Ended December 31,	2003	2002	2001
CONSOLIDATED SOURCE OF ENERGY (MWh)			
Steam generation			
Nuclear	8,314,712	8,980,814	8,384,724
Coal	11,366,560	12,055,956	12,573,954
Gas	265,180	456,582	1,359,747
Oil	12,475	–	127,670
Combustion turbines			
Gas	99,032	224,678	803,031
Oil	2,115	2,847	100,585
Combined cycle			
Gas	5,677,345	3,653,015	1,567,869
Oil	–	144	60
Hydro and solar	34,920	31,536	33,660
Total generation	25,772,339	25,405,572	24,951,300
Purchased power (a)			
Firm load	3,111,269	1,618,531	2,961,204
Marketing and trading	27,750,329	23,704,278	17,652,902
Total	30,861,598	25,322,809	20,614,106
Total source of energy	56,633,937	50,728,381	45,565,406
CONSOLIDATED DISPOSITION OF ENERGY (MWh)			
Sales to ultimate customers	24,562,305	23,361,755	23,399,012
Sales for resale (a)	30,396,549	25,969,296	20,254,466
Losses and company use	1,675,083	1,397,330	1,911,928
Total disposition of energy	56,633,937	50,728,381	45,565,406
CONSOLIDATED ENERGY FUEL MIX (%)			
Nuclear	14.7%	17.7%	18.4%
Coal	20.1%	23.8%	27.6%
Gas	10.7%	8.5%	8.2%
Other (b)	0.1%	0.1%	0.6%
Purchased power and interchange – net	54.4%	49.9%	45.2%
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.

2000	1999	1998
8,840,745	8,848,661	8,805,877
12,509,372	11,878,404	11,564,305
1,161,775	822,572	497,642
23,041	-	-
445,796	141,193	129,052
51,907	2,347	7,801
1,048,237	756,967	599,925
19,404	482	2,665
33,746	33,908	32,035
24,134,023	22,484,534	21,639,302
2,514,500	2,479,342	2,468,001
18,893,026	14,594,983	7,930,505
21,407,526	17,074,325	10,398,506
45,541,549	39,558,859	32,037,808
22,534,524	21,074,570	20,463,083
21,997,357	15,693,834	10,317,391
1,009,668	2,790,455	1,257,334
45,541,549	39,558,859	32,037,808
19.4%	22.4%	27.5%
27.5%	29.9%	36.2%
5.8%	4.4%	3.9%
0.3%	0.1%	0.1%
47.0%	43.2%	32.3%
100.0%	100.0%	100.0%

APS SELECTED FINANCIAL DATA

	2003	2002	2001
OPERATING STATISTICS			
Electric revenues (thousands)	\$ 2,104,931	\$ 1,936,166	\$ 2,352,098
Sales (MWh)	44,799,324	29,057,497	33,230,065
Employees (year-end) (a)	6,052	6,110	6,322
Average annual use per residential customer (kWh)	13,457	13,025	13,312
FINANCIAL STATISTICS (b)			
Cash interest coverage	4.71x	6.92x	5.96x
Non-cash income as percent of earnings	26.0%	20.4%	14.4%
Net cash flow as percent of capital expenditures	91.7%	130.6%	109.0%
CAPITALIZATION RATIOS (year-end)			
Long-term debt excluding current maturities	50.0%	50.6%	44.3%
Current maturities of long-term debt	4.3	0.1	2.9
Short-term debt	-	-	3.9
Total debt	54.3	50.7	51.1
Preferred stock	-	-	-
Common stock equity	45.7%	49.3	48.9
Total capitalization	100.0%	100.0%	100.0%
Debt adjusted for Palo Verde Unit 2 sale and leaseback	57.7%	54.9%	55.4%

(a) Includes APS, Parent Company, and marketing and trading employees who support the regulated retail electric business.

(b) Non-cash income includes capitalized interest and other significant items resulting from regulatory orders.

APS HISTORICAL GROWTH RATES

	2003	2002	2001
Electric revenues			
Total	8.7%	(17.7)%	(19.8)%
Retail	3.9%	(1.2)%	2.8%
Peak load			
Actual	9.1%	2.0%	3.8%
Weather-adjusted	5.4%	5.9%	(2.8)%
Electric sales			
Total	54.2%	(12.6)%	(24.6)%
Retail sales	5.1%	(0.2)%	3.8%
Customers (average)	3.3%	3.1%	3.7%
Employees (year-end)	(0.9)%	(3.4)%	3.5%

	2000	1999	1998
\$	2,934,142	\$ 2,068,848	\$ 1,921,293
	44,055,293	36,768,404	30,780,474
	6,110	6,002	5,848
	13,053	12,191	12,047
	5.68x	5.29x	5.01x
	11.9%	15.2%	15.3%
	108.6%	137.3%	128.6%
	42.4%	48.3%	43.7%
	5.9	2.8	3.8
	1.9	0.9	4.2
	50.2	52.0	51.7
	-	-	2.2
	49.8	48.0	46.1
	100.0%	100.0%	100.0%
	54.9%	56.8%	56.4%

2000	1999	1998	Compound Annual Growth Rates	
			5 Years 1998-2003	10 Years 1993-2003
41.8%	7.7%	2.3%	1.8%	2.8%
5.8%	3.7%	2.2%	3.0%	2.9%
11.0%	(2.7)%	10.1%	4.5%	5.2%
11.2%	3.8%	4.5%	4.6%	4.4%
19.8%	19.5%	6.0%	7.8%	8.4%
6.9%	3.0%	3.3%	3.7%	4.1%
4.1%	4.2%	4.0%	3.7%	3.8%
1.8%	2.6%	1.6%	0.7%	(1.5)%

APS STATEMENTS OF INCOME (dollars in thousands)

Year Ended December 31,	2003	2002	2001
ELECTRIC OPERATING REVENUES			
Regulated electricity segment	\$ 1,999,390	\$ 1,902,112	\$ 1,984,305
Marketing and trading segment	105,541	34,054	367,793
Total	2,104,931	1,936,166	2,352,098
PURCHASED POWER AND FUEL COSTS			
Regulated electricity segment	606,251	438,141	649,405
Marketing and trading segment	97,180	32,662	132,544
Total	703,431	470,803	781,949
OPERATING REVENUES LESS PURCHASED POWER AND FUEL COSTS	1,401,500	1,465,363	1,570,149
OTHER OPERATING EXPENSES			
Operations and maintenance	513,604	495,845	465,561
Depreciation and amortization	389,240	399,640	420,893
Income taxes	91,646	132,953	183,640
Other taxes	108,852	107,925	101,077
Total	1,103,342	1,136,363	1,171,171
OPERATING INCOME	298,158	329,000	398,978
OTHER INCOME (DEDUCTIONS)			
Income taxes	4,792	6,148	504
Allowance for equity funds used during construction	14,240	-	-
Other income	20,277	5,149	20,207
Other expense	(12,962)	(19,338)	(20,790)
Total	26,347	(8,041)	(79)
INCOME BEFORE INTEREST DEDUCTIONS	324,505	320,959	398,899
INTEREST DEDUCTIONS			
Interest on long-term debt	142,706	128,462	126,118
Interest on short-term borrowings	4,904	5,416	4,407
Debt discount, premium and expense	3,337	2,888	2,650
Capitalized interest	(7,379)	(15,150)	(14,964)
Total	143,568	121,616	118,211
INCOME BEFORE EXTRAORDINARY CHARGE AND CUMULATIVE EFFECT ADJUSTMENT	180,937	199,343	280,688
Extraordinary charge – net of income taxes of \$94,115	-	-	-
Cumulative effect of change in accounting for derivatives – net of income taxes of \$9,892	-	-	(15,201)
NET INCOME	180,937	199,343	265,487
Preferred stock dividend requirements	-	-	-
EARNINGS FOR COMMON STOCK	\$ 180,937	\$ 199,343	\$ 265,487

2000	1999	1998
\$ 2,538,750	\$ 1,914,722	\$ 1,741,148
395,392	154,126	180,145
2,934,142	2,068,848	1,921,293
1,065,596	432,844	306,884
267,032	136,522	151,164
1,332,628	569,366	458,048
1,601,514	1,499,482	1,463,245
430,092	437,125	418,829
425,479	416,331	410,276
199,977	165,629	166,290
99,730	96,579	102,076
1,155,278	1,115,664	1,097,471
446,236	383,818	365,774
4,312	32,614	32,838
-	-	-
9,690	13,861	12,259
(20,547)	(25,618)	(24,782)
(6,545)	20,857	20,315
439,691	404,675	386,089
134,431	132,676	137,214
7,455	8,272	7,481
2,105	2,084	2,410
(10,894)	(6,679)	(16,263)
133,097	136,353	130,842
306,594	268,322	255,247
-	(139,885)	-
-	-	-
306,594	128,437	255,247
-	1,016	9,703
\$ 306,594	\$ 127,421	\$ 245,544

APS BALANCE SHEETS (dollars in thousands)

December 31,	2003	2002	2001
ASSETS			
UTILITY PLANT			
Electric plant in service	\$ 8,811,893	\$ 8,293,638	\$ 7,934,181
Plant held for future use	14,140	5,493	1,025
Subtotal	8,826,033	8,299,131	7,935,206
Less accumulated depreciation and amortization	3,089,645	2,885,798	2,739,957
Subtotal	5,736,388	5,413,333	5,195,249
Construction work in progress	187,478	329,089	321,305
Intangible assets, net of accumulated amortization	94,181	93,259	83,135
Nuclear fuel, net of accumulated amortization	52,011	51,124	49,282
Net utility plant	6,070,058	5,886,805	5,648,971
INVESTMENTS AND OTHER ASSETS			
Notes receivable from Pinnacle West Energy	497,865	-	-
Decommissioning trust accounts	240,645	194,440	202,036
Assets from risk management and trading activities – long-term	18,001	31,622	2,082
Other assets	64,119	57,380	108,159
Total investments and other assets	820,630	283,442	312,277
CURRENT ASSETS			
Cash and cash equivalents	112,002	42,549	16,821
Accounts receivable			
Service customers	190,884	136,945	182,749
Other	67,540	202,597	55,016
Allowance for doubtful accounts	(3,743)	(1,341)	(3,349)
Accrued utility revenues	71,501	72,915	76,131
Materials and supplies (at average cost)	80,682	79,985	81,215
Fossil fuel (at average cost)	28,360	28,185	27,023
Deferred income taxes	-	4,094	-
Assets from risk management and trading activities	52,448	39,616	10,097
Other	6,969	7,945	10,172
Total current assets	606,643	613,490	455,875
DEFERRED DEBITS			
Regulatory assets	164,804	241,045	342,383
Unamortized debt issue costs	19,797	16,696	13,163
Other	73,056	80,760	42,789
Total deferred debits	257,657	338,501	398,335
TOTAL ASSETS	\$ 7,754,988	\$ 7,122,238	\$ 6,815,458

2000

1999

1998

\$ 7,605,992	\$ 7,378,814	\$ 7,086,244
32,695	32,369	32,026
7,638,687	7,411,183	7,118,270
2,580,810	2,498,097	2,361,405
5,057,877	4,913,086	4,756,865
245,749	184,764	228,643
94,393	93,384	133,318
47,389	49,113	51,078
5,445,408	5,240,347	5,169,904
-	-	-
204,716	175,733	145,552
32,955	-	-
77,903	45,336	49,707
315,574	221,069	195,259
2,609	7,477	5,558
422,012	201,704	205,999
25,089	34,850	21,019
(2,380)	(1,538)	(1,725)
74,566	72,919	67,740
71,966	69,977	69,074
19,405	21,869	13,978
5,793	8,163	3,999
17,506	-	-
6,352	18,273	14,985
642,918	433,694	400,627
469,867	613,729	980,084
12,805	15,172	14,916
37,928	79,714	69,656
520,600	708,615	1,064,656
\$ 6,924,500	\$ 6,603,725	\$ 6,830,446

APS BALANCE SHEETS (dollars in thousands)

December 31,	2003	2002	2001
LIABILITIES			
CAPITALIZATION			
Common stock	\$ 178,162	\$ 178,162	\$ 178,162
Additional paid-in capital	1,246,804	1,246,804	1,246,804
Retained earnings	830,569	819,632	790,289
Accumulated other comprehensive income/(loss):			
Minimum pension liability adjustment	(57,158)	(61,487)	(966)
Derivative instruments	5,253	(23,799)	(63,599)
Common stock equity	2,203,630	2,159,312	2,150,690
Non-redeemable preferred stock	-	-	-
Redeemable preferred stock	-	-	-
Long-term debt less current maturities	2,415,946	2,217,340	1,949,074
Total capitalization	4,619,576	4,376,652	4,099,764
CURRENT LIABILITIES			
Commercial paper	-	-	171,162
Current maturities of long-term debt	206,727	3,503	125,451
Accounts payable	131,383	118,133	98,959
Accrued taxes	90,474	82,557	107,595
Accrued interest	42,702	42,608	41,043
Customer deposits	45,481	39,865	28,664
Deferred income taxes	631	-	3,244
Liabilities from risk management and trading activities	58,138	59,773	21,840
Other	60,008	51,820	18,798
Total current liabilities	635,544	398,259	616,756
DEFERRED CREDITS AND OTHER			
Deferred income taxes	1,248,397	1,225,552	1,023,079
Regulatory liability	510,423	26,264	27,355
Liability for asset retirements and removals	234,440	600,431	589,725
Pension liability	160,639	156,442	30,247
Unamortized gain – sale of utility plant	54,909	59,484	64,060
Customer advances for construction	52,783	45,513	69,293
Liabilities from risk management and trading activities	4,502	36,678	95,159
Other	233,775	196,963	200,020
Total deferred credits and other	2,499,868	2,347,327	2,098,938
TOTAL LIABILITIES AND EQUITY	\$ 7,754,988	\$ 7,122,238	\$ 6,815,458

2000

1999

1998

\$ 178,162	\$ 178,162	\$ 178,162
1,246,804	1,246,804	1,195,625
694,802	558,208	601,968
-	-	-
-	-	-
2,119,768	1,983,174	1,975,755
-	-	85,840
-	-	9,401
1,806,908	1,997,400	1,876,540
3,926,676	3,980,574	3,947,536
82,100	38,300	178,830
250,266	114,711	164,378
267,999	170,662	145,139
106,515	62,858	59,827
39,488	32,299	31,218
24,498	24,682	26,815
-	-	-
37,179	-	-
81,325	25,414	14,561
889,370	468,926	620,768
1,110,437	1,178,085	1,312,007
28,022	45,263	77,660
574,891	524,418	473,912
62,193	80,566	94,415
68,636	73,212	77,787
40,694	38,150	31,451
14,711	-	-
208,870	214,531	194,910
2,108,454	2,154,225	2,262,142
\$ 6,924,500	\$ 6,603,725	\$ 6,830,446

APS STATEMENTS OF CASH FLOWS (dollars in thousands)

Year Ended December 31,	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 180,937	\$ 199,343	\$ 265,487
Items not requiring cash			
Depreciation and amortization	389,240	399,640	420,893
Nuclear fuel amortization	28,757	31,185	28,362
Allowance for equity funds used during construction	(14,240)	-	-
Deferred income taxes	(1,087)	206,767	(26,516)
Change in derivative mark-to-market valuations	2,339	2,957	(100,030)
Extraordinary charge – net of income taxes	-	-	-
Cumulative effect of change in accounting – net of income taxes	-	-	15,201
Changes in certain current assets and liabilities:			
Accounts receivable	83,692	(102,450)	302,283
Materials, supplies and fossil fuel	(872)	68	(16,867)
Other current assets	2,390	5,443	(5,385)
Accounts payable	17,961	15,372	(190,141)
Accrued taxes	7,917	(25,038)	1,080
Accrued interest	94	1,565	1,555
Other current liabilities	13,804	44,224	(58,361)
Increase in regulatory assets	(11,697)	(11,029)	(17,516)
Change in risk management and trading – assets	12,551	(22,570)	10,730
Change in customer advances	7,270	(23,780)	28,599
Change in pension liability	17,395	7,016	(35,244)
Change in other long-term assets	(14,623)	(24,502)	(13,967)
Change in other long-term liabilities	55,296	301	(5,088)
Net cash flow provided by operating activities	777,124	704,512	605,075
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(426,260)	(490,156)	(465,360)
Capitalized interest	(7,379)	(15,150)	(14,964)
Loan to Pinnacle West Energy	(497,865)	-	-
Other	(8,296)	44,918	(41,926)
Net cash flow used for investing activities	(939,800)	(460,388)	(522,250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	491,654	459,926	396,072
Short-term borrowings	-	(171,162)	89,062
Common equity infusion from Pinnacle West	-	-	-
Dividends paid on common stock	(170,000)	(170,000)	(170,000)
Dividends paid on preferred stock	-	-	-
Repayment of preferred stock	-	-	-
Repayment and reacquisition of long-term debt	(89,525)	(337,160)	(383,747)
Net cash flow provided by (used for) financing activities	232,129	(218,396)	(68,613)
NET CASH FLOW	69,453	25,728	14,212
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,549	16,821	2,609
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 112,002	\$ 42,549	\$ 16,821

	2000	1999	1998
	\$ 306,594	\$ 128,437	\$ 255,247
	425,479	416,331	410,276
	30,083	31,371	32,856
	-	-	-
	(65,726)	(83,753)	(80,006)
	(11,752)	(975)	-
	-	139,885	-
	-	-	-
	(209,705)	(9,723)	(55,089)
	475	(8,794)	(2,797)
	10,274	(8,467)	(10,984)
	101,558	22,992	33,731
	43,657	3,031	(26,059)
	7,189	1,081	(442)
	101,685	8,193	(6,055)
	(14,138)	(12,262)	(10,582)
	13,181	-	-
	2,544	6,699	2,157
	(18,373)	(13,849)	13,808
	45,548	(1,891)	(26,594)
	(44,902)	9,653	(16,491)
	723,671	627,959	512,976
	(464,368)	(322,547)	(319,142)
	(10,894)	(6,679)	(16,263)
	-	-	-
	(72,189)	(8,173)	(8,593)
	(547,451)	(337,399)	(343,998)
	300,000	392,952	126,245
	43,800	(140,530)	48,080
	-	50,000	50,000
	(170,000)	(170,000)	(170,000)
	-	(1,393)	(10,279)
	-	(96,499)	(75,517)
	(354,888)	(323,171)	(144,501)
	(181,088)	(288,641)	(175,972)
	(4,868)	1,919	(6,994)
	7,477	5,558	12,552
	\$ 2,609	\$ 7,477	\$ 5,558

APS LONG-TERM DEBT SCHEDULE (dollars in thousands)

December 31,	2003	2002	2001	2000	1999	1998
FIRST MORTGAGE BONDS						
7.625% series due June 15, 1999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
5.75% series due Sept. 15, 2000	-	-	-	-	100,000	100,000
8.125% series due March 15, 2002	-	-	125,000	125,000	125,000	125,000
6.625% series due March 1, 2004	80,000	80,000	80,000	80,000	80,000	85,000
10.25% series due May 15, 2020	-	-	-	-	100,550	100,550
9.5% series due April 15, 2021	-	-	-	45,140	45,140	45,140
9% series due Dec. 15, 2021	-	-	-	72,370	72,370	72,370
7.25% series due Aug. 1, 2023	-	54,150	54,150	70,650	70,650	91,900
8.75% series due Jan. 15, 2024	-	-	121,668	121,668	121,668	121,668
8% series due Feb. 1, 2025	-	33,075	33,075	33,075	47,075	88,300
5.5% series due Aug. 15, 2028	25,000	25,000	25,000	25,000	25,000	25,000
5.875% series due Aug. 15, 2028	154,000	154,000	154,000	154,000	154,000	154,000
Unamortized discount and premium	(8,631)	(6,337)	(5,266)	(5,993)	(5,860)	(6,482)
Total first mortgage bonds	250,369	339,888	587,627	720,910	935,593	1,102,446
POLLUTION CONTROL BONDS						
Due May 1, 2024	49,400	49,400	49,400	49,400	49,400	49,400
Due Sept. 1, 2024	65,750	65,750	65,750	65,750	65,750	65,750
Due Sept. 1, 2024	31,500	31,500	31,500	31,500	31,500	31,500
Due May 1, 2029	106,980	106,980	106,980	106,980	106,980	106,980
Due May 1, 2029	-	-	90,000	90,000	90,000	90,000
Due May 1, 2029	57,000	57,000	57,000	57,000	57,000	57,000
Due Oct. 1, 2029	32,650	32,650	32,650	32,650	32,650	32,650
Due Dec. 1, 2031	6,710	6,710	6,710	6,710	6,710	6,710
Due Nov. 1, 2033	16,870	16,870	16,870	16,870	16,870	16,870
Due April 1, 2034	20,000	20,000	20,000	20,000	20,000	-
Less securities held by trustee related to certain pollution control indebtedness	-	-	-	-	(1,236)	-
Total pollution control bonds	\$ 386,860	\$ 386,860	\$ 476,860	\$ 476,860	\$ 475,624	\$ 456,860

	2003	2002	2001	2000	1999	1998
OTHER LONG-TERM DEBT						
5.875% collateralized loan due 1999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
6.72% senior notes due April 1, 1999	-	-	-	-	-	50,000
5.375% collateralized loan due 2000	-	-	-	-	10,000	10,000
Floating rate note due Nov. 15, 2001	-	-	-	250,000	250,000	-
Term loans due June 18, 2003	-	-	-	-	50,000	125,000
5.875% unsecured note due Feb. 15, 2004	125,000	125,000	125,000	125,000	125,000	-
6.25% unsecured note due Jan. 15, 2005	100,000	100,000	100,000	100,000	100,000	100,000
7.625% unsecured note due Aug. 1, 2005	300,000	300,000	300,000	300,000	-	-
6.75% senior notes due Nov. 15, 2006	83,695	83,695	83,695	83,695	83,695	100,000
6.375% senior notes due Oct. 15, 2011	400,000	400,000	400,000	-	-	-
6.50% senior notes due Mar. 1, 2012	375,000	375,000	-	-	-	-
5.05% pollution control bond with senior notes due May 1, 2029	90,000	90,000	-	-	-	-
5.625% senior notes due May 15, 2033	200,000	-	-	-	-	-
4.65% senior notes due May 15, 2015	300,000	-	-	-	-	-
10% debentures due Jan. 31, 2025	-	-	-	-	75,000	75,000
Capitalized lease obligation	11,749	20,400	1,343	709	7,199	11,612
Total other long-term debt	1,985,444	1,494,095	1,010,038	859,404	700,894	481,612
Total long-term debt	2,622,673	2,220,843	2,074,525	2,057,174	2,112,111	2,040,918
LESS CURRENT MATURITIES						
First mortgage bonds	(80,000)	-	(125,000)	-	(100,000)	(100,000)
Senior notes	(125,000)	-	-	-	-	(50,000)
Collateralized loan	-	-	-	-	(10,000)	(10,000)
Floating rate note	-	-	-	(250,000)	-	-
Capitalized lease obligation	(1,727)	(3,503)	(451)	(266)	(4,711)	(4,378)
Total current maturities	(206,727)	(3,503)	(125,451)	(250,266)	(114,711)	(164,378)
LONG-TERM DEBT LESS						
CURRENT MATURITIES	\$ 2,415,946	\$ 2,217,340	\$ 1,949,074	\$ 1,806,908	\$ 1,997,400	\$ 1,876,540
WEIGHTED-AVERAGE INTEREST RATE ON LONG-TERM DEBT AT YEAR-END						
	5.48%	5.72%	6.54%	6.50%	6.37%	6.54%

APS ELECTRIC REVENUE ANALYSIS

Year Ended December 31,	2003		2002	
ELECTRIC REVENUES (dollars in thousands)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 960,303	45.6%	\$ 912,245	47.1%
Commercial	811,642	38.5	795,999	41.1
Industrial	132,146	6.3	123,508	6.4
Irrigation	1,898	0.1	2,257	0.1
Other	11,818	0.6	11,554	0.6
Total retail	1,917,807	91.1	1,845,563	95.3
Wholesale revenue on delivered electricity				
Traditional contracts	15,301	0.7	8,616	0.5
Retail load hedge management (a)	–	–	–	–
Transmission for others	41,379	2.0	29,803	1.5
Other miscellaneous services	24,903	1.2	18,130	0.9
Total regulated electricity	1,999,390	95.0	1,902,112	98.2
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading				
Generation other than Native Load (a)	87,832	4.2	20,527	1.1
Realized margin on electricity trading	7,469	0.3	–	–
Other delivered electricity (a)	15,082	0.7	13,527	0.7
Total delivered marketing and trading	110,383	5.2	34,054	1.8
OTHER MARKETING AND TRADING (b)				
Realized margins on delivered commodities other than electricity	(696)	–	–	–
Prior period mark-to-market (gains) losses on contracts delivered during current period	172	–	–	–
Change in mark-to-market for future-period deliveries	(4,318)	(0.2)	–	–
Total other marketing and trading	(4,842)	(0.2)	–	–
Total marketing and trading	105,541	5.0	34,054	1.8
Total electric revenues	\$ 2,104,931	100.0%	\$ 1,936,166	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues		3.9%		(1.2)%
Regulated electricity revenues		5.1%		(4.1)%
Marketing and trading revenues		209.9%		(90.7)%
Total electric revenues		8.7%		(17.7)%
AVERAGE RETAIL REVENUE PER kWh				
Residential		8.61¢		8.73¢
Commercial		7.40¢		7.52¢
Industrial		5.69¢		5.63¢
Irrigation		7.13¢		7.06¢
REVENUE PER AVERAGE CUSTOMER (dollars)				
Residential	\$ 1,159		\$ 1,138	
Commercial and industrial	\$ 9,274		\$ 9,297	

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

(b) Marketing and trading was moved to APS from the Parent in February 2003 consistent with regulatory policy changes.

2001

2000

1999

1998

\$ 914,711	38.9%	\$ 880,468	30.0%	\$ 805,173	38.9%	\$ 766,378	39.9%
805,326	34.2	771,909	26.3	733,038	35.4	699,016	36.4
133,663	5.7	146,088	5.0	159,329	7.7	172,296	9.0
1,975	0.1	6,498	0.2	7,374	0.4	7,288	0.4
11,663	0.5	10,719	0.4	11,322	0.6	10,644	0.5
1,867,338	79.4	1,815,682	61.9	1,716,236	83.0	1,655,622	86.2

73,305	3.1	120,618	4.1	60,486	2.9	58,184	3.0
-	-	560,493	19.1	108,153	5.2	-	-
25,971	1.1	14,765	0.5	11,348	0.6	11,058	0.6
17,691	0.8	27,192	0.9	18,499	0.9	16,284	0.8
1,984,305	84.4	2,538,750	86.5	1,914,722	92.6	1,741,148	90.6

148,316	6.3	115,476	3.9	29,551	1.4	-	-
60,224	2.5	55,631	1.9	8,565	0.4	2,157	0.1
91,499	3.9	221,322	7.6	112,552	5.5	170,796	8.9
300,039	12.7	392,429	13.4	150,668	7.3	172,953	9.0

(31,645)	(1.3)	(8,789)	(0.3)	2,483	0.1	7,192	0.4
----------	-------	---------	-------	-------	-----	-------	-----

14,303	0.6	(2,079)	(0.1)	-	-	-	-
--------	-----	---------	-------	---	---	---	---

85,096	3.6	13,831	0.5	975	-	-	-
--------	-----	--------	-----	-----	---	---	---

67,754	2.9	2,963	0.1	3,458	0.1	7,192	0.4
--------	-----	-------	-----	-------	-----	-------	-----

367,793	15.6	395,392	13.5	154,126	7.4	180,145	9.4
---------	------	---------	------	---------	-----	---------	-----

\$ 2,352,098	100.0%	\$ 2,934,142	100.0%	\$ 2,068,848	100.0%	\$ 1,921,293	100.0%
--------------	--------	--------------	--------	--------------	--------	--------------	--------

2.8%	5.8%	3.7%	2.2%
(21.8)%	32.6%	10.0%	1.8%
(7.0)%	156.5%	(14.4)%	7.6%
(19.8)%	41.8%	7.7%	2.3%

8.85¢	9.00¢	9.18¢	9.22¢
-------	-------	-------	-------

7.67¢	7.67¢	7.68¢	8.04¢
-------	-------	-------	-------

5.49¢	5.82¢	6.22¢	5.25¢
-------	-------	-------	-------

7.35¢	7.46¢	7.40¢	8.61¢
-------	-------	-------	-------

\$ 1,178	\$ 1,175	\$ 1,119	\$ 1,111
----------	----------	----------	----------

\$ 9,698	\$ 9,894	\$ 10,051	\$ 10,109
----------	----------	-----------	-----------

APS ELECTRIC SALES ANALYSIS

Year Ended December 31,	2003		2002	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	11,147,195	24.9%	10,443,820	35.9%
Commercial	10,961,417	24.5	10,589,065	36.4
Industrial	2,322,074	5.2	2,192,958	7.6
Irrigation	26,626	0.1	31,964	0.1
Other	104,993	0.2	103,948	0.4
Total retail	24,562,305	54.8	23,361,755	80.4
Wholesale electricity delivered				
Traditional contracts	499,949	1.1	473,699	1.6
Retail load hedge management (a)	1,093,846	2.4	3,523,478	12.1
Total regulated electricity	26,156,100	58.4	27,358,932	94.1
MARKETING AND TRADING SEGMENT (b)				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	2,146,271	4.8	1,272,295	4.4
Electricity trading	16,172,102	36.1	-	-
Other delivered electricity (a)	324,851	0.7	426,270	1.5
Total delivered marketing and trading	18,643,224	41.6	1,698,565	5.9
Total electric sales	44,799,324	100.0%	29,057,497	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales	5.1%		(0.2)%	
Regulated electricity sales	(4.4)%		(1.1)%	
Delivered marketing and trading sales	997.6%		(69.5)%	
Total electric sales	54.2%		(12.6)%	
ANNUAL USE PER AVERAGE CUSTOMER (kWh)				
Residential	13,457		13,025	
Commercial and industrial	130,529		129,241	

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

(b) Marketing and trading was moved to APS from the Parent in February 2003 consistent with regulatory policy changes.

2001

2000

1999

1998

10,334,860	31.1%	9,780,680	22.2%	8,774,822	23.9%	8,310,689	27.0%
10,504,044	31.6	10,057,707	22.8	9,543,853	26.0	8,697,397	28.3
2,433,438	7.3	2,511,292	5.7	2,561,349	7.0	3,279,430	10.6
26,860	0.1	87,073	0.2	99,669	0.3	84,640	0.3
99,810	0.3	97,772	0.2	94,877	0.2	90,927	0.3
23,399,012	70.4	22,534,524	51.1	21,074,570	57.4	20,463,083	66.5

1,213,704	3.7	1,610,032	3.7	1,421,522	3.9	1,410,392	4.6
3,039,905	9.1	6,673,658	15.2	630,945	1.7	-	-
27,652,621	83.2	30,818,214	70.0	23,127,037	63.0	21,873,475	71.1

1,387,860	4.2	1,494,299	3.4	1,267,349	3.4	-	-
3,763,314	11.3	9,259,054	21.0	5,679,023	15.4	846,864	2.7
426,270	1.3	2,483,726	5.6	6,694,995	18.2	8,060,135	26.2
5,577,444	16.8	13,237,079	30.0	13,641,367	37.0	8,906,999	28.9
33,230,065	100.0%	44,055,293	100.0%	36,768,404	100.0%	30,780,474	100.0%

3.8%	6.9%	3.0%	3.3%
(10.3)%	33.3%	5.7%	2.7%
(57.9)%	(3.0)%	53.2%	15.0%
(24.6)%	19.8%	19.5%	6.0%

13,312	13,053	12,191	12,047
133,625	135,468	136,349	138,952

APS CUSTOMER DATA

Year Ended December 31,	2003	2002	2001	2000	1999	1998
CUSTOMERS – AVERAGE						
Residential	828,366	801,801	776,339	749,285	719,774	689,871
Commercial	98,427	95,575	93,499	89,539	85,616	83,028
Industrial	3,340	3,325	3,320	3,243	3,165	3,166
Irrigation	341	346	366	412	798	747
Other	988	982	1,013	934	917	890
Total retail	931,462	902,029	874,537	843,413	810,270	777,702
Sales for resale	66	67	66	67	69	60
Total customers	931,528	902,096	874,603	843,480	810,339	777,762
INCREASE OVER PRIOR YEAR	3.3%	3.1%	3.7%	4.1%	4.2%	4.0%

RATE REGULATION

STATE REGULATION

The Arizona Corporation Commission (ACC) regulates APS' retail electric rates and its issuance of securities. The ACC also must approve any transfer of APS' property used to provide retail electric service and must approve or receive prior notification of certain transactions between APS, Pinnacle West and their respective affiliates.

ACC Organization

The ACC consists of five elected commissioners with staggered terms. The terms are four years each, with a limit of two consecutive terms in office. Mid-term vacancies (due to resignation, etc.) are filled by appointment of the Governor to serve until the next general election.

Commissioner	Commissioner Since	Current Term Expires
Marc Spitzer (Rep.) (Chairman)	January 2001	January 2007
Michael Gleason (Rep.)	January 2003	January 2005
Jeff Hatch-Miller (Rep.)	January 2003	January 2005
Kristin Mayes (Rep.)	October 2003	January 2005
William Mundell (Rep.)	June 1999	January 2005

Electric Restructuring

The electric industry has undergone significant regulatory change in the last few years designed to encourage competition in the sale of electricity and related services. However, the experience in California with deregulation has caused many states, including Arizona, to reexamine retail electric competition.

In 1999, the ACC approved rules that provide a framework for the introduction of retail electric competition in Arizona. The rules applied to Arizona's investor-owned utilities and required, among other things, a phase-in of retail competition, with all customers eligible for retail choice as of January 2001, and the divestiture of generation assets to third parties or unregulated affiliates. In September 2002, the ACC issued the "Track A" Order which prohibited the previously-ordered generation transfers out of the utilities. The Track A Order also addressed market power, codes of conduct between utilities and their affiliates and other jurisdictional issues.

Test Period

A historical test period has been used in rate cases; however, the ACC has discretion to consider matters subsequent to the end of the historical year.

Adjustment Mechanisms

APS does not have a fuel and purchased power adjustment clause. APS had such a clause until April 1989. Changes in fuel and purchased power costs are reflected in current earnings and are addressed in general rate cases. In accordance with the 1999 Settlement Agreement, APS filed in 2002 for approval of adjustment mechanisms for recovery of changes in fuel and purchased power costs; certain costs of complying with the ACC electric competition rules; and certain other costs. The ACC approved the adjustment mechanisms, subject to implementation and possible reconsideration through the pending general rate case.

RATE REGULATION (CONTINUED)

Competitive Power Procurement

In March 2003, the ACC issued its "Track B" Order, which required investor-owned utilities subject to its jurisdiction to solicit competitive bids for certain estimated capacity and energy requirements beginning July 2003. The Track B Order also contains the requirement that each utility establish a secondary procurement protocol that establishes the processes it may use to obtain any power it needs to purchase in addition to that acquired as a result of the bidding process.

RETAIL RATE CASES AND SETTLEMENTS

Pending General Rate Case

As required by the 1999 Settlement Agreement, APS filed a general rate case in June 2003. The major provisions of the filing include a 9.8% retail rate increase (approximately \$175 million pretax annually), rate treatment for generating plants built in Arizona since 1999 by Pinnacle West Energy to serve APS retail customers, recovery of \$234 million written off by APS as part of the 1999 Settlement Agreement, and implementation of adjustment mechanisms for changes in fuel, purchased power and certain other costs. The ACC Staff and other intervenors' disagree with certain provisions of APS' request. APS expects the ACC to make a decision on the request by the end of 2004.

1999 Settlement Agreement

In September 1999, the ACC approved a settlement agreement related to implementation of retail electric competition by APS. The 1999 Settlement provisions include, but are not limited to, the phase-in of retail competition in APS' service territory; substantial recovery of stranded costs and regulatory assets; a series of electricity price decreases in 1999 through 2003; unbundled tariffs; and parameters for transferring APS' existing generation assets to an unregulated affiliate no later than the end of 2002. (The Track A Order in 2002 subsequently prohibited the generation transfer.) APS' service territory was opened for the first phase of customer choice as of October 1999 and was opened for 100% choice as of January 2001.

1996 Regulatory Agreement

In April 1996, the ACC approved a retail regulatory agreement which provided for 3.4% rate reduction (approximately \$49 million pretax annually) for all customers, except certain contract customers, effective July 1, 1996; recovery of substantially all of APS' present regulatory assets through an accelerated amortization beginning July 1, 1996; a price reduction formula for sharing future cost savings between customers and shareholders referencing an

APS return on equity (as defined) of 11.25%; a moratorium on filing for permanent price changes, prior to July 2, 1999, with specified exceptions; and equity infusions into APS by the parent company.

In accordance with the terms of the 1996 regulatory agreement, the ACC approved retail rate reductions of 1.1% (approximately \$17 million pretax annually) and 1.2% (approximately \$17.6 million pretax annually) which became effective July 1, 1998 and July 1, 1997, respectively. The rate reduction initially intended to be effective July 1, 1999 under this agreement was included in the 1.5% rate reduction under the 1999 Settlement Agreement.

FEDERAL REGULATION

APS is subject to regulation by the Federal Energy Regulatory Commission (FERC) in certain matters which include wholesale power sales and transmission services. In 2003, approximately 19% of Pinnacle West's consolidated electric operating revenues and approximately 19% of APS' electric operating revenues were derived from sales and charges regulated by FERC.

FERC has begun addressing issues relating to standard market design for wholesale markets, regional transmission organizations to support nondiscriminatory markets, and other issues related to restructuring wholesale power markets. APS is actively participating in these proceedings.

FURTHER INFORMATION ON REGULATORY MATTERS

Regulatory developments are discussed in detail in a number of sections of the 2003 Pinnacle West Annual Report on form 10-K. See "Regulation and Competition" in Item 1; "Factors Affecting Our Financial Outlook" in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7; and Note 3 of Notes to Consolidated Financial Statements, "Regulatory Matters" in Item 8.

APS SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

Year Ended December 31,	2003	2002	2001	2000	1999	1998
APS SOURCE OF ENERGY (MWh)						
Steam generation						
Nuclear	8,314,712	8,980,814	8,384,724	8,840,745	8,848,661	8,805,877
Coal	11,366,560	12,055,956	12,573,954	12,509,372	11,878,404	11,564,305
Gas	265,180	456,582	1,359,747	1,161,775	822,572	497,642
Oil	12,475	–	127,670	23,041	–	–
Combustion turbines						
Gas	72,533	169,925	734,743	445,796	141,193	129,052
Oil	2,115	2,847	100,585	51,907	2,347	7,801
Combined cycle						
Gas	687,677	862,940	1,131,172	1,048,237	756,967	599,925
Oil	–	144	60	19,404	482	2,665
Hydro and solar	34,920	31,536	33,660	33,746	33,908	32,035
Total generation	20,756,172	22,560,744	24,446,315	24,134,023	22,484,534	21,639,302
Purchased power (a)						
Firm load	6,717,242	3,944,335	3,466,189	2,514,500	2,479,342	2,468,001
Marketing and trading	19,000,993	3,949,748	7,229,489	18,416,438	14,594,983	7,930,505
Total	25,718,235	7,894,083	10,695,678	20,930,938	17,074,325	10,398,506
Total source of energy	46,474,407	30,454,827	35,141,993	45,064,961	39,558,859	32,037,808
APS DISPOSITION OF ENERGY (MWh)						
Sales to ultimate customers	24,562,305	23,361,755	23,399,012	22,534,524	21,074,570	20,463,083
Sales for resale (a)	20,237,019	5,695,742	9,831,053	21,520,769	15,693,834	10,317,391
Losses and company use	1,675,083	1,397,330	1,911,928	1,009,668	2,790,455	1,257,334
Total disposition of energy	46,474,407	30,454,827	35,141,993	45,064,961	39,558,859	32,037,808
APS ENERGY FUEL MIX (%)						
Nuclear	17.9%	29.5%	23.9%	19.6%	22.4%	27.5%
Coal	24.5%	39.6%	35.8%	27.8%	30.0%	36.2%
Gas	2.2%	4.9%	9.2%	5.9%	4.3%	3.9%
Other (b)	0.1%	0.1%	0.7%	0.3%	0.1%	0.1%
Purchased power and interchange – net	55.3%	25.9%	30.4%	46.4%	43.2%	32.3%
Total	100.0%	100.0%	100.0%	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.

APS LOADS AND RESOURCES AT PEAK

Year Ended December 31,	2003	2002	2001	2000	1999	1998
PEAK LOAD (kW)						
Actual	6,332,400	5,802,900	5,687,200	5,478,500	4,934,700	5,072,000
Weather-adjusted (a)	6,142,300	5,828,100	5,503,700	5,660,800	5,089,000	4,903,200
Increase (decrease) vs. prior year						
Actual	9.1%	2.0%	3.8%	11.0%	(2.7)%	10.1%
Weather-adjusted	5.4%	5.9%	(2.8)%	11.2%	3.8%	4.5%
FIRM POWER SALES (kW)	1,200,000	429,000	1,000	50,000	-	-
RESOURCES AVAILABLE						
AT PEAK (kW)						
Generating capacity	3,736,500	3,877,600	3,234,500	3,501,600	3,587,100	3,972,600
Purchased power contracts (b)	4,198,000	2,612,000	2,490,000	2,238,000	1,643,000	1,167,000
Total resources	7,934,500	6,489,600	5,724,500	5,739,600	5,230,100	5,139,600
RESERVE MARGIN	12.1%	7.1%	1.1%	6.4%	9.1%	3.1%
ANNUAL LOAD FACTOR - NET	50.9%	52.6%	53.2%	53.4%	54.1%	52.5%

(a) Prior years have been restated to reflect average weather statistics for the ten-year period ended December 31, 2000.

(b) Including firm seasonal purchases and unit contingent purchases.

APS POWER PLANT OPERATING PERFORMANCE

Year Ended December 31,	2003	2002	2001	2000	1999	1998
NUCLEAR (NET CAPACITY FACTORS)						
Palo Verde Unit 1	97.2%	89.1%	87.8%	100.4%	88.7%	87.9%
Palo Verde Unit 2	77.5%	92.0%	92.6%	87.3%	90.0%	101.8%
Palo Verde Unit 3	87.4%	102.0%	83.9%	90.3%	100.3%	87.9%
Palo Verde site average	87.4%	94.4%	88.1%	92.7%	93.0%	92.5%
COAL (NET CAPACITY FACTORS)						
Four Corners	84.5%	82.7%	85.6%	83.0%	82.1%	81.7%
Cholla	65.1%	77.5%	81.2%	82.8%	77.2%	74.4%
Navajo	74.8%	80.4%	84.7%	84.4%	76.0%	71.0%
Total coal average	75.8%	80.4%	83.8%	83.2%	79.2%	77.1%

GENERATION RESOURCES (in service as of December 31, 2003)

Plant Type and Name	Location	Ownership or Interest (a)	Number of Units	APS Share (kW)
ARIZONA PUBLIC SERVICE - Net Accredited Capacity				
NUCLEAR-FUELED STEAM PLANT				
Palo Verde	Wintersburg, Arizona	29.1%	3	1,113,000
COAL-FUELED STEAM PLANTS				
Four Corners	Farmington, New Mexico	100%	3	560,000
Four Corners	Farmington, New Mexico	15%	2	222,000
Cholla	Joseph City, Arizona	100%	3	615,000
Navajo	Page, Arizona	14%	3	315,000
			11	1,712,000
GAS- OR OIL-FUELED STEAM PLANTS (b)				
Ocotillo	Tempe, Arizona	100%	2	220,000
Saguaro	Red Rock, Arizona	100%	2	210,000
			4	430,000
GAS- OR OIL-FUELED COMBUSTION TURBINES				
Yucca	Yuma, Arizona	100%	4	147,000
West Phoenix	Phoenix, Arizona	100%	2	110,000
Ocotillo	Tempe, Arizona	100%	2	110,000
Saguaro	Red Rock, Arizona	100%	2	110,000
Douglas	Douglas, Arizona	100%	1	16,000
			11	493,000
GAS- OR OIL-FUELED COMBINED CYCLE PLANT				
West Phoenix 1-3	Phoenix, Arizona	100%	3	255,000
HYDRO AND SOLAR GENERATION				
		100%	13	9,191
TOTAL			45	4,012,191
PINNACLE WEST ENERGY CORPORATION - Permitted Capacity				
GAS-FUELED COMBINED CYCLE PLANTS				
West Phoenix 4	Phoenix, Arizona	100%	1	120,000
West Phoenix 5	Phoenix, Arizona	100%	1	530,000
Redhawk	Arlington, Arizona	100%	2	1,060,000
GAS-FUELED COMBUSTION TURBINE				
Saguaro 3	Red Rock, Arizona	100%	1	80,000
TOTAL			5	1,790,000

(a) Includes leased generating plants.

(b) Excludes West Phoenix steam units (108,300 kW), which were retired in December 2002.

PINNACLE WEST ENERGY GENERATION CONSTRUCTION PROGRAM (as of December 31, 2003)

Plant Type and Name	Location	kW	Expected In-Service Date
GAS-FUELED COMBINED CYCLE PLANT - Permitted Capacity			
Silverhawk (a)	Las Vegas, Nevada	570,000	2004

(a) Southern Nevada Water Authority has signed a participation agreement for 25% of the total project 570,000 kW.

APS ENERGY SERVICES FINANCIAL HIGHLIGHTS (dollars in thousands)

Year Ended December 31,	2003	2002	2001	2000	1999	1998
NET INCOME (LOSS) (a)	\$ 16,049	\$ 28,269	\$ (9,973)	\$ (13,165)	\$ (9,190)	\$ -
December 31,	2003	2002	2001	2000	1999	1998
ASSETS						
Property, plant & equipment	\$ 31,574	\$ 30,649	\$ 26,852	\$ 3,675	\$ 4,831	\$ -
Customer and other receivables	38,442	51,879	40,489	15,265	133	-
Cash and other assets	20,215	7,056	2,865	3,924	408	-
Total assets	\$ 90,231	\$ 89,584	\$ 70,206	\$ 22,864	\$ 5,372	\$ -
LIABILITIES AND EQUITY						
Accounts payable	\$ 9,177	\$ 12,058	\$ 21,251	\$ 15,472	\$ 3,118	\$ -
Other liabilities	20,848	18,146	6,037	687	-	-
Stockholder's equity	60,206	59,380	42,918	6,705	2,254	-
Total liabilities and equity	\$ 90,231	\$ 89,584	\$ 70,206	\$ 22,864	\$ 5,372	\$ -

(a) Prior to 2003, income taxes were recorded at the Parent.

EL DORADO INVESTMENT COMPANY FINANCIAL HIGHLIGHTS (dollars in thousands)

Year Ended December 31,	2003	2002	2001	2000	1999	1998
NET INCOME (LOSS)	\$ 7,289	\$ (55,173)	\$ 206	\$ 1,983	\$ 11,483	\$ 4,528
DIVIDENDS DECLARED TO PARENT	-	-	-	14,000	10,000	12,000
December 31,	2003	2002	2001	2000	1999	1998
ASSETS						
Customer and other receivables	\$ 12,181	\$ 19,993	\$ 12,547	\$ 182	\$ 2,746	\$ 1,000
Property, plant and equipment	5,404	10,126	-	-	-	-
Investments	2,695	2,143	9,241	13,945	9,586	17,310
Investments in funds managed by others	-	295	782	6,911	21,344	6,985
Cash and other assets	6,725	3,535	158	390	2,939	1,848
Total assets	\$ 27,005	\$ 36,092	\$ 22,728	\$ 21,428	\$ 36,615	\$ 27,143
LIABILITIES AND EQUITY						
Short-term borrowings	\$ 39,418	\$ 23,456	\$ -	\$ -	\$ -	\$ -
Deferred taxes	-	-	1,051	1,546	7,774	-
Other liabilities	18,969	51,235	5,103	3,514	457	237
Stockholder's equity	(31,382)	(38,599)	16,574	16,368	28,384	26,906
Total liabilities and equity	\$ 27,005	\$ 36,092	\$ 22,728	\$ 21,428	\$ 36,615	\$ 27,143

INVESTMENT SUMMARY as of December 31, 2003

El Dorado's largest holding is a majority interest in NAC, a company specializing in spent nuclear fuel technology, which has been consolidated for financial reporting purposes since mid-2002.

El Dorado also owns minority interests in several energy-related investments and Arizona community-based ventures.

SUNCOR FINANCIAL HIGHLIGHTS (dollars in thousands)

Year Ended December 31,	2003	2002	2001	2000	1999	1998
OPERATING REVENUES	\$ 361,603	\$ 201,081	\$ 168,908	\$ 158,365	\$ 130,169	\$ 124,188
NET INCOME	56,124	18,854	3,337	11,538	6,064	44,719(a)
CASH DISTRIBUTIONS TO PARENT	108,000	13,300	–	20,000	–	30,000

December 31,	2003	2002	2001	2000	1999	1998
ASSETS						
Land and improvements	\$ 234,365	\$ 280,506	\$ 276,598	\$ 236,989	\$ 240,889	\$ 229,980
Investment in real estate joint ventures	12,489	22,119	41,280	38,010	37,390	42,836
Commercial properties	99,870	81,710	110,155	97,104	61,668	52,044
Home inventory	34,174	38,247	33,729	33,954	29,803	20,994
Deferred tax asset	–	14,946	25,091	26,980	33,257	37,200
Notes receivable	15,073	6,824	4,795	4,384	9,571	14,367
Cash and other assets	43,254	89,355	26,455	24,545	29,567	15,378
Total assets	\$ 439,225	\$ 533,707	\$ 518,103	\$ 461,966	\$ 442,145	\$ 412,799
LIABILITIES AND EQUITY						
Long-term debt	\$ 17,853	\$ 8,946	\$ 148,627	\$ 123,378	\$ 102,739	\$ 84,088
Other liabilities	161,839	213,352	63,583	36,032	28,390	23,759
Stockholder's equity	259,533	311,409	305,893	302,556	311,016	304,952
Total liabilities and equity	\$ 439,225	\$ 533,707	\$ 518,103	\$ 461,966	\$ 442,145	\$ 412,799

(a) Includes \$37.2 million from recognition of a deferred tax asset related to net operating losses and book/tax basis differences. SunCor is recognizing 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.

SUNCOR MAJOR PROPERTY LOCATIONS

METROPOLITAN PHOENIX AREA

PALM VALLEY

9,500-acre master-planned, golf course community west of Phoenix

VILLAGE OF LITCHFIELD PARK

330-acre master-planned community west of Phoenix

SCOTTSDALE MOUNTAIN

1,400-acre master-planned community northeast of Phoenix

SUNRIDGE CANYON

950-acre master-planned, golf course community northeast of Phoenix

MARKETPLACE/AUTOPLEX

420-acre mixed-use commercial and industrial development southeast of Phoenix

HIDDEN HILLS

410-acre master-planned community northeast of Phoenix

TALAVI

140-acre commercial and industrial park northwest of Phoenix

HAYDEN FERRY LAKESIDE

18-acre mixed-use commercial and residential development east of Phoenix

PRESCOTT VALLEY AREA

STONERIDGE

1,840-acre master-planned, golf course community (venture with landowner)

SEDONA AREA

SEDONA GOLF RESORT

300-acre residential golf community

SANTA FE AREA

RANCHO VIEJO

11,000-acre master-planned community (venture with landowner), 2,500-acre first phase

ST. GEORGE AREA

CORAL CANYON

2,500-acre master-planned, golf course community (venture with landowner)

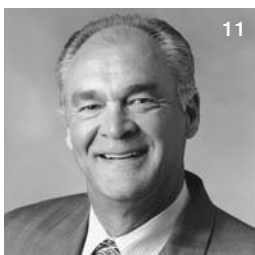
BOISE AREA

AMALUR

31,200-acre master-planned community (venture with landowner)



Board of Directors



1_PAMELA GRANT, (65) 1980* Civic Leader COMMITTEES: *Human Resources, Chairman; Audit; Corporate Governance*

2_MARTHA O. HESSE, (61) 1991 Former CEO, Hesse Gas Company COMMITTEES: *Audit, Chairman; Finance and Operating; Corporate Governance*

3_THE REV. BILL JAMIESON, JR., (60) 1991 President, Institute for Servant Leadership of Asheville, North Carolina COMMITTEES: *Human Resources; Corporate Governance*

4_ROY A. HERBERGER, JR., (61) 1992 President, Thunderbird, The American Graduate School of International Management COMMITTEES: *Finance and Operating, Chairman; Human Resources; Corporate Governance*

5_ROBERT G. MATLOCK, (70) 1993 Management Consultant, R.G. Matlock & Associates, Inc. COMMITTEES: *Human Resources; Corporate Governance*

6_WILLIAM J. POST, (53) 1994 Chairman of the Board & Chief Executive Officer COMMITTEE: *Finance and Operating*

7_HUMBERTO S. LOPEZ, (58) 1995 President, HSL Properties, Inc. COMMITTEES: *Audit; Corporate Governance*

8_MICHAEL L. GALLAGHER, (59) 1997 Chairman Emeritus, Gallagher & Kennedy, P.A. COMMITTEES: *Human Resources; Corporate Governance, Chairman*

9_BRUCE J. NORDSTROM, (54) 1997 Certified Public Accountant, Nordstrom and Associates, P.C. COMMITTEES: *Audit; Corporate Governance*

10_JACK E. DAVIS, (57) 1998 President & Chief Operating Officer COMMITTEE: *Finance and Operating*

11_WILLIAM L. STEWART, (60) 1998 COMMITTEE: *Finance and Operating*

12_EDDIE BASHA, (66) 1999 Chairman of the Board, Bashes' COMMITTEES: *Audit; Corporate Governance*

13_KATHRYN L. MUNRO, (55) 1999 Principal, BridgeWest L.L.C. COMMITTEES: *Finance and Operating; Corporate Governance*

* The year in which the individual first joined the Board of a Pinnacle West company.



Officers

PINNACLE WEST

William J. Post (53) 1973*
Chairman of the Board
& Chief Executive Officer

Jack E. Davis (57) 1973
President
& Chief Operating Officer

Donald E. Brandt (49) 2002
Executive Vice President
& Chief Financial Officer

Robert S. Aiken (47) 1986
Vice President, Federal Affairs

Barbara M. Gomez (49) 1978
Vice President & Treasurer

Nancy C. Loftin (50) 1985
Vice President, General
Counsel & Secretary

Martin L. Shultz (59) 1979
Vice President,
Government Affairs

ARIZONA PUBLIC SERVICE

William J. Post
Chairman of the Board

Jack E. Davis
President
& Chief Executive Officer

Donald E. Brandt
Executive Vice President
& Chief Financial Officer

Armando B. Flores (60) 1991
Executive Vice President,
Corporate Business Services

James M. Levine (54) 1989
Executive Vice President,
Generation

Steven M. Wheeler (55) 2001
Executive Vice President,
Customer Service & Regulation

Gregg R. Overbeck (57) 1990
Senior Vice President,
Nuclear Generation

Jan H. Bennett (56) 1967
Vice President,
Customer Service

Ajit P. Bhatti (58) 1973
Vice President,
Resource Planning

Dennis L. Brown (53) 1973
Vice President
& Chief Information Officer

John R. Denman (61) 1964
Vice President,
Fossil Generation

Edward Z. Fox (50) 1995
Vice President,
Communications,
Environment & Safety

Chris N. Froggatt (46) 1986
Vice President & Controller

Barbara M. Gomez
Vice President & Treasurer

David A. Hansen (44) 1980
Vice President,
Power Marketing & Trading

Nancy C. Loftin
Vice President, General
Counsel & Secretary

David Mauldin (54) 1990
Vice President,
Nuclear Engineering

Donald G. Robinson (50) 1978
Vice President, Planning

PINNACLE WEST ENERGY

James M. Levine
President
& Chief Executive Officer

Donald E. Brandt
Chief Financial Officer

Ajoy K. Banerjee (58) 1999
Vice President,
Construction & Operations

Warren C. Kotzmann (54) 1989
Vice President, Business
& Corporate Services

SUNCOR DEVELOPMENT

William J. Post
Chairman of the Board

John C. Ogden (58) 1972
President
& Chief Executive Officer

Geoffrey L. Appleyard (50) 1987
Vice President
& Chief Financial Officer

Duane S. Black (51) 1989
Vice President
& Chief Operating Officer

Jay T. Ellingson (55) 1992
Vice President,
Development – Palm Valley

Steven Gervais (48) 1987
Vice President
& General Counsel

Margaret E. Kirch (54) 1988
Vice President
Commercial Development

Thomas A. Patrick (50) 1995
Vice President, Golf Operations

APS ENERGY SERVICES

Vicki G. Sandler (47) 1982
President, APS Energy Services

EL DORADO INVESTMENT

William J. Post
Chairman of the Board,
President
& Chief Executive Officer

* The year in which the individual was first employed within the Pinnacle West group of companies.

Shareholder Information

CORPORATE HEADQUARTERS

400 North 5th Street
P.O. Box 53999
Phoenix, Arizona 85004

Main telephone number: (602) 250-1000

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 19, 2004
10:30 a.m.
The Herberger Theater Center
222 East Monroe Street
Phoenix, Arizona 85004

STOCK LISTING

Ticker symbol: PNW on New York Stock Exchange and Pacific Stock Exchange
Newspaper financial listings: PinWst

FORM 10-K

Pinnacle West's Annual Report to the Securities and Exchange Commission on Form 10-K will be available to shareholders upon written request, without charge.
Write: Office of the Secretary.

INVESTORS ADVANTAGE PLAN

Pinnacle West offers a direct stock purchase plan. Any interested investor may purchase Pinnacle West common stock through the Investors Advantage Plan. Features of the Plan include a variety of options for reinvesting dividends, direct deposit of cash dividends, automatic monthly investment, certificate safekeeping, reduced brokerage commissions and more. An Investors Advantage Plan prospectus and enrollment materials may be obtained by calling the Company at (800) 457-2983, at the corporate Web site – www.pinnaclewest.com, or by writing to:

Pinnacle West Capital Corporation
Shareholder Department
P.O. Box 52133
Phoenix, AZ 85072-2133

CORPORATE WEB SITE

www.pinnaclewest.com

TRANSFER AGENTS AND REGISTRAR

Common Stock
Pinnacle West Capital Corporation
Stock Transfer Department
P.O. Box 52134
Phoenix, Arizona 85072-2134
Or:
400 North 5th Street
Phoenix, Arizona 85004
Telephone: (602) 250-5505

SHAREHOLDER ACCOUNT AND ADMINISTRATIVE INFORMATION

Shareholder Department telephone number (toll-free): (800) 457-2983

ANNUAL REPORT

A 2003 Annual Report for Shareholders will be available in April on the Company's Web site or by writing to the Investor Relations Department.

INVESTOR RELATIONS CONTACTS

Rebecca L. Hickman, Director, Investor Relations
Lisa Malagon, Manager
P.O. Box 53999 Station 9998
Phoenix, Arizona 85072-3999
Telephone: (602) 250-5668
Fax: (602) 250-2789

STATEWIDE ASSOCIATION FOR UTILITY INVESTORS

The Arizona Utility Investors Association represents the interests of investors in Arizona utilities. If interested, send your name and address to:

Arizona Utility Investors Association
P.O. Box 34805
Phoenix, Arizona 85067
(602) 257-9200
www.auia.org

ENVIRONMENTAL, HEALTH AND SAFETY REPORT

To view the APS Environmental, Health and Safety Report please visit www.aps.com, or to receive a printed summary report, call (602) 250-3259.

 printed on recycled paper.

IMPORTANT NOTICE TO SHAREHOLDERS:

Pinnacle West posts quarterly results and other important information on its Web site (www.pinnaclewest.com). If you would like to receive news by regular mail, fax or e-mail, let us know by mail or phone at the addresses and numbers listed on this page. Also, let us know if you would like to be kept abreast of legislative and regulatory activities at the state and federal levels that could impact investor-owned utilities.



PINNACLE WEST
CAPITAL CORPORATION