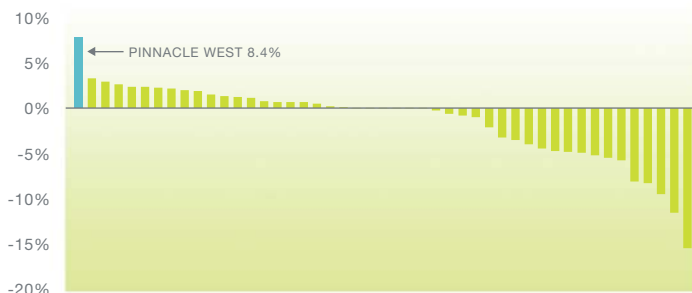


CORE STRATEGIC OBJECTIVES

- _ 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
- _ Increase our generation portfolio consistent with our native load, cash flow and market conditions

ELECTRIC UTILITIES AVERAGE ANNUAL DIVIDEND GROWTH 1994 TO 2003



PINNACLE WEST STOCK PERFORMANCE COMPARISON

Value of \$100 invested on December 31, 1999, with dividends reinvested



FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

Year Ended December 31,	2003	2002	2001	Growth Rate 2003 VS 2002	Growth Rate 2002 VS 2001
INCOME HIGHLIGHTS					
Operating revenues	\$ 2,817,852	\$ 2,440,288	\$ 2,634,768	15.5%	(7.4)%
Income from continuing operations	\$ 230,576	\$ 206,198	\$ 327,367	11.8%	(37.0)%
Net income	\$ 240,579	\$ 149,408	\$ 312,166	61.0%	(52.1)%
BALANCE SHEET HIGHLIGHTS					
Total assets – year-end	\$ 9,536,378	\$ 9,139,157	\$ 8,529,124	4.3%	7.2 %
Common stock equity – year-end	\$ 2,829,779	\$ 2,686,153	\$ 2,499,323	5.3%	7.5 %
PER SHARE HIGHLIGHTS					
Earnings per share from continuing operations – diluted	\$ 2.52	\$ 2.43	\$ 3.85	3.7%	(36.9)%
Net income – diluted	\$ 2.63	\$ 1.76	\$ 3.68	49.4%	(52.2)%
Indicated annual dividend – year-end	\$ 1.80	\$ 1.70	\$ 1.60	5.9%	6.3 %
Book value per share – year-end	\$ 30.97	\$ 29.40	\$ 29.46	5.3%	(0.2)%
STOCK PERFORMANCE					
Stock price per share – year-end	\$ 40.02	\$ 34.09	\$ 41.85		
Stock price appreciation	17.4%	(18.5)%	(12.1)%		
Total return	23.1%	(14.8)%	(9.0)%		
Market capitalization – year-end	\$ 3,653,343	\$ 3,115,142	\$ 3,549,924	17.3%	(12.2)%