

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
	<u>194,200</u>	<u>141,592</u>	<u>138,589</u>
	<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%