

CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY *(dollars in thousands)*

	Year Ended December 31,		
	2004	2003	2002
COMMON STOCK (NOTE 7)			
Balance at beginning of year	\$ 1,744,354	\$ 1,737,258	\$ 1,536,924
Issuance of common stock	18,291	–	199,238
Other	6,402	7,096	1,096
Balance at end of year	<u>1,769,047</u>	<u>1,744,354</u>	<u>1,737,258</u>
TREASURY STOCK (NOTE 7)			
Balance at beginning of year	(3,273)	(4,358)	(5,886)
Purchase of treasury stock	(2,986)	–	(5,971)
Reissuance of treasury stock used for stock compensation, net	5,831	1,085	7,499
Balance at end of year	<u>(428)</u>	<u>(3,273)</u>	<u>(4,358)</u>
RETAINED EARNINGS			
Balance at beginning of year	1,127,699	1,044,537	1,032,850
Net income	243,195	240,579	149,408
Common stock dividends	(166,772)	(157,417)	(137,721)
Balance at end of year	<u>1,204,122</u>	<u>1,127,699</u>	<u>1,044,537</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)			
Balance at beginning of year	(39,001)	(91,284)	(64,565)
Minimum pension liability adjustment, net of tax expense (benefit) of (\$9,756), \$3,700 and (\$46,109)	(15,224)	4,700	(70,298)
Unrealized gain on derivative instruments, net of tax expense of \$31,117, \$33,298 and \$28,820	48,226	51,089	43,939
Reclassification of realized gain to income, net of tax benefit of (\$10,695), (\$2,343) and (\$237)	(16,546)	(3,506)	(360)
Balance at end of year	<u>(22,545)</u>	<u>(39,001)</u>	<u>(91,284)</u>
TOTAL COMMON STOCK EQUITY	\$ 2,950,196	\$ 2,829,779	\$ 2,686,153
COMPREHENSIVE INCOME (LOSS)			
Net income	\$ 243,195	\$ 240,579	\$ 149,408
Other comprehensive income (loss)	16,456	52,283	(26,719)
Comprehensive income	<u>\$ 259,651</u>	<u>\$ 292,862</u>	<u>\$ 122,689</u>

See Notes to Pinnacle West's Consolidated Financial Statements.