

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING INCOME STATEMENT (dollars in thousands)

Year Ended December 31, 2005	Pinnacle West Parent Company	APS	Pinnacle West Energy
OPERATING REVENUES			
Regulated electricity segment	\$ -	\$ 2,244,951	\$ 56,148
Marketing and trading segment	154,053	25,842	5,091
Real estate segment	-	-	-
Other revenues	-	-	-
Total	154,053	2,270,793	61,239
OPERATING EXPENSES			
Regulated electricity segment fuel and purchased power	-	656,654	405
Marketing and trading segment fuel and purchased power	95,223	32,328	146
Operations and maintenance	2,717	591,941	27,718
Real estate segment operations	-	-	-
Depreciation and amortization	551	325,174	16,594
Taxes other than income taxes	-	125,810	6,082
Other expense	-	-	-
Regulatory disallowance	-	138,562	-
Total	98,491	1,870,469	50,945
OPERATING INCOME	55,562	400,324	10,294
OTHER			
Allowance for equity funds used during construction	-	11,191	-
Other income	66,395	22,141	924
Other expenses	(2,299)	(23,204)	(547)
Total	64,096	10,128	377
INTEREST EXPENSE			
Interest charges	15,859	149,587	21,187
Capitalized interest	613	(7,624)	(20)
Total	16,472	141,963	21,167
INCOME FROM CONTINUING OPERATIONS			
BEFORE INCOME TAXES	103,186	268,489	(10,496)
INCOME TAXES	(62,761)	98,010	75,071
INCOME (LOSS) FROM CONTINUING OPERATIONS	165,947	170,479	(85,567)
Income (loss) from discontinued operations - net of income taxes	10,320	-	(80,106)
NET INCOME (LOSS)	\$ 176,267	\$ 170,479	\$ (165,673)

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

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

	SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	Total
	\$ -	\$ -	\$ -	\$ (63,954) (a)	\$ 2,237,145
	-	-	171,663	(5,091) (a)	351,558
	338,031	-	-	-	338,031
	-	-	61,221	-	61,221
	338,031	-	232,884	(69,045)	2,987,955
	-	-	-	(61,918) (a)	595,141
	-	-	170,485	(5,091) (a)	293,091
	-	-	16,225	(2,774) (a)	635,827
	277,752	-	-	614 (b)	278,366
	3,381	-	1,952	-	347,652
	-	-	98	50 (b)	132,040
	-	-	51,987	-	51,987
	-	-	-	-	138,562
	281,133	-	240,747	(69,119)	2,472,666
	56,898	-	(7,863)	74	515,289
	-	-	-	-	11,191
	3,611	(396)	(129)	(69,186) (c)	23,360
	-	(670)	(46)	50 (b)	(26,716)
	3,611	(1,066)	(175)	(69,136)	7,835
	5,614	621	1,909	(9,690) (c)	185,087
	(4,212)	-	(161)	(614) (b)	(12,018)
	1,402	621	1,748	(10,304)	173,069
	59,107	(1,687)	(9,786)	(58,758)	350,055
	20,359	-	(3,787)	-	126,892
	38,748	(1,687)	(5,999)	(58,758)	223,163
	16,809	6,081	-	-	(46,896)
	\$ 55,557	\$ 4,394	\$ (5,999)	\$ (58,758)	\$ 176,267

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET (dollars in thousands)

December 31, 2005	Pinnacle West Parent Company	APS	Pinnacle West Energy
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 85,374	\$ 49,933	\$ 3,376
Customer and other receivables	180,083	421,621	4,524
Allowance for doubtful accounts	(1,200)	(3,568)	-
Materials and supplies (at average cost)	-	109,736	-
Fossil fuel (at average cost)	-	23,658	-
Assets from risk management and trading activities	294,856	532,923	-
Assets held for sale	-	-	202,645
Other current assets	4,805	14,639	207
Total current assets	563,918	1,148,942	210,752
INVESTMENTS AND OTHER ASSETS			
Real estate investments - net	-	-	-
Assets from long-term risk management and trading activities	363,459	234,372	-
Decommissioning trust accounts	-	293,943	-
Other assets	3,453,094	64,127	79
Total investments and other assets	3,816,553	592,442	79
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	12,341	10,682,999	-
Less accumulated depreciation and amortization	1,762	3,616,886	-
Total	10,579	7,066,113	-
Construction work in progress	(152)	314,584	(11)
Intangible assets, net of accumulated amortization	191	90,327	-
Nuclear fuel, net of accumulated amortization	-	54,184	-
Net property, plant and equipment	10,618	7,525,208	(11)
DEFERRED DEBITS			
Deferred fuel and purchased power regulatory asset	-	172,756	-
Other regulatory assets	-	151,123	-
Other deferred debits	1,286	116,970	6,250
Total deferred debits	1,286	440,849	6,250
TOTAL ASSETS	\$ 4,392,375	\$ 9,707,441	\$ 217,070

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of intercompany receivables and payables.
- (b) Miscellaneous reclassifications.
- (c) Elimination of Parent Company investments in subsidiaries.

	SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	Total
	\$ 13,843	\$ -	\$ 1,477	\$ -	\$ 154,003
	6,577	8,410	43,389	(161,923) (a)	502,681
	-	-	(211)	-	(4,979)
	-	-	-	-	109,736
	-	-	-	-	23,658
	-	-	-	-	827,779
	-	-	-	-	202,645
	59,246	-	1,813	(4,841) (b)	75,869
	79,666	8,410	46,468	(166,764)	1,891,392
	389,442	-	-	1,260 (b)	390,702
	-	-	-	-	597,831
	-	-	-	-	293,943
	3,711	29,708	444	(3,439,232) (b,c)	111,931
	393,153	29,708	444	(3,437,972)	1,394,407
	-	-	32,355	-	10,727,695
	-	-	4,236	-	3,622,884
	-	-	28,119	-	7,104,811
	-	-	12,751	-	327,172
	-	-	398	-	90,916
	-	-	-	-	54,184
	-	-	41,268	-	7,577,083
	-	-	-	-	172,756
	-	-	-	-	151,123
	14,588	-	-	(3,210) (b)	135,884
	14,588	-	-	(3,210)	459,763
	\$ 487,407	\$ 38,118	\$ 88,180	\$(3,607,946)	\$11,322,645

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET (dollars in thousands)

December 31, 2005	Pinnacle West Parent Company	APS	Pinnacle West Energy
LIABILITIES AND COMMON STOCK EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 126,353	\$ 215,384	\$ 1,505
Accrued taxes	(68,545)	360,737	1,518
Accrued interest	6,294	25,003	-
Short-term borrowings	-	-	119
Current maturities of long-term debt	298,672	85,620	-
Customer deposits	-	55,474	-
Deferred income taxes	-	64,210	-
Liabilities from risk management and trading activities	240,555	480,138	-
Other current liabilities	177,981	227,398	-
Total current liabilities	781,310	1,513,964	3,142
LONG-TERM DEBT LESS CURRENT MATURITIES	101	2,479,703	-
DEFERRED CREDITS AND OTHER			
Deferred income taxes	42,325	1,215,403	-
Regulatory liabilities	-	592,494	-
Liability for asset retirements	-	269,011	-
Pension liability	23,828	233,342	123
Liabilities from risk management and trading activities	172,639	83,774	-
Unamortized gain - sale of utility plant	-	45,757	-
Other	300	288,768	-
Total deferred credits and other	239,092	2,728,549	123
COMMON STOCK EQUITY			
Common stock, no par value	2,540,478	2,031,260	431,196
Treasury stock at cost	(1,245)	-	-
Total common stock	2,539,233	2,031,260	431,196
Accumulated other comprehensive income (loss):			
Minimum pension liability adjustment	(11,145)	(86,132)	-
Derivative instruments	82,975	179,422	-
Total accumulated other comprehensive income (loss)	71,830	93,290	-
Retained earnings	760,809	860,675	(217,391)
Total common stock equity	3,371,872	2,985,225	213,805
TOTAL LIABILITIES AND COMMON STOCK EQUITY	\$ 4,392,375	\$ 9,707,441	\$ 217,070

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of intercompany receivables and payables.
- (b) Miscellaneous reclassifications.
- (c) Elimination of Parent Company equity interest in subsidiaries.

	SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	Total
	\$ 21,436	\$ 10	\$ 12,419	\$ -	\$ 377,107
	-	2,436	(2,070)	(4,841) (b)	289,235
	477	-	-	-	31,774
	15,673	22,426	3,193	(25,738) (a)	15,673
	655	-	-	-	384,947
	5,035	-	-	-	60,509
	-	-	-	30,500 (b)	94,710
	-	-	-	-	720,693
	20,169	36	19,013	(147,172) (a,b)	297,425
	63,445	24,908	32,555	(147,251)	2,272,073
	128,651	-	-	-	2,608,455
	-	-	2,632	(35,107) (b)	1,225,253
	-	-	-	-	592,494
	-	-	-	-	269,011
	6,857	-	326	-	264,476
	-	-	-	-	256,413
	-	-	-	-	45,757
	63,637	-	57	10,987 (b)	363,749
	70,494	-	3,015	(24,120)	3,017,153
	100,053	14,046	43,762	(3,093,418) (c)	2,067,377
	-	-	-	-	(1,245)
	100,053	14,046	43,762	(3,093,418)	2,066,132
	-	-	-	-	(97,277)
	-	-	-	-	262,397
	-	-	-	-	165,120
	124,764	(836)	8,848	(343,157) (c)	1,193,712
	224,817	13,210	52,610	(3,436,575)	3,424,964
	\$ 487,407	\$ 38,118	\$ 88,180	\$ (3,607,946)	\$11,322,645

PINNACLE WEST CAPITAL CORPORATION

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

Year Ended December 31,	2005	2004	2003
OPERATING REVENUES			
Regulated electricity segment	\$ 2,237,145	\$ 2,035,247	\$ 1,978,075
Marketing and trading segment	351,558	400,628	391,196
Real estate segment	338,031	350,315	361,604
Other revenues	61,221	42,816	27,929
Total	2,987,955	2,829,006	2,758,804
OPERATING EXPENSES			
Regulated electricity segment fuel and purchased power	595,141	567,433	517,320
Marketing and trading segment fuel and purchased power	293,091	320,667	344,862
Operations and maintenance	635,827	592,320	548,732
Real estate segment operations	278,366	284,194	305,974
Depreciation and amortization	347,652	391,597	435,140
Taxes other than income taxes	132,040	120,722	110,270
Other expense	51,987	34,108	23,254
Regulatory disallowance	138,562	-	-
Total	2,472,666	2,311,041	2,285,552
OPERATING INCOME	515,289	517,965	473,252
OTHER			
Allowance for equity funds used during construction	11,191	4,885	14,240
Other income	23,360	53,289	35,563
Other expenses	(26,716)	(21,340)	(20,574)
Total	7,835	36,834	29,229
INTEREST EXPENSE			
Interest charges	185,087	183,527	193,973
Capitalized interest	(12,018)	(11,460)	(19,078)
Total	173,069	172,067	174,895
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	350,055	382,732	327,586
INCOME TAXES	126,892	136,142	102,202
INCOME FROM CONTINUING OPERATIONS	223,163	246,590	225,384
Cumulative effect of change in accounting for derivatives - net of income tax benefit of \$9,892	-	-	-
Cumulative effect of a change in accounting for trading activities - net of income tax benefit of \$43,123	-	-	-
Income (loss) from discontinued operations - net of income taxes	(46,896)	(3,395)	15,195
NET INCOME	\$ 176,267	\$ 243,195	\$ 240,579
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - BASIC	96,484	91,397	91,265
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - DILUTED	96,590	91,532	91,405
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING			
Income from continuing operations - basic	\$ 2.31	\$ 2.70	\$ 2.47
Net income - basic	\$ 1.83	\$ 2.66	\$ 2.64
Income from continuing operations - diluted	\$ 2.31	\$ 2.69	\$ 2.47
Income (loss) from discontinued operations - net of income taxes			
Silverhawk	(0.70)	(0.12)	-
SunCor	0.17	0.04	0.11
NAC	0.04	0.05	0.05
Total	(0.49)	(0.03)	0.16
Cumulative effect of change in accounting - net of income taxes	-	-	-
Net income - diluted	\$ 1.82	\$ 2.66	\$ 2.63
DIVIDENDS DECLARED PER SHARE	\$ 1.925	\$ 1.825	\$ 1.725

(a) Income tax benefit (expense): 2005, \$29,797; 2004, \$1,805; 2003, (\$9,887); and 2002, \$14,045.

	2002	2001	2000
	\$ 1,890,391	\$ 1,984,305	\$ 2,538,752
	286,879	469,784	418,532
	201,081	168,908	158,365
	26,899	11,771	3,873
	2,405,250	2,634,768	3,119,522
	376,911	583,080	1,065,597
	154,987	152,762	292,669
	584,538	530,095	450,205
	185,925	153,462	134,422
	422,299	427,903	431,229
	107,952	101,068	99,780
	21,895	10,375	782
	-	-	-
	1,854,507	1,958,745	2,474,684
	550,743	676,023	644,838
	-	-	-
	14,910	26,416	21,832
	(33,655)	(33,577)	(25,329)
	(18,745)	(7,161)	(3,497)
	187,039	175,822	166,447
	(43,749)	(47,862)	(21,638)
	143,290	127,960	144,809
	388,708	540,902	496,532
	152,145	213,535	194,200
	236,563	327,367	302,332
	-	(15,201)	-
	(65,745)	-	-
	(21,410)	-	-
	\$ 149,408	\$ 312,166	\$ 302,332
	84,903	84,718	84,733
	84,964	84,930	84,935
	\$ 2.79	\$ 3.86	\$ 3.57
	\$ 1.76	\$ 3.68	\$ 3.57
	\$ 2.78	\$ 3.85	\$ 3.56
	-	-	-
	0.11	-	-
	(0.36)	-	-
	(0.25)	-	-
	(0.77)	(0.17)	-
	\$ 1.76	\$ 3.68	\$ 3.56
	\$ 1.625	\$ 1.525	\$ 1.425

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2005	2004	2003
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 154,003	\$ 163,366	\$ 131,062
Investment in debt securities	-	181,175	91,850
Customer and other receivables	502,681	461,090	443,295
Allowance for doubtful accounts	(4,979)	(4,896)	(9,223)
Materials and supplies (at average cost)	109,736	101,333	96,099
Fossil fuel (at average cost)	23,658	20,512	28,367
Deferred income taxes	-	-	-
Assets from risk management and trading activities	827,779	166,896	97,630
Assets held for sale	202,645	-	-
Assets related to discontinued operations	-	-	23,065
Other current assets	75,869	47,654	72,649
Total current assets	1,891,392	1,137,130	974,794
INVESTMENTS AND OTHER ASSETS			
Real estate investments - net	390,702	382,398	358,441
Assets from long-term risk management and trading activities	597,831	224,341	138,946
Decommissioning trust accounts	293,943	267,700	240,645
Other assets	111,931	107,212	88,473
Total investments and other assets	1,394,407	981,651	826,505
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	10,727,695	10,486,648	9,904,874
Less accumulated depreciation and amortization	3,622,884	3,365,954	3,145,609
Total	7,104,811	7,120,694	6,759,265
Construction work in progress	327,172	258,119	554,876
Intangible assets, net of accumulated amortization	90,916	105,486	108,534
Nuclear fuel, net of accumulated amortization	54,184	51,188	52,011
Net property, plant and equipment	7,577,083	7,535,487	7,474,686
DEFERRED DEBITS			
Deferred fuel and purchased power regulatory asset	172,756	-	-
Other regulatory assets	151,123	135,051	132,349
Other deferred debits	135,884	107,428	110,708
Total deferred debits	459,763	242,479	243,057
TOTAL ASSETS	\$ 11,322,645	\$ 9,896,747	\$ 9,519,042

	2002	2001	2000
	\$ 77,566	\$ 28,619	\$ 10,363
	-	-	-
	457,091	457,706	590,968
	(9,607)	(14,334)	(2,580)
	91,652	81,215	71,966
	28,185	27,023	19,405
	4,094	-	5,793
	102,664	66,973	17,506
	-	-	-
	42,339	-	-
	66,388	48,366	48,430
	860,372	695,568	761,851
	384,427	417,711	369,714
	191,754	200,351	32,955
	194,440	202,036	204,716
	76,843	135,216	126,213
	847,464	955,314	733,598
	9,058,900	8,030,847	7,644,018
	2,917,552	2,742,721	2,581,784
	6,141,348	5,288,126	5,062,234
	777,542	1,047,072	465,620
	109,815	86,782	94,393
	51,124	49,282	47,389
	7,079,829	6,471,262	5,669,636
	-	-	-
	241,045	342,383	469,867
	110,447	64,597	62,606
	351,492	406,980	532,473
	\$ 9,139,157	\$ 8,529,124	\$ 7,697,558

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2005	2004	2003
LIABILITIES AND COMMON STOCK EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 377,107	\$ 373,526	\$ 283,021
Accrued taxes	289,235	245,611	69,769
Accrued interest	31,774	38,795	51,825
Short-term borrowings	15,673	71,030	86,081
Current maturities of long-term debt	384,947	617,165	704,914
Customer deposits	60,509	55,558	49,783
Deferred income taxes	94,710	9,057	631
Liabilities from risk management and trading activities	720,693	113,406	92,755
Liabilities related to discontinued operations	-	-	16,427
Other current liabilities	297,425	101,748	77,362
Total current liabilities	2,272,073	1,625,896	1,432,568
LONG-TERM DEBT LESS CURRENT MATURITIES	2,608,455	2,584,985	2,616,585
DEFERRED CREDITS AND OTHER			
Deferred income taxes	1,225,253	1,227,553	1,338,527
Regulatory liabilities	592,494	506,646	468,694
Liability for asset retirements	269,011	251,612	234,440
Pension liability	264,476	234,445	188,041
Liabilities from risk management and trading activities	256,413	156,262	82,730
Unamortized gain - sale of utility plant	45,757	50,333	54,909
Other	363,749	308,819	272,769
Total deferred credits and other	3,017,153	2,735,670	2,640,110
COMMON STOCK EQUITY			
Common stock, no par value	2,067,377	1,769,047	1,744,354
Treasury stock at cost	(1,245)	(428)	(3,273)
Total common stock	2,066,132	1,768,619	1,741,081
Accumulated other comprehensive income (loss):			
Minimum pension liability adjustment	(97,277)	(81,788)	(66,564)
Derivative instruments	262,397	59,243	27,563
Total accumulated other comprehensive income (loss)	165,120	(22,545)	(39,001)
Retained earnings	1,193,712	1,204,122	1,127,699
Total common stock equity	3,424,964	2,950,196	2,829,779
TOTAL LIABILITIES AND COMMON STOCK EQUITY	\$ 11,322,645	\$ 9,896,747	\$ 9,519,042

	2002	2001	2000
	\$ 332,441	\$ 268,521	\$ 375,437
	71,107	96,729	89,246
	53,018	48,806	42,954
	227,683	405,762	82,775
	280,888	126,140	463,469
	42,190	30,232	26,189
	-	3,244	-
	111,329	35,994	37,179
	28,855	-	-
	85,585	70,078	70,360
	1,233,096	1,085,506	1,187,609
	2,743,741	2,673,078	1,955,083
	1,209,074	1,064,993	1,143,040
	26,264	27,355	28,022
	600,431	589,725	574,891
	183,880	49,032	78,979
	147,900	207,576	14,711
	59,484	64,060	68,636
	249,134	268,476	263,873
	2,476,167	2,271,217	2,172,152
	1,737,258	1,536,924	1,537,920
	(4,358)	(5,886)	(5,089)
	1,732,900	1,531,038	1,532,831
	(71,264)	(966)	-
	(20,020)	(63,599)	-
	(91,284)	(64,565)	-
	1,044,537	1,032,850	849,883
	2,686,153	2,499,323	2,382,714
	\$ 9,139,157	\$ 8,529,124	\$ 7,697,558

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (dollars in thousands)

Year Ended December 31,	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	\$ 176,267	\$ 243,195	\$ 240,579
Adjustments to reconcile net income to net cash provided by operating activities:			
Silverhawk impairment loss	91,025	-	-
Regulatory disallowance	138,562	-	-
Cumulative effect of accounting change, net of tax	-	-	-
Equity earnings in Phoenix Suns partnership	-	(34,594)	-
Depreciation and amortization including nuclear fuel	381,604	432,161	466,900
Deferred fuel and purchased power	(172,756)	-	-
Allowance for equity funds used during construction	(11,191)	(4,885)	(14,240)
Deferred income taxes	(23,806)	(113,850)	85,462
Change in mark-to-market valuations	(11,670)	(18,915)	17,410
Redhawk Units 3 and 4 cancellation charge	-	-	-
Changes in current assets and liabilities:			
Customer and other receivables	(38,763)	(11,056)	2,346
Materials, supplies and fossil fuel	(16,836)	2,621	(4,629)
Other current assets	(28,215)	25,380	(6,646)
Accounts payable	(6,392)	85,344	(34,303)
Accrued taxes	43,624	175,842	(1,338)
Other current liabilities	1,567	10,561	3,725
Proceeds from the sale of real estate assets	16,218	80,035	130,597
Real estate investments	(88,055)	(62,812)	(51,837)
Change in risk management and trading - assets	(62,100)	(2,549)	46,911
Change in risk management and trading - liabilities	110,393	13,018	(11,613)
Collateral	192,040	12,619	(10,453)
Change in other long-term assets	(35,793)	(36,666)	(6,099)
Change in other long-term liabilities	74,573	55,443	49,251
Net cash flow provided by operating activities	730,296	850,892	902,023
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(633,532)	(538,842)	(713,256)
Purchase of Sundance Plant	(185,046)	-	-
Proceeds from sale of Silverhawk	-	90,967	-
Capitalized interest	(12,018)	(16,311)	(29,444)
Proceeds from the sale of the Phoenix Suns partnership	-	23,101	-
Purchases of investment securities	(2,962,278)	(1,040,955)	(877,660)
Proceeds from sale of investment securities	3,143,481	951,630	785,810
Proceeds from nuclear decommissioning trust sales	186,215	123,795	168,874
Investment in nuclear decommissioning trust	(204,633)	(135,239)	(180,319)
Proceeds from real estate investments	82,719	-	46,781
Other	-	(3,072)	(9,595)
Net cash flow used for investing activities	(585,092)	(544,926)	(808,809)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	1,088,815	478,328	656,850
Short-term borrowings and payments - net	(46,413)	(15,051)	(173,303)
Dividends paid on common stock	(186,677)	(166,772)	(157,417)
Repayment of long-term debt	(1,288,034)	(604,015)	(368,162)
Common stock equity issuance	298,168	18,291	-
Other	(20,426)	9,690	8,181
Net cash flow (used for) provided by financing activities	(154,567)	(279,529)	(33,851)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,363)	26,437	59,363
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	163,366	136,929	77,566
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 154,003	\$ 163,366	\$ 136,929

	2002	2001	2000
	\$ 149,408	\$ 312,166	\$ 302,332
	-	-	-
	-	-	-
	65,745	15,201	-
	-	-	-
	456,071	456,265	461,312
	-	-	-
	-	-	-
	196,324	(17,203)	(37,885)
	(18,146)	(133,573)	(11,752)
	49,192	-	-
	21,831	145,016	(270,870)
	(11,599)	(16,867)	475
	(7,247)	64	(17,986)
	53,659	(128,017)	193,066
	(36,039)	7,483	18,736
	(3,676)	38,212	111,174
	57,121	35,783	23,836
	(56,355)	(80,603)	(49,075)
	(11,700)	(51,894)	-
	(22,783)	45,330	13,834
	22,136	-	-
	(33,932)	(2,770)	20,543
	7,408	(53,550)	(44,346)
	877,418	571,043	713,394
	(911,579)	(1,055,574)	(658,608)
	-	-	-
	-	-	-
	(44,110)	(47,862)	(21,638)
	-	-	-
	-	-	-
	-	-	-
	103,516	68,730	134,456
	(114,961)	(80,383)	(145,900)
	9,272	-	-
	48,080	(4,828)	(44,151)
	(909,782)	(1,119,917)	(735,841)
	674,919	995,447	651,000
	(306,079)	322,987	44,475
	(137,721)	(129,199)	(120,733)
	(351,670)	(621,057)	(558,019)
	199,238	-	-
	2,624	(1,048)	(4,618)
	81,311	567,130	12,105
	48,947	18,256	(10,342)
	28,619	10,363	20,705
	\$ 77,566	\$ 28,619	\$ 10,363

PINNACLE WEST CAPITAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA (dollars per share)

	2005	2004	2003	2002	2001	2000
BOOK VALUE PER SHARE						
AT YEAR-END						
APS	\$ 30.14	\$ 24.32	\$ 24.12	\$ 23.63	\$ 25.35	\$ 24.99
SunCor	2.27	2.39	2.84	3.41	3.61	3.57
El Dorado	0.13	0.10	(0.34)	(0.42)	0.20	0.19
APS Energy Services	0.53	0.48	0.66	0.65	0.51	0.08
Pinnacle West Energy	2.16	8.38	10.65	6.62	0.99	0.16
Parent Company	(0.65)	(3.53)	(6.96)	(4.49)	(1.20)	(0.90)
Total	\$ 34.58	\$ 32.14	\$ 30.97	\$ 29.40	\$ 29.46	\$ 28.09
COMMON SHARES						
OUTSTANDING AT YEAR-END						
	99,057,075	91,802,861	91,379,947	91,379,947	84,824,947	84,824,947
EARNINGS PER SHARE - DILUTED						
APS	\$ 1.77	\$ 2.18	\$ 1.98	\$ 2.35	\$ 3.30	\$ 3.61
SunCor	0.40	0.45	0.50	0.11	0.04	0.14
El Dorado	(0.02)	0.36	(0.01)	(0.06)	-	0.02
APS Energy Services	(0.06)	0.03	0.18	0.33	(0.12)	(0.16)
Pinnacle West Energy	(0.89)	(0.63)	(0.08)	(0.23)	0.21	(0.03)
Parent Company	1.11	0.30	(0.10)	0.28	0.42	(0.02)
Income from continuing operations	2.31	2.69	2.47	2.78	3.85	3.56
Income (loss) from discontinued operations - net (a)						
Silverhawk	(0.70)	(0.12)	-	-	-	-
SunCor	0.17	0.04	0.11	0.11	-	-
NAC	0.04	0.05	0.05	(0.36)	-	-
Total	(0.49)	(0.03)	0.16	(0.25)	-	-
Cumulative effect of change in accounting - net (a)	-	-	-	(0.77)	(0.17)	-
Total net income	\$ 1.82	\$ 2.66	\$ 2.63	\$ 1.76	\$ 3.68	\$ 3.56
WEIGHTED-AVERAGE						
COMMON SHARES						
OUTSTANDING - DILUTED						
	96,589,949	91,532,473	91,405,134	84,963,921	84,930,140	84,935,282
STOCK PRICE HISTORY						
High	\$ 46.68	\$ 45.84	\$ 40.48	\$ 46.68	\$ 50.70	\$ 52.22
Low	39.81	36.30	28.34	21.70	37.65	26.25
Close	41.35	44.41	40.02	34.09	41.85	47.63

(a) Net of income tax expense (benefit) for respective period.

PINNACLE WEST CAPITAL CORPORATION
NON-UTILITY LONG-TERM DEBT SCHEDULE (dollars in thousands)

December 31,	2005	2004	2003	2002	2001	2000
PARENT COMPANY						
REVOLVING CREDIT						
Variable-rate loan due 2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,000
NOTES PAYABLE						
6.62% senior notes due 2001	-	-	-	-	-	25,000
6.87% senior notes due 2003	-	-	-	25,000	25,000	25,000
4.50% senior notes due 2004	-	-	215,000	215,000	-	-
6.40% senior notes due 2006	298,518	302,589	300,000	300,000	300,000	-
Floating-rate notes due 2003	-	-	-	250,000	250,000	-
Floating-rate senior notes due 2005	-	165,000	165,000	-	-	-
Unamortized discount and premium	(29)	(143)	(270)	(530)	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	284	389	1,243	1,999	1,066	-
Total Parent Company	298,773	467,835	680,973	791,469	576,066	238,000
SUNCOR						
REVOLVING CREDIT						
Variable-rate facility due 2003 - 2008	123,000	-	-	-	128,000	110,000
NOTES PAYABLE						
Variable-rate notes due 2001 - 2008	6,040	15,467	17,125	7,647	7,912	8,163
BONDS PAYABLE						
5.95% bonds due 2024	-	-	-	-	5,215	-
6.75% bonds due 2026	-	-	-	-	7,500	-
5.85% bonds due 2039	-	-	-	-	-	5,215
OTHER LONG-TERM DEBT						
Capitalized lease obligations	266	507	728	1,299	-	-
Total SunCor	129,306	15,974	17,853	8,946	148,627	123,378
TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES	\$ 428,079	\$ 483,809	\$ 698,826	\$ 800,415	\$ 724,693	\$ 361,378

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED ELECTRIC REVENUE ANALYSIS

Year Ended December 31,	2005		2004	
ELECTRIC REVENUES (dollars in thousands)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 1,079,223	41.7%	\$ 983,525	40.4%
Commercial	881,432	34.0	830,419	34.1
Industrial	144,554	5.6	133,682	5.5
Irrigation	1,745	0.1	1,900	0.1
Other	13,203	0.5	12,438	0.5
Total retail	2,120,157	81.9	1,961,964	80.6
Wholesale revenue on delivered electricity				
Traditional contracts	22,708	0.9	16,545	0.7
Off-system sales (a)	39,643	1.5	-	-
Retail load hedge management	-	-	-	-
Transmission for others	26,109	1.0	31,847	1.3
Other miscellaneous services	28,527	1.1	24,891	1.0
Total regulated electricity	2,237,144	86.4	2,035,247	83.6
MARKETING AND TRADING SEGMENT				
Electricity and other commodity sales	351,040	13.6	400,630	16.4
Total electric revenues	\$ 2,588,184	100.0%	\$ 2,435,877	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues	8.1%		2.7%	
Regulated electricity revenues	9.9%		2.9%	
Marketing and trading revenues	(12.4)%		2.2%	
Total electric revenues	6.3%		2.8%	
AVERAGE RETAIL REVENUE PER kWh				
Residential	8.83¢		8.53¢	
Commercial	7.52¢		7.36¢	
Industrial	6.05¢		5.57¢	
Irrigation	7.53¢		7.35¢	
Total retail	8.01¢		7.74¢	

(a) Consistent with a 2005 ACC regulatory decision, off-system sales began being recorded in the regulated electricity segment in April 2005.

	2003		2002		2001		2000	
	\$ 956,553	40.4%	\$ 906,069	41.6%	\$ 914,711	37.3%	\$ 880,468	29.8%
	808,901	34.1	791,728	36.4	805,326	32.8	771,909	26.1
	130,603	5.5	122,234	5.6	133,663	5.4	146,088	4.9
	1,898	0.1	2,257	0.1	1,975	0.1	6,498	0.2
	11,818	0.5	11,554	0.5	11,663	0.5	10,719	0.4
	1,909,773	80.6	1,833,842	84.2	1,867,338	76.1	1,815,682	61.4
	15,301	0.6	8,616	0.4	73,305	3.0	120,618	4.1
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	560,493	18.9
	28,098	1.2	29,803	1.4	25,971	1.1	14,765	0.5
	24,903	1.1	18,130	0.8	17,691	0.7	27,194	0.9
	1,978,075	83.5	1,890,391	86.8	1,984,305	80.9	2,538,752	85.8
	391,886	16.5	286,879	13.2	469,784	19.1	418,532	14.2
	\$ 2,369,961	100.0%	\$ 2,177,270	100.0%	\$ 2,454,089	100.0%	\$ 2,957,284	100.0%
	4.1%		(1.8)%		2.8%		5.8%	
	4.6%		(4.7)%		(21.8)%		32.6%	
	36.6%		(38.9)%		12.2%		171.6%	
	8.9%		(11.3)%		(17.0)%		42.9%	
	8.58¢		8.68¢		8.85¢		9.00¢	
	7.38¢		7.48¢		7.67¢		7.67¢	
	5.62¢		5.57¢		5.49¢		5.82¢	
	7.13¢		7.06¢		7.35¢		7.46¢	
	7.78¢		7.85¢		7.98¢		8.06¢	

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED ELECTRIC SALES ANALYSIS

Year Ended December 31,	2005		2004	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	12,223,576	22.1%	11,527,402	19.5%
Commercial	11,726,801	21.2	11,289,523	19.1
Industrial	2,388,095	4.3	2,397,916	4.1
Irrigation	23,179	0.1	25,865	0.1
Other	115,900	0.2	112,617	0.2
Total retail	26,477,551	47.9	25,353,323	43.0
Wholesale electricity delivered				
Traditional contracts	850,069	1.5	709,128	1.2
Off-system sales (a)	1,335,851	2.4	-	-
Retail load hedge management	3,009,879	5.5	2,732,296	4.6
Total regulated electricity	31,673,350	57.3	28,794,747	48.8
MARKETING AND TRADING SEGMENT				
Wholesale sales of electricity	23,571,541	42.7	30,177,639	51.2
Total electric sales	55,244,891	100.0%	58,972,386	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales		4.4%		3.2%
Regulated electricity sales		10.0%		10.1%
Marketing and trading sales		(21.9)%		4.8%
Total electric sales		(6.3)%		7.3%

(a) Consistent with a 2005 ACC regulatory decision, off-system sales began being recorded in the regulated electricity segment in April 2005.

	2003		2002		2001		2000	
	11,147,195	20.3%	10,443,820	21.2%	10,334,860	23.7%	9,780,680	22.0%
	10,961,417	19.9	10,589,065	21.5	10,504,044	24.1	10,057,707	22.6
	2,322,074	4.2	2,192,958	4.4	2,433,438	5.6	2,511,292	5.6
	26,626	0.1	31,964	0.1	26,860	-	87,073	0.2
	104,993	0.2	103,948	0.2	99,810	0.2	97,772	0.2
	24,562,305	44.7	23,361,755	47.4	23,399,012	53.6	22,534,524	50.6
	499,949	0.9	473,699	1.0	1,213,704	2.8	1,610,032	3.6
	-	-	-	-	-	-	-	-
	1,093,846	2.0	2,641,714	5.3	3,039,905	7.0	6,673,658	15.0
	26,156,100	47.6	26,477,168	53.7	27,652,621	63.4	30,818,214	69.2
	28,802,754	52.4	22,853,883	46.3	16,000,857	36.6	13,713,667	30.8
	54,958,854	100.0%	49,331,051	100.0%	43,653,478	100.0%	44,531,881	100.0%
	5.1%		(0.2)%		3.8%		6.9%	
	(1.2)%		(4.3)%		(10.3)%		33.3%	
	26.0%		42.8%		16.7%		0.5%	
	11.4%		13.0%		(2.0)%		21.1%	

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED MARKETING AND TRADING GROSS MARGIN SUMMARY (dollars in thousands)

Year Ended December 31,	2005	2004	2003
REALIZED AND MARK-TO-MARKET COMPONENTS			
Current-period effects			
Electricity and other commodity sales, realized (a)	\$ 54,863	\$ 63,525	\$ 65,063
Mark-to-market reversals on realized sales	(16,303)	(5,203)	(10,739)
Change in mark-to-market value of forward sales	19,907	21,401	(7,300)
Total gross margin before income taxes	\$ 58,467	\$ 79,723	\$ 47,024
BY COMMODITY SOLD OR TRADED			
Electricity	\$ 52,596	\$ 74,999	\$ 51,167
Other commodities	5,871	4,724	(4,143)
Total gross margin before income taxes	\$ 58,467	\$ 79,723	\$ 47,024
BY PINNACLE WEST ENTITY			
Parent Company marketing and trading division (a)	\$ 58,830	\$ 25,115	\$ (5,653)
APS (a)	(6,486)	(5,435)	8,361
Pinnacle West Energy	4,945	46,049	8,300
APS Energy Services	1,178	13,994	36,016
Total gross margin before income taxes	\$ 58,467	\$ 79,723	\$ 47,024
ACCUMULATED MARK-TO-MARKET GAINS AT YEAR-END (b)	\$ 44,884	\$ 39,279	\$ 23,083

(a) Due to regulatory policy changes, marketing and trading was moved to the Parent Company from APS during 2001, and it was moved back to APS in early 2003.

(b) As of December 31, 2005, Pinnacle West had accumulated net mark-to-market gains of \$45 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: 2006, \$14 million; 2007, \$20 million; and 2008, \$11 million.

	2002	2001	2000
	\$ 121,310	\$ 183,318	\$ 114,192
	(41,422)	6,303	(2,079)
	52,004	127,401	13,750
	<u>\$ 131,892</u>	<u>\$ 317,022</u>	<u>\$ 125,863</u>
	\$ 146,366	\$ 327,586	\$ 128,115
	(14,474)	(10,564)	(2,252)
	<u>\$ 131,892</u>	<u>\$ 317,022</u>	<u>\$ 125,863</u>
	\$ 90,451	\$ 77,754	\$ (1,717)
	1,392	235,249	128,359
	4,189	-	-
	35,860	4,019	(779)
	<u>\$ 131,892</u>	<u>\$ 317,022</u>	<u>\$ 125,863</u>
	<u>\$ 41,233</u>	<u>\$ 137,926</u>	<u>\$ 12,405</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

Year Ended December 31,	2005	2004	2003
CONSOLIDATED SOURCE OF ENERGY (MWh)			
Steam generation			
Nuclear	7,508,820	8,183,262	8,314,712
Coal	13,060,080	12,665,720	11,366,560
Gas	182,670	299,181	265,180
Oil	-	3,415	12,475
Combustion turbines			
Gas	119,707	102,937	99,032
Oil	719	3,052	2,115
Combined cycle			
Gas	7,377,789	4,882,938	5,677,345
Oil	-	-	-
Hydro and solar	20,601	36,549	34,920
Total generation	28,270,386	26,177,054	25,772,339
Purchased power (a)			
Firm load	3,473,733	4,325,147	3,111,269
Marketing and trading	25,712,900	30,192,226	27,750,329
Total	29,186,633	34,517,373	30,861,598
Total source of energy	57,457,019	60,694,427	56,633,937
CONSOLIDATED DISPOSITION OF ENERGY (MWh)			
Sales to ultimate customers	26,477,551	25,353,323	24,562,305
Sales for resale (a)	28,766,259	33,619,063	30,396,549
Losses and company use	2,213,209	1,722,041	1,675,083
Total disposition of energy	57,457,019	60,694,427	56,633,937
CONSOLIDATED ENERGY FUEL MIX (%)			
Nuclear	13.1%	13.5%	14.7%
Coal	22.7%	20.8%	20.1%
Gas	13.4%	8.7%	10.7%
Other (b)	0.0%	0.1%	0.1%
Purchased power and interchange - net	50.8%	56.9%	54.4%
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.

	2002	2001	2000
	8,980,814	8,384,724	8,840,745
	12,055,956	12,573,954	12,509,372
	456,582	1,359,747	1,161,775
	-	127,670	23,041
	224,678	803,031	445,796
	2,847	100,585	51,907
	3,653,015	1,567,869	1,048,237
	144	60	19,404
	31,536	33,660	33,746
	25,405,572	24,951,300	24,134,023
	1,618,531	2,961,204	2,514,500
	23,704,278	17,652,902	18,893,026
	25,322,809	20,614,106	21,407,526
	50,728,381	45,565,406	45,541,549
	23,361,755	23,399,012	22,534,524
	25,969,296	20,254,466	21,997,357
	1,397,330	1,911,928	1,009,668
	50,728,381	45,565,406	45,541,549
	17.7%	18.4%	19.4%
	23.8%	27.6%	27.5%
	8.5%	8.2%	5.8%
	0.1%	0.6%	0.3%
	49.9%	45.2%	47.0%
	100.0%	100.0%	100.0%