

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

Year Ended December 31	2005	2004	2003
COMMON STOCK (NOTE 7)			
Balance at beginning of year	\$ 1,769,047	\$ 1,744,354	\$ 1,737,258
Issuance of common stock	298,330	18,291	–
Other	–	6,402	7,096
Balance at end of year	2,067,377	1,769,047	1,744,354
TREASURY STOCK (NOTE 7)			
Balance at beginning of year	(428)	(3,273)	(4,358)
Purchase of treasury stock	(1,601)	(2,986)	–
Reissuance of treasury stock used for stock compensation, net	784	5,831	1,085
Balance at end of year	(1,245)	(428)	(3,273)
RETAINED EARNINGS			
Balance at beginning of year	1,204,122	1,127,699	1,044,537
Net income	176,267	243,195	240,579
Common stock dividends	(186,677)	(166,772)	(157,417)
Balance at end of year	1,193,712	1,204,122	1,127,699
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	(22,545)	(39,001)	(91,284)
Minimum pension liability adjustment, net of tax expense (benefit) of (\$9,526), (\$9,756) and \$3,700	(15,489)	(15,224)	4,700
Unrealized gain on derivative instruments, net of tax expense of \$179,927, \$31,117 and \$33,298	281,019	48,226	51,089
Reclassification of realized gain to income, net of tax benefit of (\$50,056), (\$10,695) and (\$2,343)	(77,865)	(16,546)	(3,506)
Balance at end of year	165,120	(22,545)	(39,001)
TOTAL COMMON STOCK EQUITY	\$ 3,424,964	\$ 2,950,196	\$ 2,829,779
COMPREHENSIVE INCOME			
Net income	\$ 176,267	\$ 243,195	\$ 240,579
Other comprehensive income	187,665	16,456	52,283
Comprehensive income	\$ 363,932	\$ 259,651	\$ 292,862

See Notes to Pinnacle West's Consolidated Financial Statements.