

Top-Tier Financial Performance Yesterday & Tomorrow

**Presentation to
Deutsche Banc Alex. Brown
Electric Power Conference
June 13, 2001**

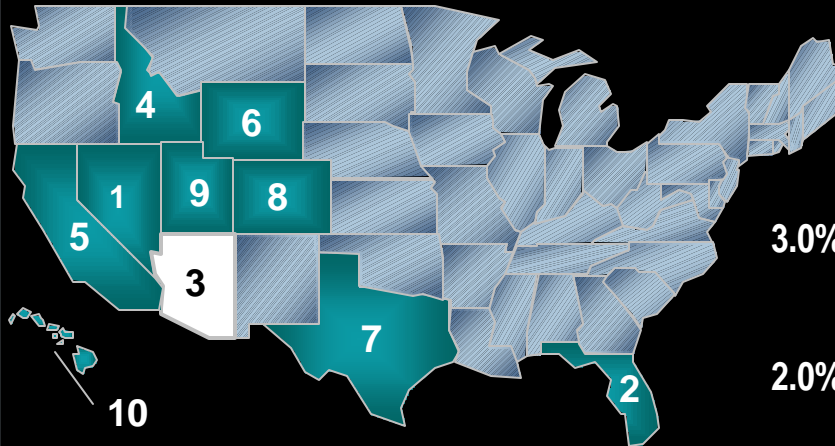
Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations and we assume no obligation to update these statements. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from results or outcomes currently expected or sought by us. These factors include the ongoing restructuring of the electric industry; the outcome of regulatory and legislative proceedings relating to the restructuring; regional economic and market conditions, including the California energy situation, which could affect customer growth and the cost of power supplies; the cost of debt and equity capital; weather variations affecting local and regional customers energy usage; conservation programs; power plant performance; the successful completion of our generation expansion program; regulatory issues associated with generation expansion, such as permitting and licensing; our ability to compete successfully outside traditional regulated markets (including the wholesale market); technological developments in the electric industry; and the real estate market in SunCor's market areas, which include Arizona, New Mexico and Utah. For a detailed discussion of these and other important factors affecting us, please see our Form 10-Q for March 31, 2001, Form 10-K for the fiscal year ended December 31, 2000 and our Form 8-K filings with the Securities and Exchange Commission.

Dynamic Western Market Challenges

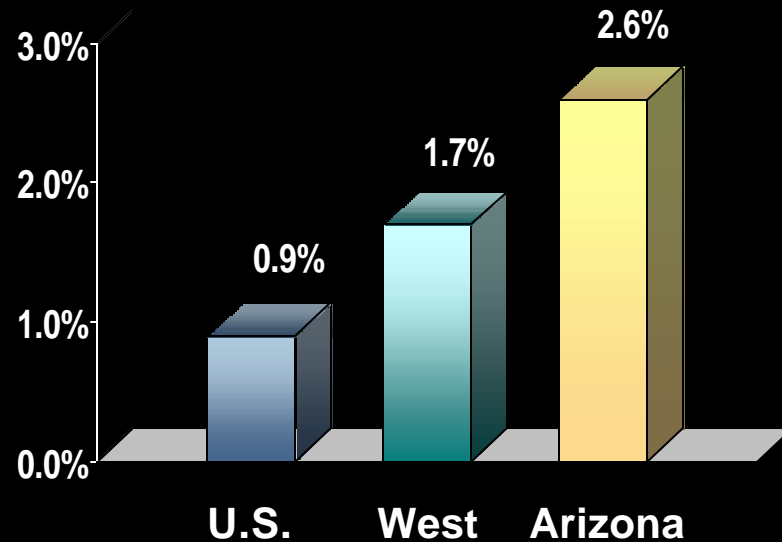
Superior Growth in Targeted Western Markets

Job Growth*



* State rankings in 2000

Population Growth**



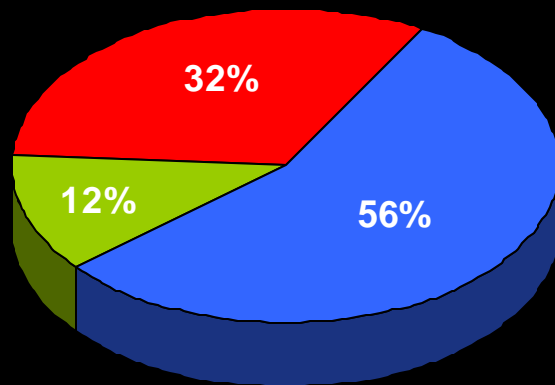
** Projected census data

WSCC Transmission Ownership Challenges

Current Ownership

- Federal (BPA & WAPA)
- Other Public and Cooperatives
- Private

Share of Miles in WSCC

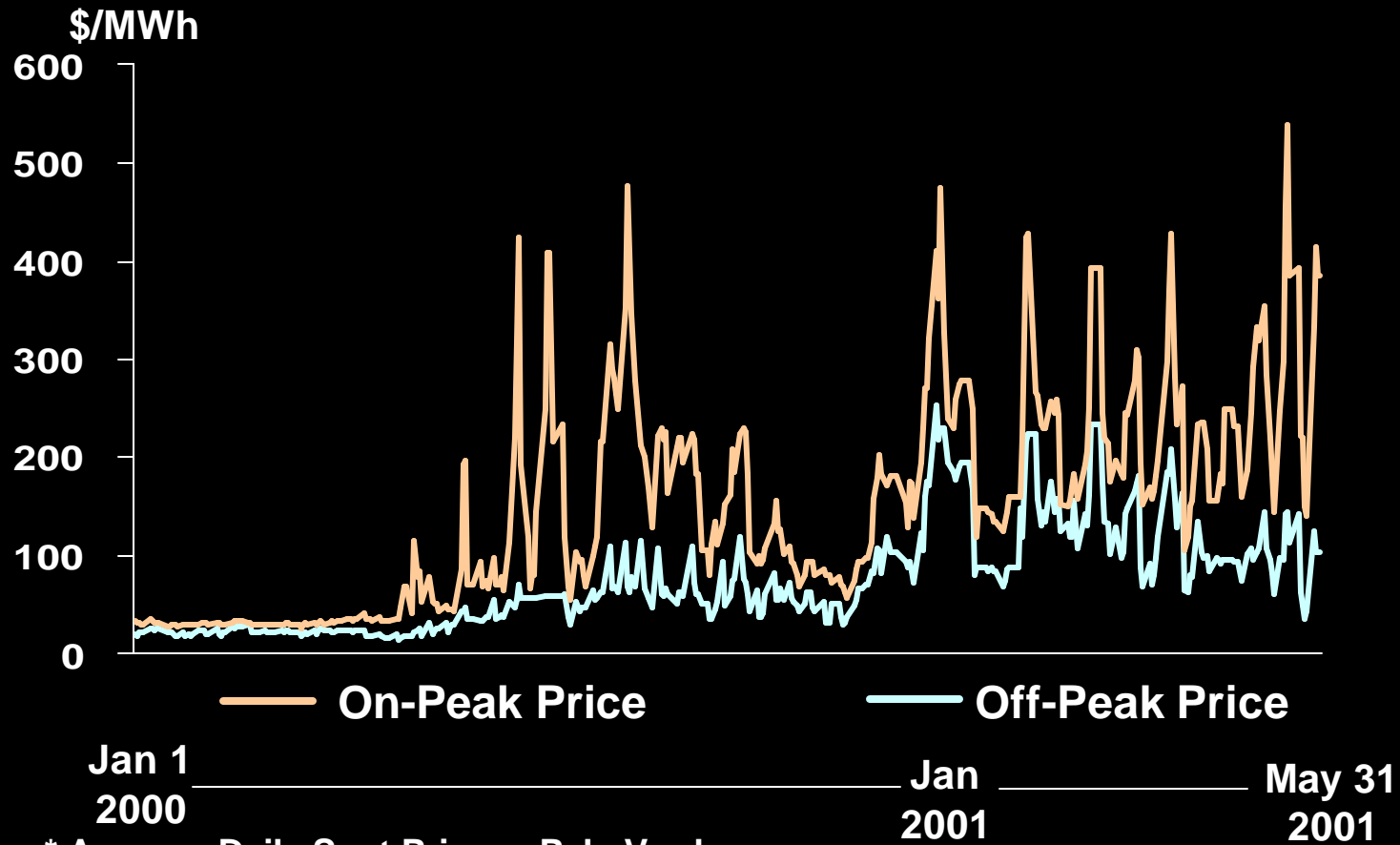


44% Public Power



Copyright 2001 Edison Electric Institute. Transmission line data: POWERmap, 2nd qtr. 2000 release, copyright Financial Times Energy.

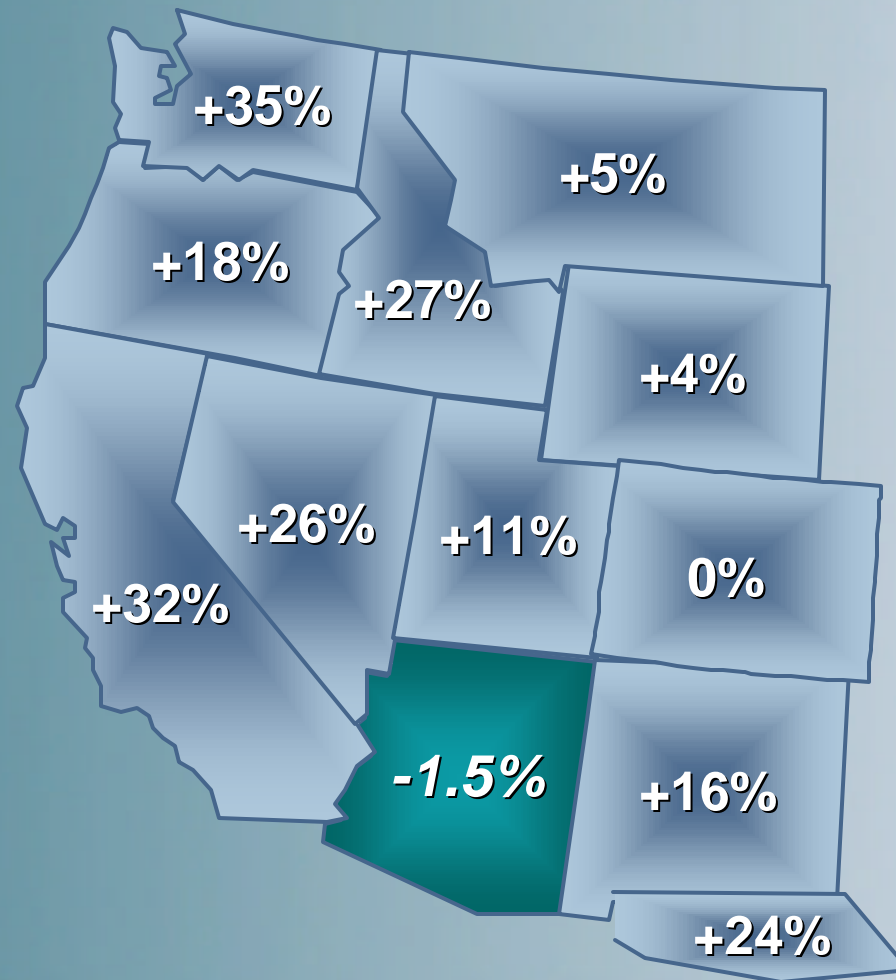
Volatile WSCC Wholesale Electricity Prices*



* Average Daily Spot Prices - Palo Verde

Price Competitiveness in the West

Retail Electricity Price Changes*



* Sampling of recently approved or pending changes as of May 31, 2001

Shaping Ongoing Market Development in WSCC



- **Competitive generation**
- **Distinctive, independent markets**
- **Interstate transmission**
- **Market structure**
- **Legislative and regulatory developments**

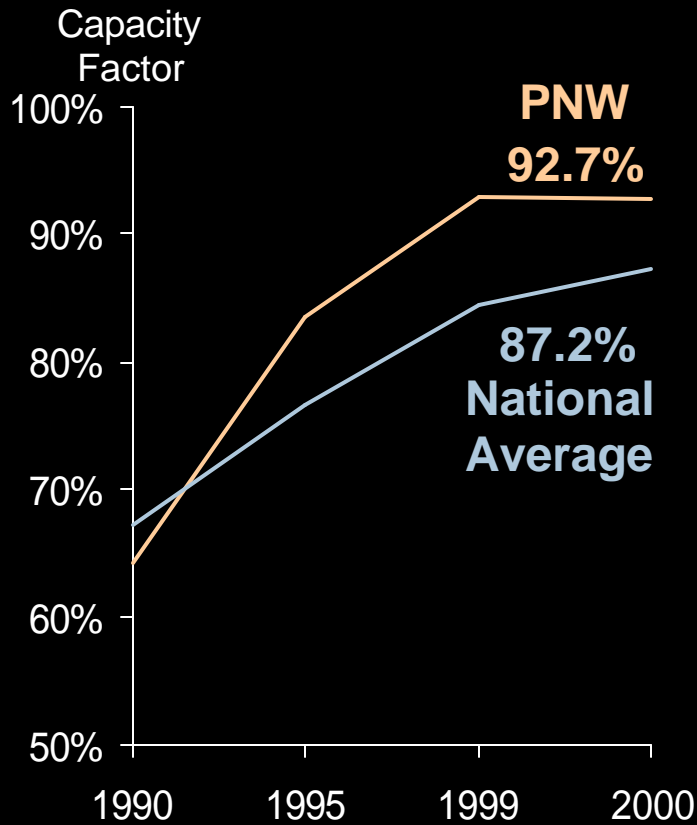
Arizona Regulatory Developments

- **Court appeals status**
- **Competition and reliability**
- **California reaction**
- **Facility siting**
- **50% competitive procurement in 2003**
- **Future purchased power adjustment clause**
- **2003 rate filing**

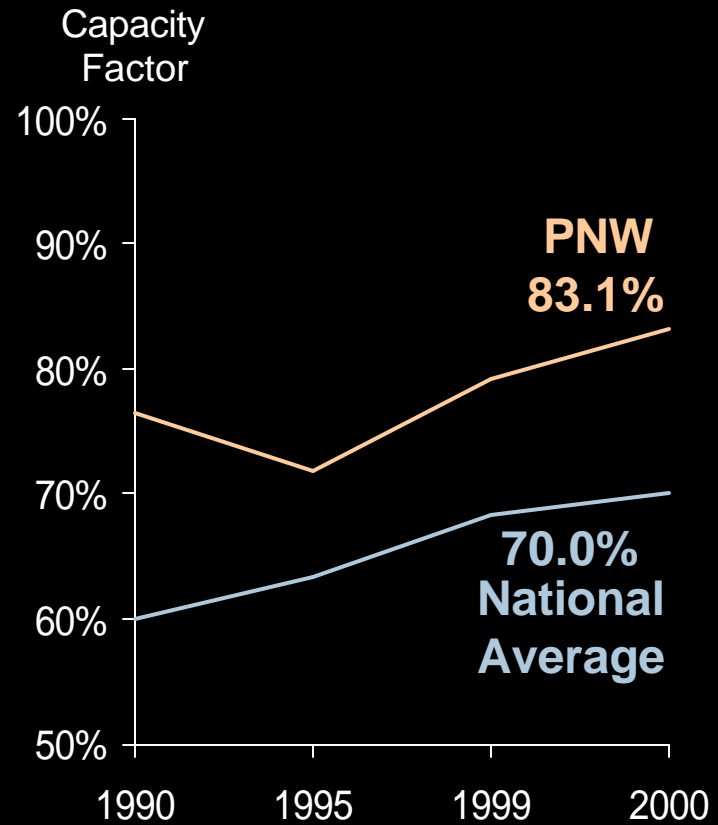
Pinnacle West Growing Generation

Pinnacle West Top-Tier Power Plant Performance

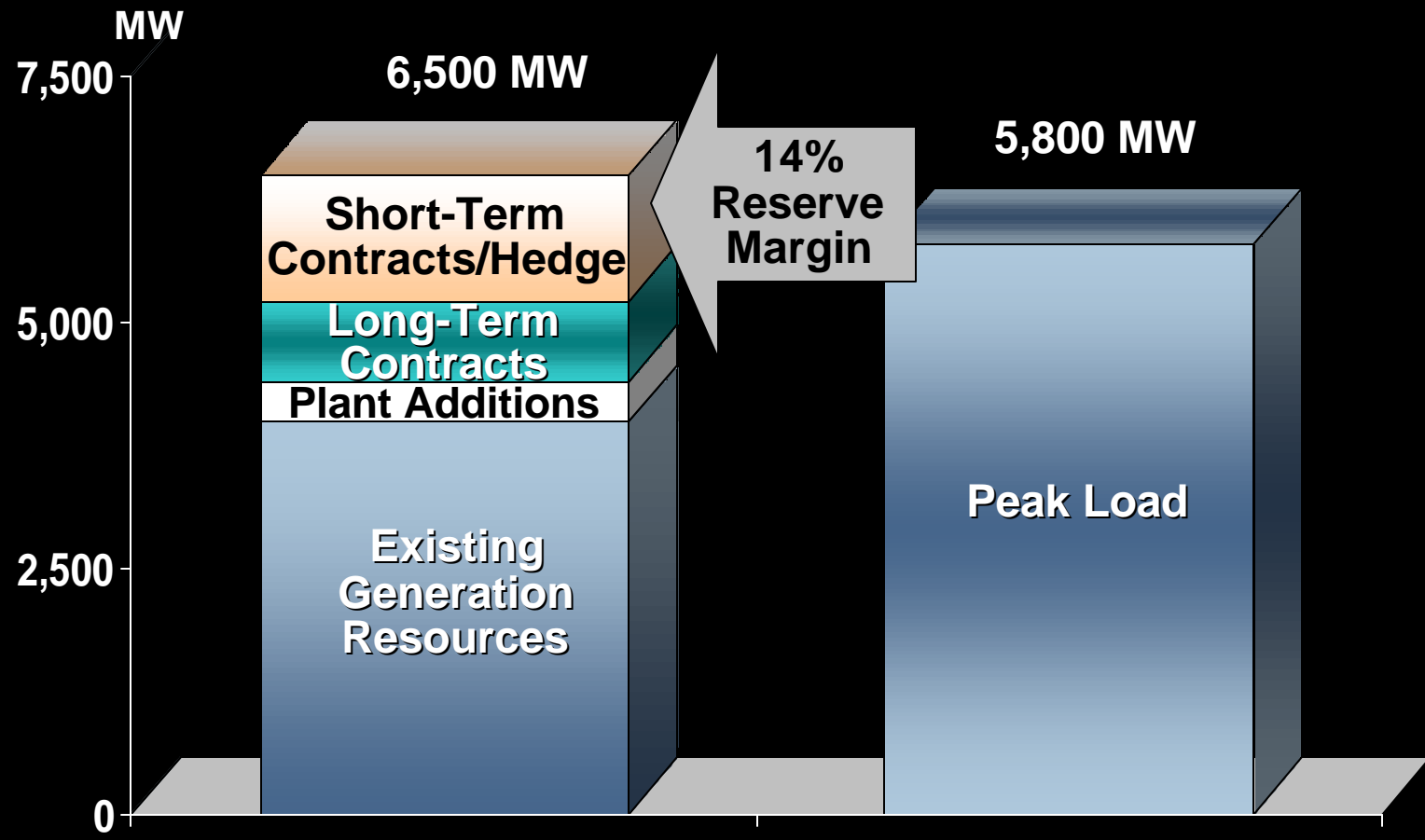
Palo Verde



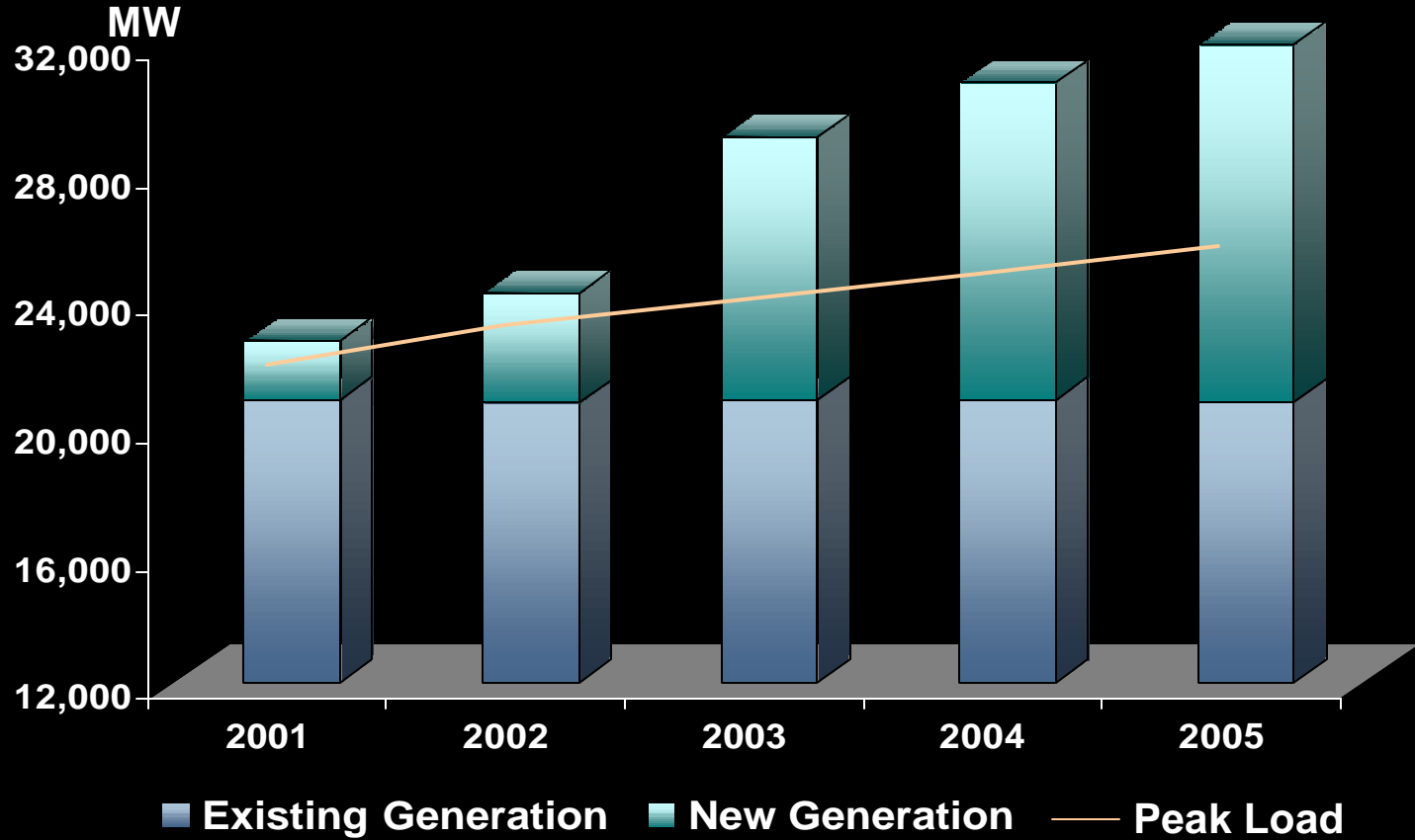
Coal Plants



Pinnacle West Balanced Energy Position Summer 2001

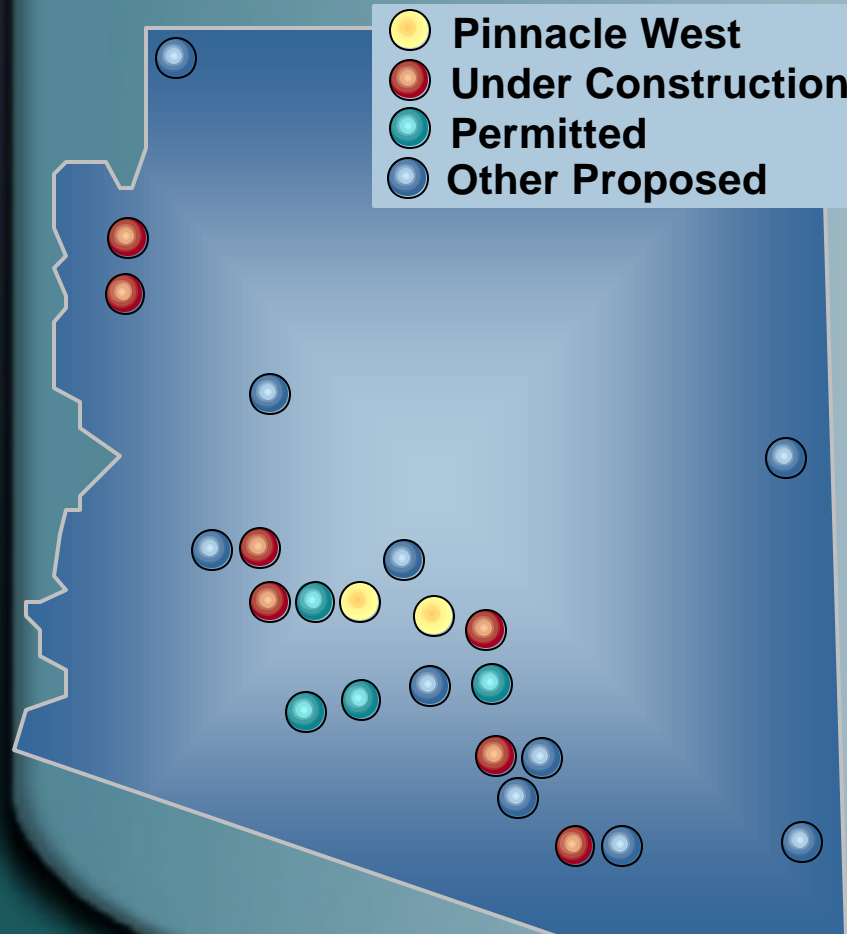


Desert Southwest Electricity Supply & Demand



Proposed New Generation in Arizona

20,000 MW



- **Wide disparity between reported new build and in construction**
- **Not all developers will succeed in building announced sites**
 - Water and land
 - Interstate transmission investment
 - Significant gas line expansion required

Pinnacle West

Growing Generation Capability

Commercial Operation Targets

Summer Reliability

MW

2001	West Phoenix and Saguaro Interim Units	198
2001	West Phoenix Steam Units Restoration	99
2001	Upgrades of Existing Units	127

New Facilities

2001	West Phoenix 4	120
2002	Redhawk 1 & 2	1,060
2003	West Phoenix 5	530
2005	Redhawk 3	530
2006	Redhawk 4	530

Pinnacle West Generation Operating Strengths

- **Among largest generators in the West**
- **Production cost very competitive**
- **Nuclear production -
9 consecutive years top in the nation**
- **Long-term, low cost coal contracts**
- **Plant reliability better than industry average**
- **Plants in compliance with Clean Air Act**

Top-Tier Financial Performance Yesterday & Tomorrow

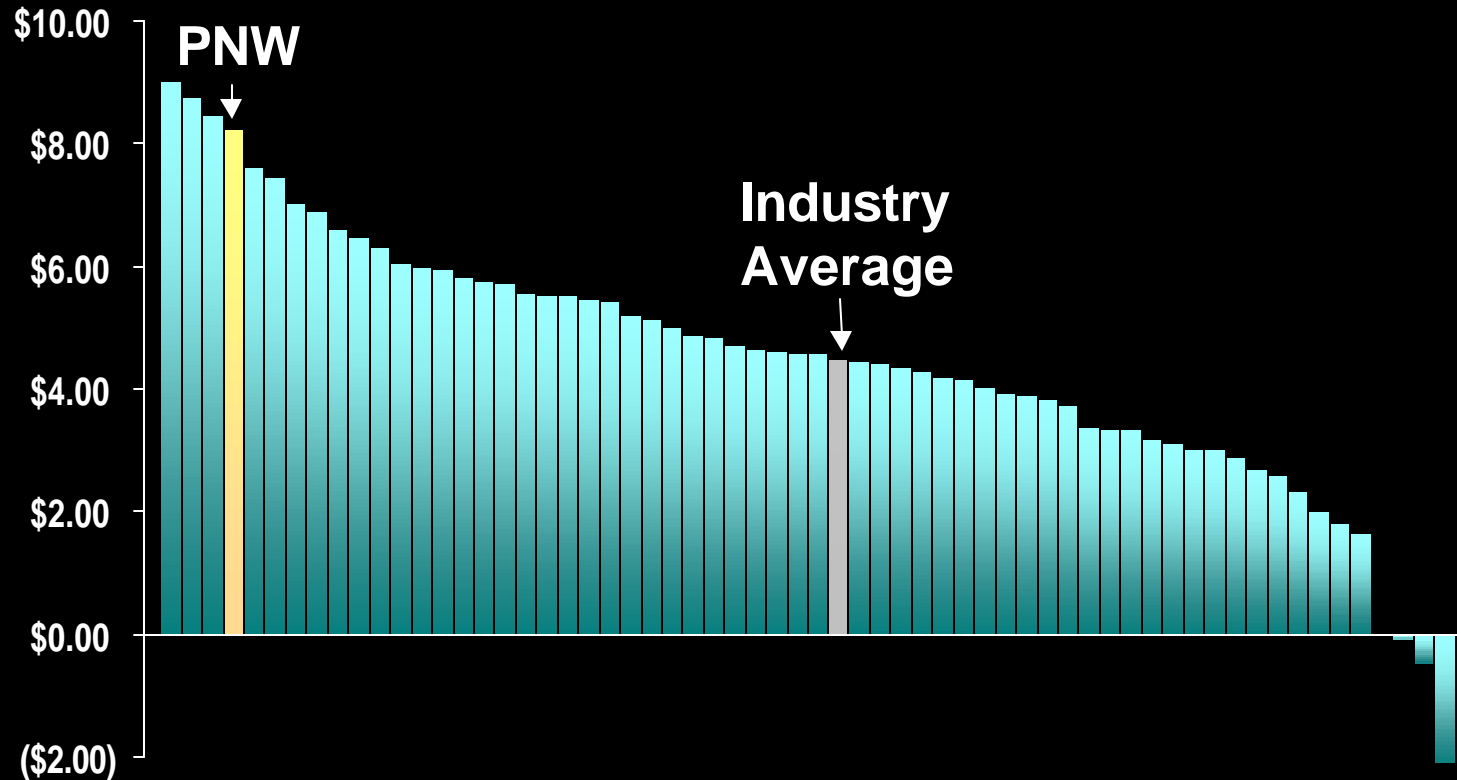
Pinnacle West Top-Tier Financial Results

Profitability and Common Stock Measures

(dollars in millions, except per share amounts)	<u>2000</u>	<u>CAGR*</u>
Operating Revenues	\$3,690	17.2%
Income from Continuing Operations	\$ 302	8.6%
EPS (Continuing Operations)	\$ 3.56	9.4%
Indicated Annual Dividend per Share at Year-End	\$ 1.50	8.4%
Stock Price per Share	\$47.63	10.6%

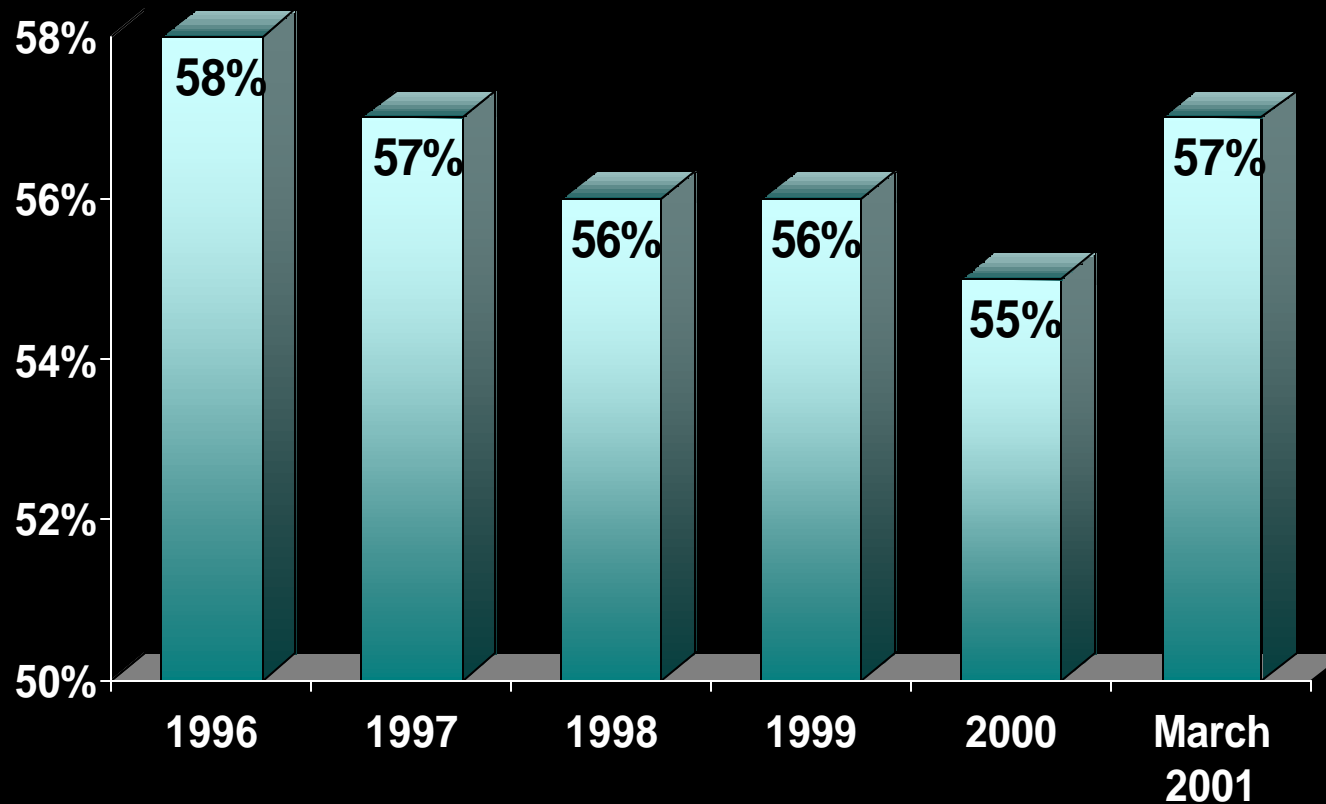
* Calculated as compound annual growth rate - 1995 to 2000

Pinnacle West Top-Tier 2000 Cash Flow Per Share



Source: Bloomberg Electric Utilities Comparison, May 31, 2001

Pinnacle West Balance Sheet Strength Consolidated Debt Ratio*

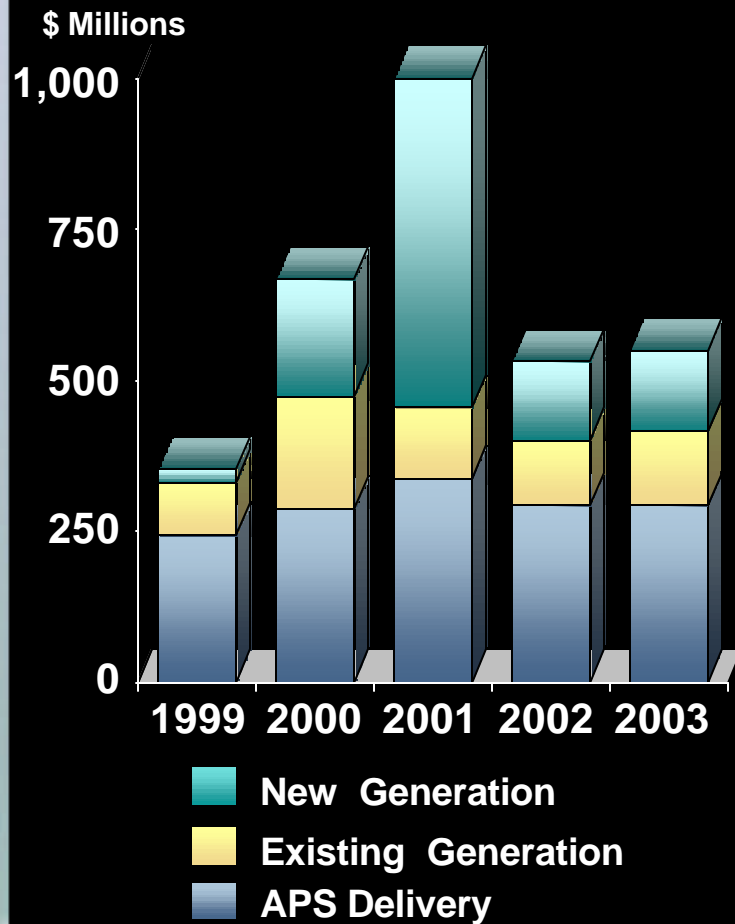


* Adjusted for Palo Verde sale/leaseback

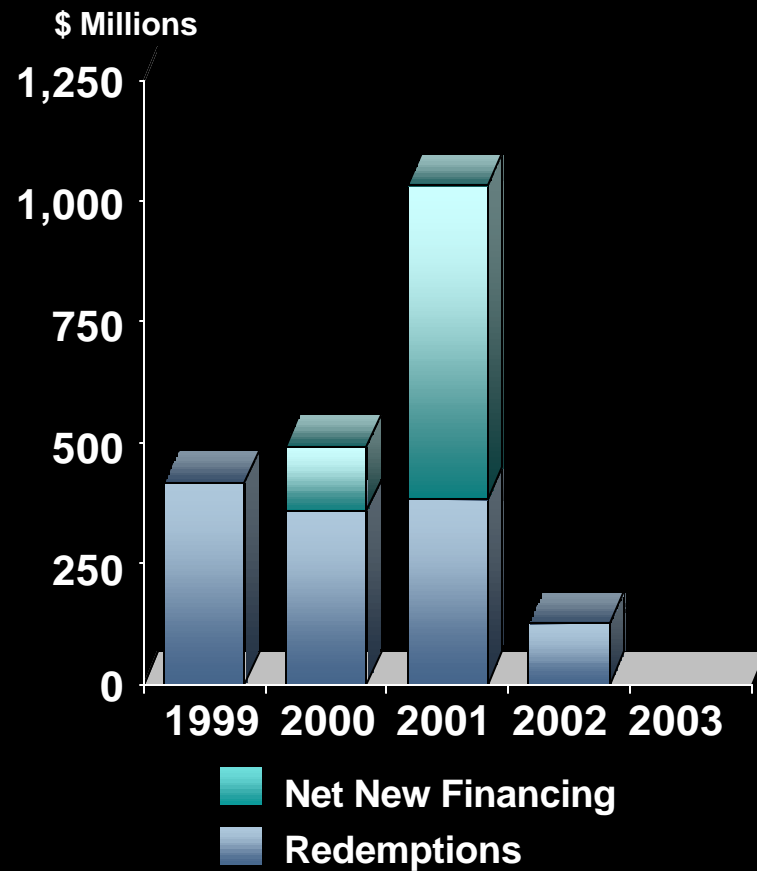
Pinnacle West

Combining Growth with Financial Strength

Capital Expenditures

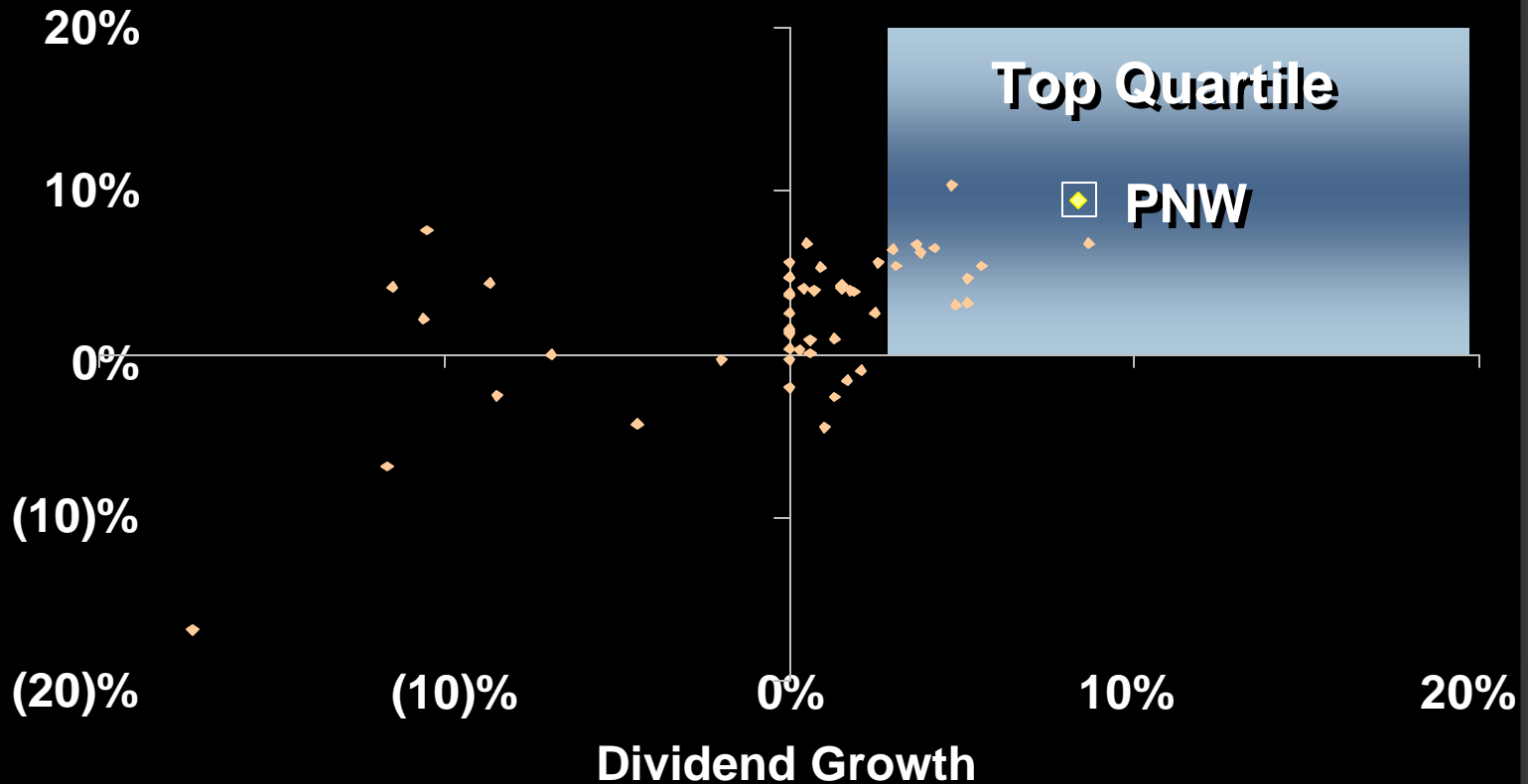


Financing Requirements

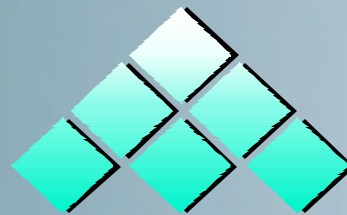


Pinnacle West Top-Tier 1995-2000 EPS and Dividend Growth

EPS Growth



Top-Tier Financial Performance Yesterday & Tomorrow



PINNACLE WEST
CAPITAL CORPORATION