



**PINNACLE WEST**  
CAPITAL CORPORATION

# Managing in Changing Environments

**Analyst Presentations  
Boston and New York  
October 23-24, 2001**

# Forward-Looking Statements

**This presentation contains forward-looking statements based on current expectations and the company assumes no obligation to update these statements. Because actual results may differ materially from expectations, the Company cautions 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 the Company. These factors include the ongoing restructuring of the electric industry; the outcome of regulatory and legislative proceedings relating to the restructuring; state and federal regulatory and legislative decisions and actions, including the price mitigation plan adopted by FERC in June 2001; 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 customer 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.**

# Strategic Overview

- **Build superior value for shareholders**
- **Capturing growth opportunities**
  - **Intrinsic growth in delivery business**
  - **Meeting energy needs in the West**
  - **Shaping market development in the West**
- **Operational excellence**
- **Risk management**
- **Regulatory environment and developments**
- **Generation expansion**
- **Earnings, cash flow and financial strength**

# Shaping Ongoing Market Development in Arizona and the West



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

# Volatility Managed with Hedging

## Retail Load Fuel and Purchased Power

