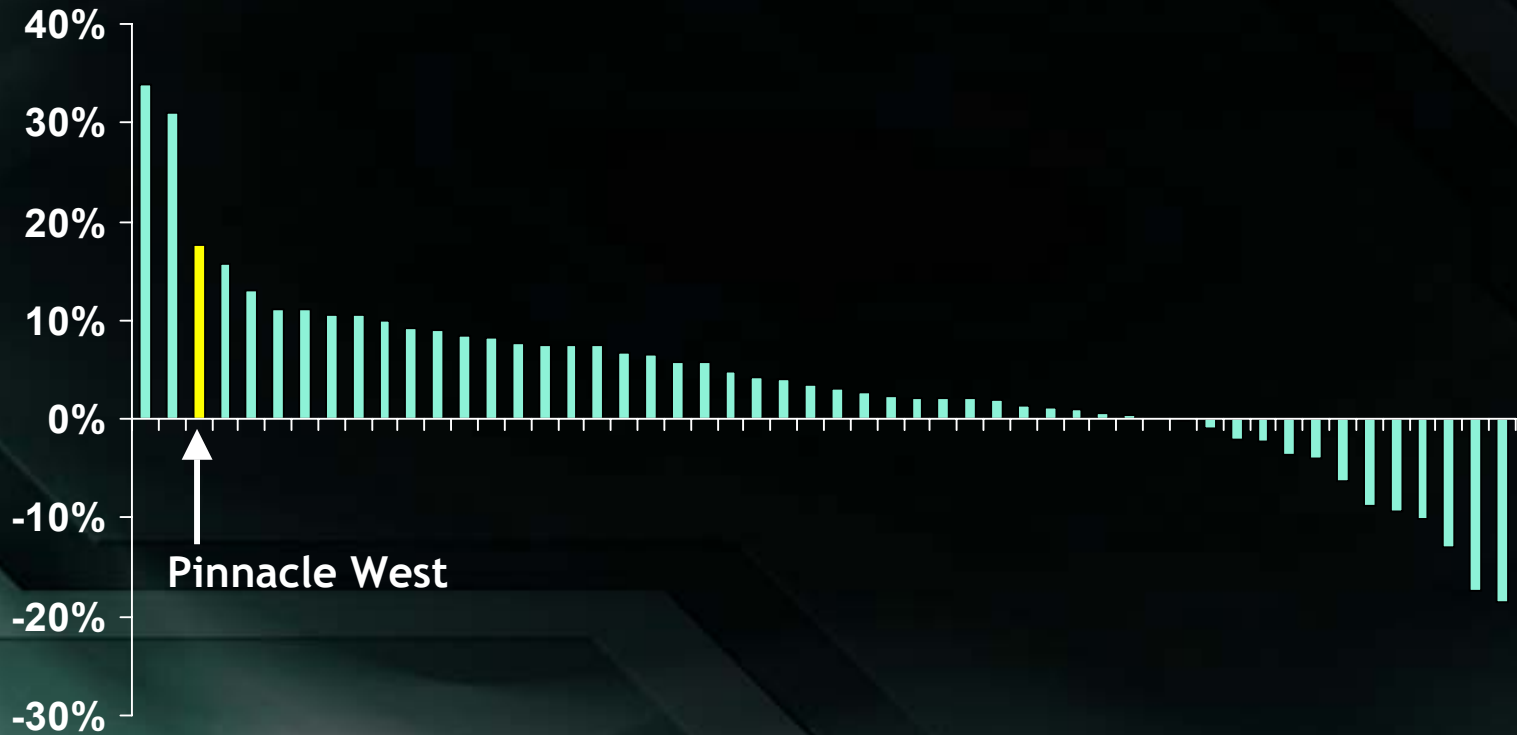


# Superior Financial Track Record

# Pinnacle West vs. Electric Industry Combined EPS & Dividend Growth

1997-2001  
Compound Annual  
Growth Rate



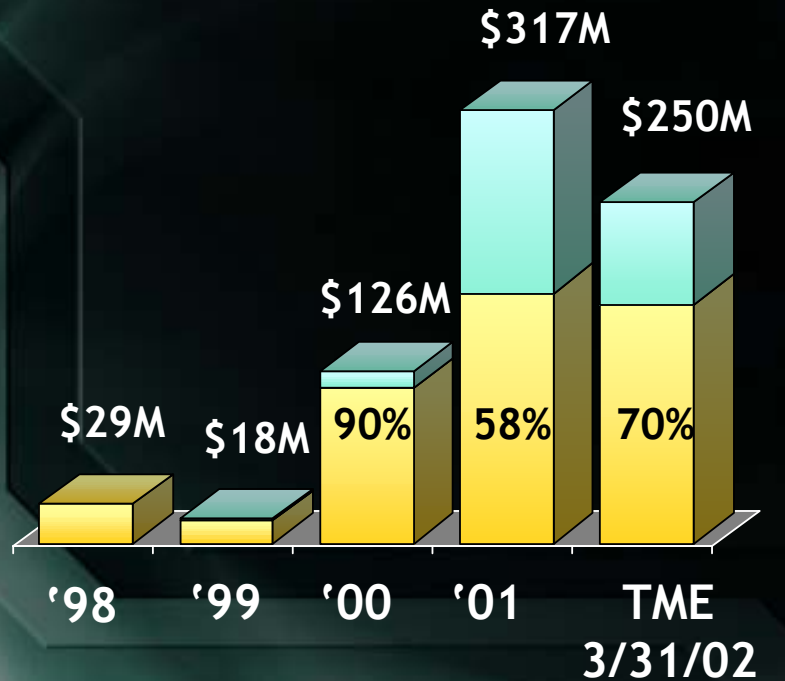
Excludes companies that eliminated their dividends during the period

# **Pinnacle West Earnings Drivers 2002 - 2003**

- **Strong retail customer growth**
- **Reversal of 2001 reliability O&M costs**
- **Reduced purchased power costs for outages**
- **Regulatory asset amortization**
- **Retail price reductions**
- **Economic conditions, weather, and regulatory and legislative developments**
- **Power marketing and trading results**

# Pinnacle West Power Marketing and Trading Results

## Gross Margin



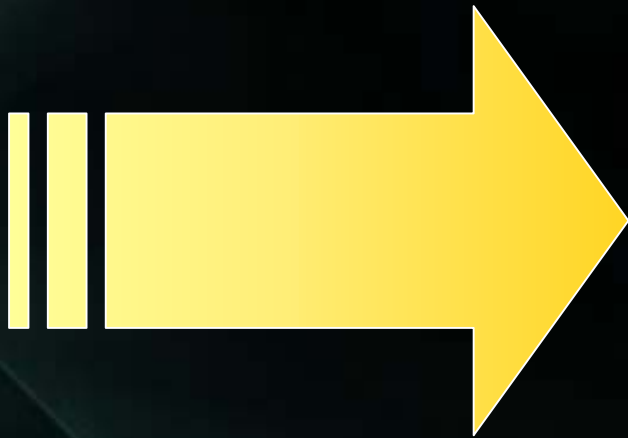
- Net change in mark-to-market
- Realized gain

## Estimated Realized MTM Gains\*



\* Based on accumulated mark-to-market gains as of 3/31/02

# Limited capital devoted to Power Marketing and Trading business



**< 3.5% of Total Assets**

# Gross Margin Analysis Tools

Total  
Realized Margin

Prior-period  
mark-to-market

Future period  
mark-to-market

Total  
Gross Margin

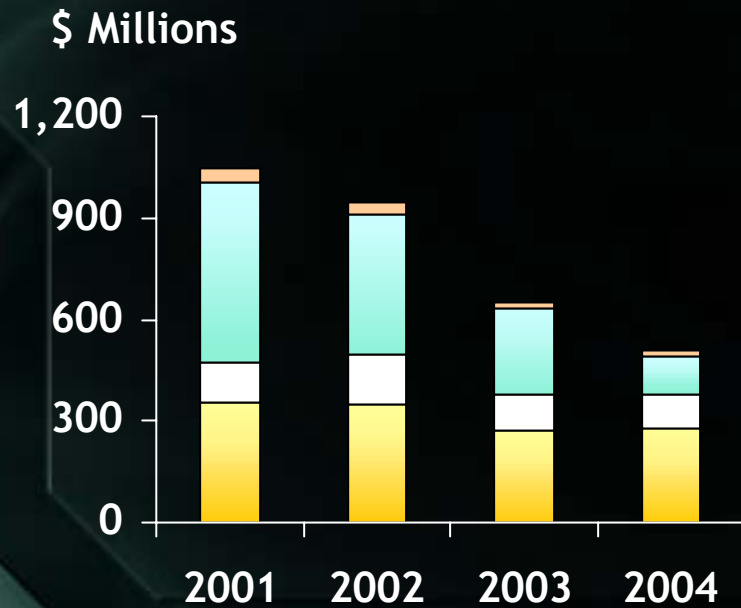
Margin by  
Commodity

## Quarterly Consolidated Statistical Summary Periods Ended March 31, 2002 and 2001

Line	3 Mo. Ended March 31			12 Mo. Ended March 31		
	2002	2001	Incr (Decr)	2002	2001	Incr (Decr)
<b>MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS</b> (Dollars in Millions)						
<b>Realized and Mark-To-Market Components</b>						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
48	\$ 2	\$ 48	\$ (46)	\$ 34	\$ 100	\$ (66)
49	33	4	29	146	70	76
50	35	52	(17)	180	170	10
51	4	(5)	9	(5)	(9)	4
52	39	47	(8)	175	161	14
Prior-period mark-to-market (gains) losses on contracts delivered during current period						
53	(16)	1	(17)	(48)	(13)	(35)
54	(6)	12	(18)	10	(1)	11
55	-	-	-	(8)	-	(8)
56	(22)	13	(35)	(46)	(14)	(32)
57	17	60	(43)	129	147	(18)
Change in mark-to-market gains (losses) for future period deliveries (b)						
58	25	45	(20)	145	63	82
59	(2)	2	(4)	(24)	16	(40)
60	23	47	(24)	121	79	42
61	\$ 40	\$ 107	\$ (67)	\$ 250	\$ 226	\$ 24
<b>By Commodity Sold or Traded</b>						
62	\$ 45	\$ 98	\$ (53)	\$ 274	\$ 219	\$ 55
63	(5)	(3)	(2)	(10)	2	(12)
64	(1)	14	(15)	(7)	11	(18)
65	1	(2)	3	(7)	(6)	(1)
66	-	-	-	-	-	-
67	\$ 40	\$ 107	\$ (67)	\$ 250	\$ 226	\$ 24

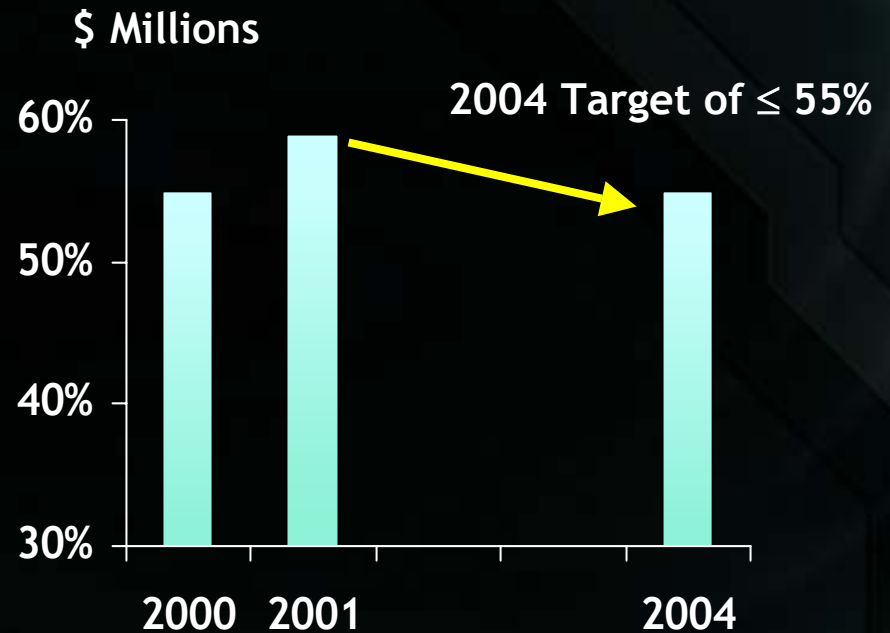
# Pinnacle West Managing Growth with Financial Strength

## Capital Expenditures



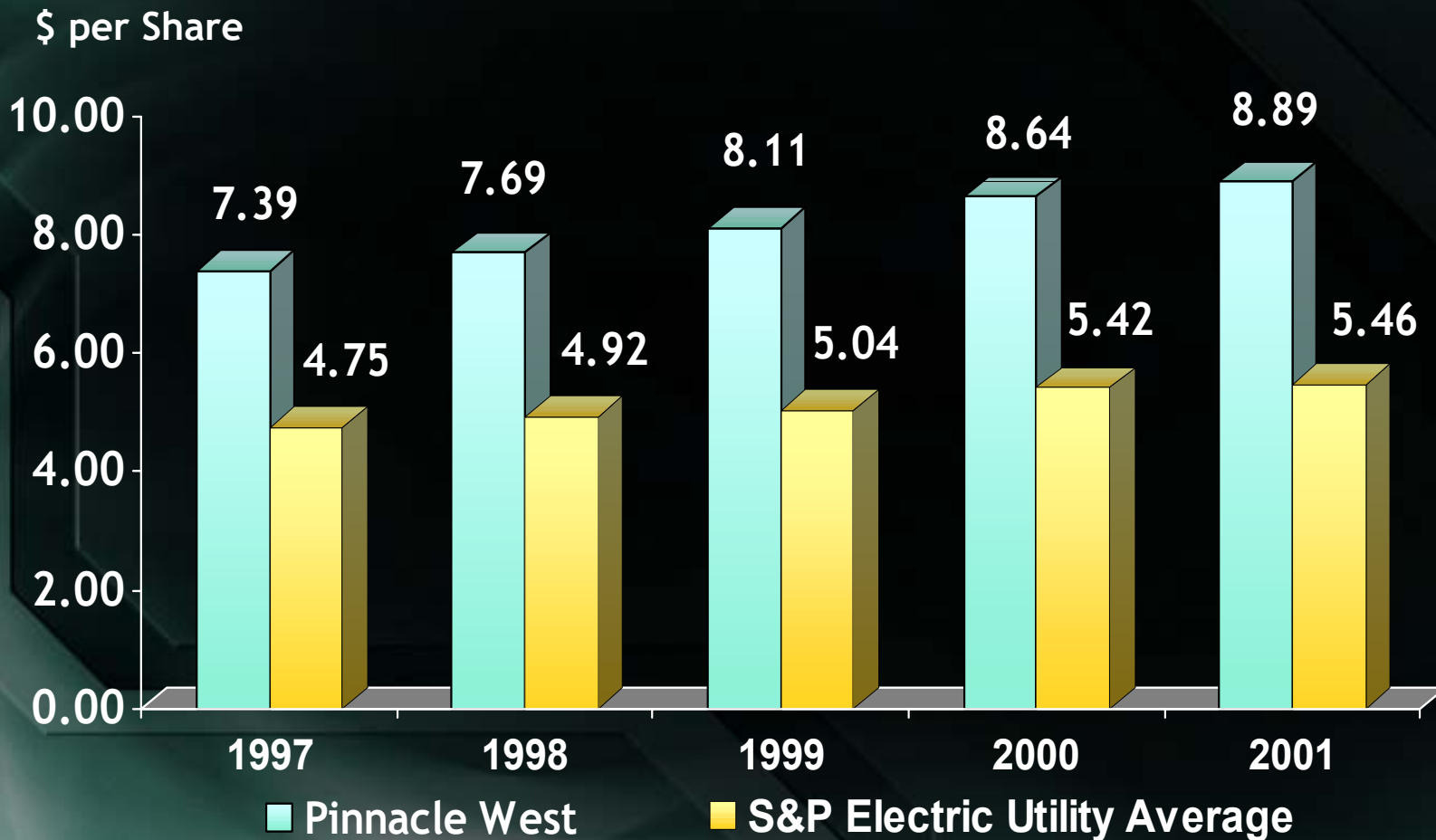
- Other
- Generation Expansion
- Existing Generation
- Delivery

## Consolidated Debt Ratio\*



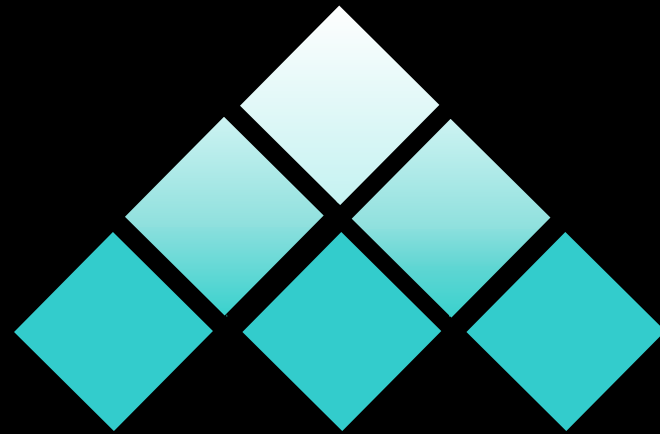
\* Includes Palo Verde sale/leaseback

# Pinnacle West versus Industry Cash Flow Per Share



# Pinnacle West Financial Focus

- **Manage business strategies for superior shareholder value creation**
- **Continue superior combined earnings and dividend growth**
- **Maintain balance sheet strength**



PINNACLE WEST  
CAPITAL CORPORATION