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# **Financing Plans**

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**Analyst Conference  
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**PINNACLE WEST  
CAPITAL CORPORATION**

# PNW Consolidated Long-Term Debt at 9/30/02

<u>Type</u>	<u>Amount</u>	<u>% of Total</u>
FMB's	\$ 251M	7%
Unsecured	2,232M	66%
Tax-exempt*	656M	19%
Total B/S Debt	3,139M	92%
SLOB Debt	285M	8%
Total LT Debt	<u>\$3,424M</u>	<u>100%</u>

Weighted Average Interest Rate 5.6%

Weighted Average Years to Maturity 9.6

\* \$179M of tax-exempt debt backed by FMB's

# PNW Long-Term Debt by Subsidiary at 9/30/02

Type	APS	PNW	SunCor	Total
FMB's	\$ 251M	\$ -	\$ -	\$ 251M
Unsecured	1,301M	791M	140M	2,232M
Tax-exempt*	656M	-	-	656M
Total B/S Debt	2,208M	791M	140M	3,139M
SLOB Debt	285M	-	-	285M
Total LT Debt	<u>\$2,493M</u>	<u>\$ 791M</u>	<u>\$ 140M</u>	<u>\$3,424M</u>
Weighted Average Interest Rate	6.0%	4.8%	4.4%	5.6%
Weighted Average Years to Maturity	12.3	2.0	3.6	9.6

\* \$179M of tax-exempt debt backed by FMB's

# Short-term Debt

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	<u>Balance at 9/30/02</u>	<u>Capacity</u>
<b>PNW</b>		
<b>Commercial Paper</b>	<b>\$206M</b>	<b>\$250M</b>
<b>Uncommitted Bank Lines</b>	<b>\$ 35M</b>	
<b>\$300M Bank Loan</b>	<b>\$ 45M</b>	<b>\$300M</b>
<b>APS</b>		
<b>Commercial Paper</b>	<b>\$ 25M</b>	<b>\$250M</b>

# Pinnacle West - Bridge Debt

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<u>Issued</u>	<u>Size at Issuance</u>	<u>Rate</u>	<u>Maturity</u>
8/8/01	\$ 250M	Libor +98	8/1/03
2/8/02	\$ 215M	4.5%	2/9/04
7/31/02	\$ 300M*	Libor +85	7/30/03
<b>Total</b>	<b>\$ 765M</b>		

\* Expect to draw entire \$300M by July 2003 unless refinanced early

# **Pinnacle West Capital Corporation Activity Since June 30, 2002**

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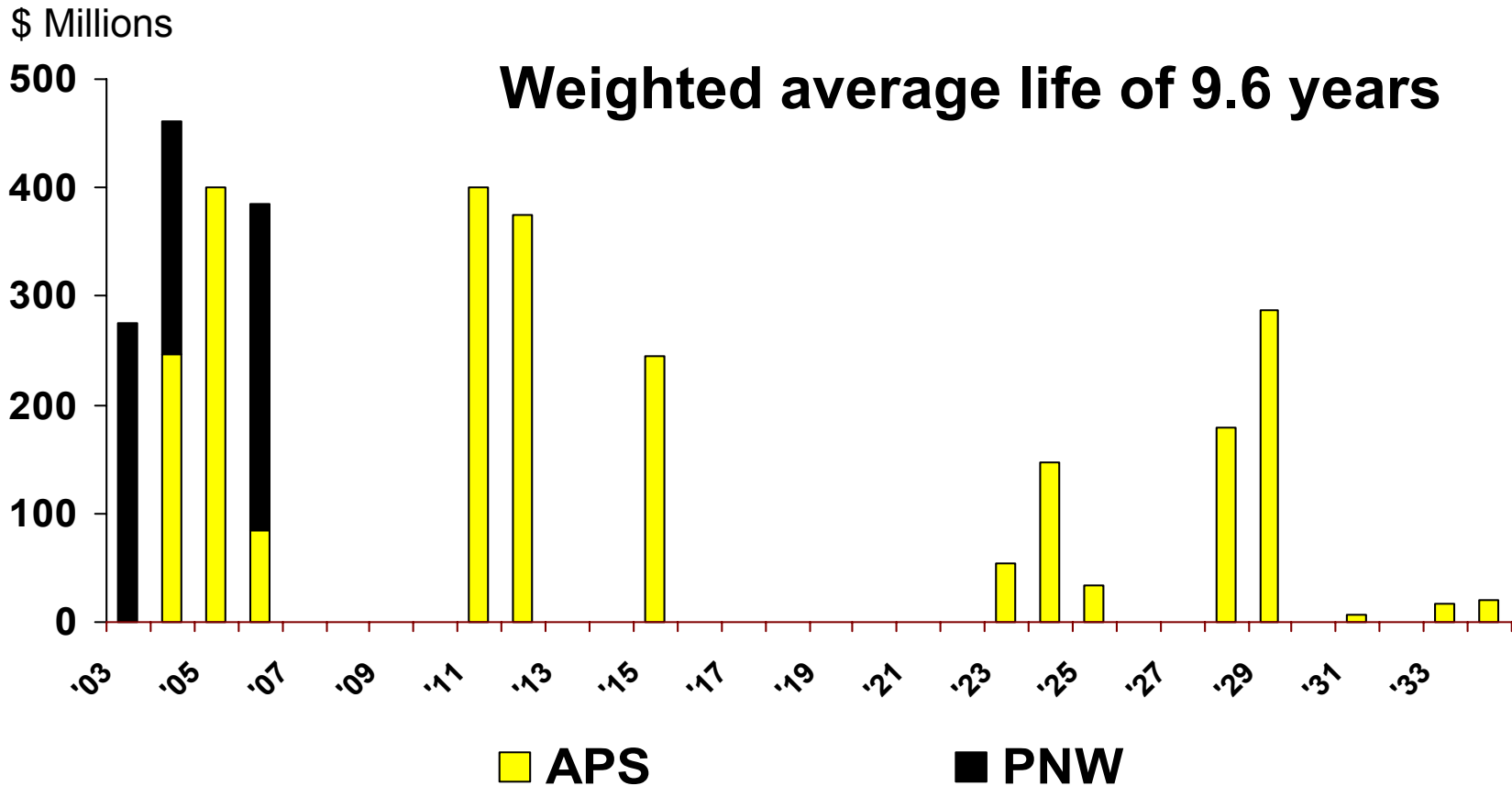
<b>Description</b>	<b>\$300 million bank facility</b>
<b>Term</b>	<b>364 day due 7/30/03</b>
<b>Rate</b>	<b>Libor +85</b>
<b>Purpose</b>	<b>Fund 2002 &amp; 2003 generation expansion and general corporate purposes</b>

# **Pinnacle West Bridge Debt Repayment**

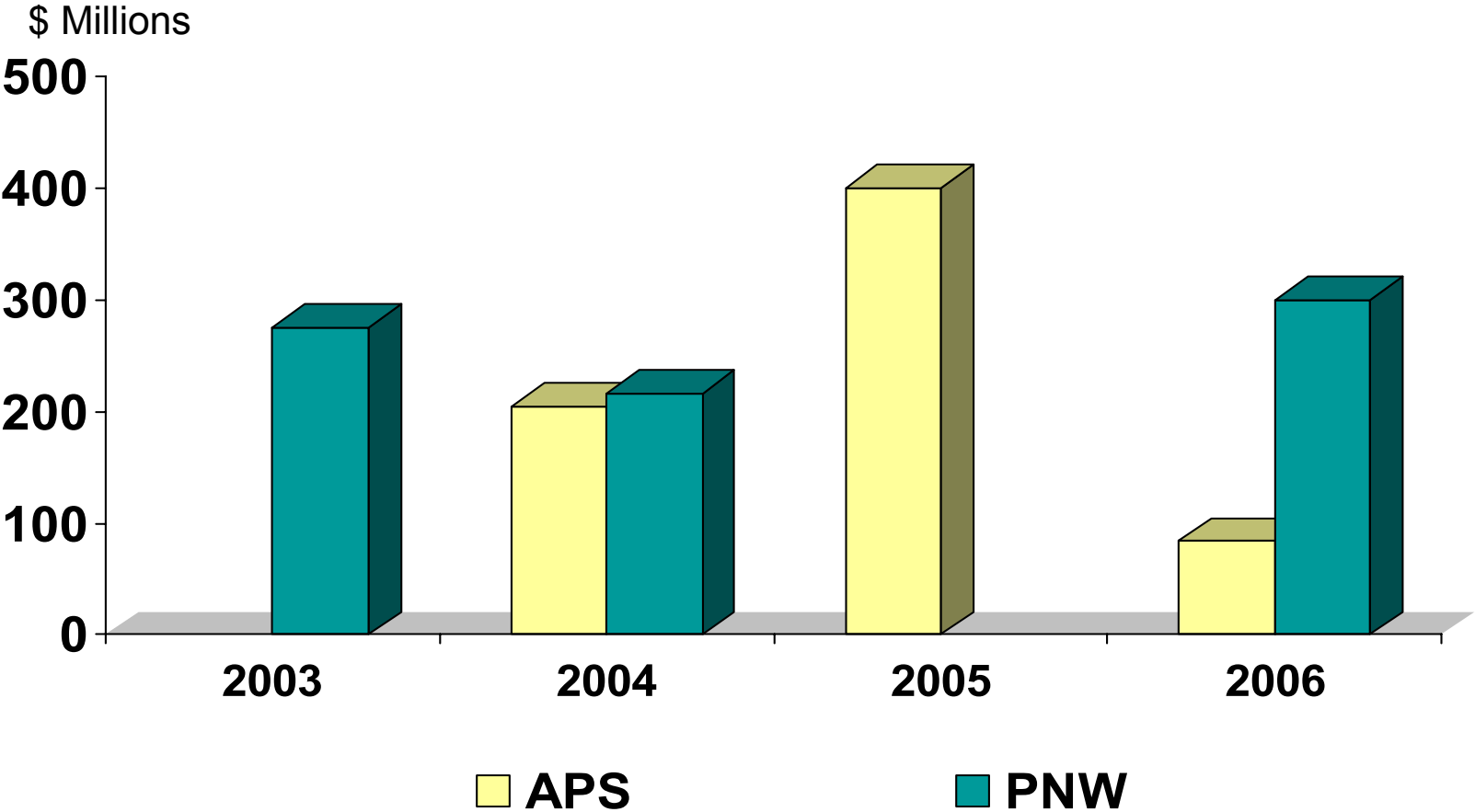
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- **ACC financing application**
  - **APS \$500M inter-company loan and/or guarantee**
- **SunCor dividends**

# Maturity Profile of Long-Term Debt



# Long-Term Debt Mandatory Redemptions



# APS Mortgage

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<u>Security</u>	<u>Amount</u>	<u>Callable</u>
8.0% FMB due 2025	\$ 33M	2/03
7.25% FMB due 2023	54M	8/03
5.5% Tax-exempt FMB	25M	8/03
5.875% Tax-exempt FMB	154M	8/03
6.625% FMB due 2004	80M	Matures 3/04
6.75% Fall-away bonds due 2006	84M	-
<b>Total</b>	<b><u><u>\$430M</u></u></b>	

# **2003 & 2004 Financing Needs - Capital Markets**

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## **■ PNW**

- **Bridge debt refinancing**
  - **\$550M around August 1, 2003**
  - **\$215M in February 2004**
- **\$25M private placement note in December 2003**
- **Current debt shelf capacity - \$200M**

## **■ APS**

- **\$125M unsecured note mandatory redemption in February 2004**
- **\$80M FMB mandatory redemption in March 2004**
- **Current debt shelf capacity - \$500M**

# **2003 & 2004 Financing Needs - Bank Markets**

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## **■ PNW commercial paper backup**

- \$125M 364-day revolver renewal each November**
- \$125M 3-year revolver renewal in November 2004**

## **■ APS**

- \$250M revolver renewal in June 2003  
(commercial paper backup)**
- Tax-exempt PC Bonds**
  - \$208M LOC renewals in 2003**
  - \$127M annual put bond maturities in 2003**

# **PNW Bank Group**

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- **Financially sound**
- **A diverse group of lenders**
  - **Size**
  - **Type**
  - **Services provided**
  - **Countries of origin**
- **Strong bank relationships**

# **Bank Agreements - Other Terms & Conditions**

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- **Covenants**
  - **Debt to capital test**
  - **Cash interest coverage test**
- **Material adverse change (MAC) clauses**
- **No ratings triggers**
- **Off-balance sheet financing limited to 1986 Palo Verde 2 sale/leaseback**

# Financing Focus

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- **Investment grade ratings**
- **Continued access to capital and bank markets**
- **Strong cash flow and coverages**