

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	THREE MONTHS ENDED		Increase (Decrease)	
	December 31,		Amount	Percent
	2002	2001		
Operating Revenues				
Regulated electricity segment	\$ 416,583	\$ 436,567	\$ (19,984)	4.6% W
Marketing and trading segment	113,355	17,419	95,936	550.8% B
Real estate	80,943	61,095	19,848	32.5% B
Other revenues	33,555	5,893	27,662	469.4% B
Total	<u>644,436</u>	<u>520,974</u>	<u>123,462</u>	23.7% B
Operating Expenses				
Regulated electricity segment purchased power and fuel	75,932	96,625	(20,693)	21.4% B
Marketing and trading segment purchased power and fuel	84,413	13,354	71,059	532.1% W
Operations and maintenance	193,674	121,790	71,884	59.0% W
Real estate operations	66,816	52,214	14,602	28.0% W
Depreciation and amortization	114,074	109,061	5,013	4.6% W
Taxes other than income taxes	26,805	20,967	5,838	27.8% W
Other expenses	65,844	6,348	59,496	937.2% W
Total	<u>627,558</u>	<u>420,359</u>	<u>207,199</u>	49.3% W
Operating Income	<u>16,878</u>	<u>100,615</u>	<u>(83,737)</u>	83.2% W
Other				
Other income	4,791	7,590	(2,799)	36.9% W
Other expenses	(6,873)	(13,469)	6,596	49.0% B
Total	<u>(2,082)</u>	<u>(5,879)</u>	<u>3,797</u>	64.6% B
Interest Expense				
Interest charges	47,204	46,719	485	1.0% W
Capitalized interest	(4,967)	(12,458)	7,491	60.1% W
Total	<u>42,237</u>	<u>34,261</u>	<u>7,976</u>	23.3% W
Income/(Loss) Before Income Taxes	<u>(27,441)</u>	<u>60,475</u>	<u>(87,916)</u>	145.4% W
Income Taxes	<u>(12,556)</u>	<u>24,669</u>	<u>(37,225)</u>	150.9% B
Income/(Loss) Before Accounting Change	(14,885)	35,806	(50,691)	141.6% W
Cumulative Effect of a Change in Accounting for Trading Activities - Net of Income Tax	<u>(65,745)</u>	<u>-</u>	<u>(65,745)</u>	100.0% W
Net Income/(Loss)	<u>\$ (80,630)</u>	<u>\$ 35,806</u>	<u>\$ (116,436)</u>	325.2% W
Weighted Average Common Shares Outstanding - Basic	85,302	84,679	623	0.7%
Weighted Average Common Shares Outstanding - Diluted	85,302	84,824	478	0.6%
Earnings Per Weighted Average Common Share Outstanding				
Income Before Accounting Change - Basic	\$ (0.17)	\$ 0.42	\$ (0.59)	140.5% W
Net Income - Basic	\$ (0.95)	\$ 0.42	\$ (1.37)	326.2% W
Income Before Accounting Change - Diluted	\$ (0.17)	\$ 0.42	\$ (0.59)	140.5% W
Net Income - Diluted	\$ (0.95)	\$ 0.42	\$ (1.37)	326.2% W

Certain prior year amounts have been restated to conform to the 2002 presentation.

B -- Better
W -- Worse

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
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	TWELVE MONTHS ENDED		Increase (Decrease)	
	December 31,		Amount	Percent
	2002	2001		
Operating Revenues				
Regulated electricity segment	\$ 2,013,023	\$ 2,562,089	\$ (549,066)	21.4% W
Marketing and trading segment	325,931	651,230	(325,299)	50.0% W
Real estate	236,388	168,908	67,480	40.0% B
Other revenues	61,937	11,771	50,166	426.2% B
Total	<u>2,637,279</u>	<u>3,393,998</u>	<u>(756,719)</u>	22.3% W
Operating Expenses				
Regulated electricity segment purchased power and fuel	499,543	1,160,863	(661,320)	57.0% B
Marketing and trading segment purchased power and fuel	194,039	334,209	(140,170)	41.9% B
Operations and maintenance	584,538	530,095	54,443	10.3% W
Real estate operations	205,315	153,462	51,853	33.8% W
Depreciation and amortization	424,886	427,903	(3,017)	0.7% B
Taxes other than income taxes	107,952	101,068	6,884	6.8% W
Other expenses	104,959	10,375	94,584	911.7% W
Total	<u>2,121,232</u>	<u>2,717,975</u>	<u>(596,743)</u>	22.0% B
Operating Income	<u>516,047</u>	<u>676,023</u>	<u>(159,976)</u>	23.7% W
Other				
Other income	15,104	26,416	(11,312)	42.8% W
Other expenses	(33,655)	(33,577)	(78)	0.2% W
Total	<u>(18,551)</u>	<u>(7,161)</u>	<u>(11,390)</u>	159.1% W
Interest Expense				
Interest charges	188,353	175,822	12,531	7.1% W
Capitalized interest	(44,110)	(47,862)	3,752	7.8% W
Total	<u>144,243</u>	<u>127,960</u>	<u>16,283</u>	12.7% W
Income Before Income Taxes	<u>353,253</u>	<u>540,902</u>	<u>(187,649)</u>	34.7% W
Income Taxes	<u>138,100</u>	<u>213,535</u>	<u>(75,435)</u>	35.3% B
Income Before Accounting Change	215,153	327,367	(112,214)	34.3% W
Cumulative Effect of a Change in Accounting for Derivatives - Net of Income Tax	-	(15,201)	15,201	100.0% B
Cumulative Effect of a Change in Accounting for Trading Activities - Net of Income Tax	(65,745)	-	(65,745)	100.0% W
Net Income	<u>\$ 149,408</u>	<u>\$ 312,166</u>	<u>\$ (162,758)</u>	52.1% W
Weighted Average Common Shares Outstanding - Basic	84,903	84,718	185	0.2%
Weighted Average Common Shares Outstanding - Diluted	84,964	84,930	34	0.0%
Earnings Per Weighted Average Common Share Outstanding				
Income Before Accounting Change - Basic	\$ 2.53	\$ 3.86	\$ (1.33)	34.5% W
Net Income - Basic	\$ 1.76	\$ 3.68	\$ (1.92)	52.2% W
Income Before Accounting Change - Diluted	\$ 2.53	\$ 3.85	\$ (1.32)	34.3% W
Net Income - Diluted	\$ 1.76	\$ 3.68	\$ (1.92)	52.2% W

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