

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(in thousands, except per share amounts)

	THREE MONTHS ENDED DECEMBER 31,		Increase (Decrease)	
	2005	2004	Amount	Percent
Operating Revenues				
Regulated electricity segment	\$ 488,035	\$ 429,295	\$ 58,740	13.7% B
Marketing and trading segment	84,098	110,521	(26,423)	23.9% W
Real estate segment	105,081	163,553	(58,472)	35.8% W
Other revenues	14,458	9,912	4,546	45.9% B
Total	<u>691,672</u>	<u>713,281</u>	<u>(21,609)</u>	3.0% W
Operating Expenses				
Regulated electricity segment fuel and purchased power	152,609	125,024	27,585	22.1% W
Marketing and trading segment fuel and purchased power	77,744	88,151	(10,407)	11.8% B
Operations and maintenance	168,706	157,732	10,974	7.0% W
Real estate segment operations	87,811	108,634	(20,823)	19.2% B
Depreciation and amortization	85,622	96,655	(11,033)	11.4% B
Taxes other than income taxes	28,512	27,064	1,448	5.4% W
Other expenses	12,536	8,215	4,321	52.6% W
Regulatory disallowance	(4,655)	-	(4,655)	100.0% B
Total	<u>608,885</u>	<u>611,475</u>	<u>(2,590)</u>	0.4% B
Operating Income	<u>82,787</u>	<u>101,806</u>	<u>(19,019)</u>	18.7% W
Other				
Allowance for equity funds used during construction	2,784	2,026	758	37.4% B
Other income	5,505	3,309	2,196	66.4% B
Other expense	(13,895)	(7,066)	(6,829)	96.6% W
Total	<u>(5,606)</u>	<u>(1,731)</u>	<u>(3,875)</u>	223.9% W
Interest Expense				
Interest charges	42,267	48,463	(6,196)	12.8% B
Capitalized interest	(1,884)	(2,774)	890	32.1% W
Total	<u>40,383</u>	<u>45,689</u>	<u>(5,306)</u>	11.6% B
Income From Continuing Operations Before Income Taxes	36,798	54,386	(17,588)	32.3% W
Income Taxes	13,029	16,666	(3,637)	21.8% B
Income From Continuing Operations	23,769	37,720	(13,951)	37.0% W
Loss From Discontinued Operations				
Net of Income Taxes	(2,422)	(3,991)	1,569	39.3% B
Net Income	<u>\$ 21,347</u>	<u>\$ 33,729</u>	<u>\$ (12,382)</u>	36.7% W
Weighted-Average Common Shares Outstanding - Basic	98,982	91,620	7,362	8.0%
Weighted-Average Common Shares Outstanding - Diluted	99,050	91,779	7,271	7.9%
Earnings Per Weighted-Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 0.24	\$ 0.41	\$ (0.17)	41.5% W
Net Income - Basic	\$ 0.22	\$ 0.37	\$ (0.15)	40.5% W
Income From Continuing Operations - Diluted	\$ 0.24	\$ 0.41	\$ (0.17)	41.5% W
Net Income - Diluted	\$ 0.22	\$ 0.37	\$ (0.15)	40.5% W

Certain prior-year amounts have been reclassified to conform to the 2005 presentation.

B -- Better
W -- Worse

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(in thousands, except per share amounts)

	TWELVE MONTHS ENDED		Increase (Decrease)	
	DECEMBER 31,		Amount	Percent
	2005	2004		
Operating Revenues				
Regulated electricity segment	\$ 2,237,145	\$ 2,035,247	\$ 201,898	9.9% B
Marketing and trading segment	351,558	400,628	(49,070)	12.2% W
Real estate segment	338,031	350,315	(12,284)	3.5% W
Other revenues	61,221	42,816	18,405	43.0% B
Total	<u>2,987,955</u>	<u>2,829,006</u>	<u>158,949</u>	5.6% B
Operating Expenses				
Regulated electricity segment fuel and purchased power	595,141	567,433	27,708	4.9% W
Marketing and trading segment fuel and purchased power	293,091	320,667	(27,576)	8.6% B
Operations and maintenance	635,827	592,320	43,507	7.3% W
Real estate segment operations	278,366	284,194	(5,828)	2.1% B
Depreciation and amortization	347,652	391,597	(43,945)	11.2% B
Taxes other than income taxes	132,040	120,722	11,318	9.4% W
Other expenses	51,987	34,108	17,879	52.4% W
Regulatory disallowance	138,562	-	138,562	100.0% W
Total	<u>2,472,666</u>	<u>2,311,041</u>	<u>161,625</u>	7.0% W
Operating Income	<u>515,289</u>	<u>517,965</u>	<u>(2,676)</u>	0.5% W
Other				
Allowance for equity funds used during construction	11,191	4,885	6,306	129.1% B
Other income	23,360	53,289	(29,929)	56.2% W
Other expense	(26,716)	(21,340)	(5,376)	25.2% W
Total	<u>7,835</u>	<u>36,834</u>	<u>(28,999)</u>	78.7% W
Interest Expense				
Interest charges	185,087	183,527	1,560	0.9% W
Capitalized interest	(12,018)	(11,460)	(558)	4.9% B
Total	<u>173,069</u>	<u>172,067</u>	<u>1,002</u>	0.6% W
Income From Continuing Operations Before Income Taxes	350,055	382,732	(32,677)	8.5% W
Income Taxes	<u>126,892</u>	<u>136,142</u>	<u>(9,250)</u>	6.8% B
Income From Continuing Operations	223,163	246,590	(23,427)	9.5% W
Loss From Discontinued Operations				
Net of Income Taxes	<u>(46,896)</u>	<u>(3,395)</u>	<u>(43,501)</u>	1281.3% W
Net Income	<u>\$ 176,267</u>	<u>\$ 243,195</u>	<u>\$ (66,928)</u>	27.5% W
Weighted-Average Common Shares Outstanding - Basic	96,484	91,397	5,087	5.6%
Weighted-Average Common Shares Outstanding - Diluted	96,590	91,532	5,058	5.5%
Earnings Per Weighted-Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 2.31	\$ 2.70	\$ (0.39)	14.4% W
Net Income - Basic	\$ 1.83	\$ 2.66	\$ (0.83)	31.2% W
Income From Continuing Operations - Diluted	\$ 2.31	\$ 2.69	\$ (0.38)	14.1% W
Net Income - Diluted	\$ 1.82	\$ 2.66	\$ (0.84)	31.6% W

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