NEWS PINNACLE WEST CAPITAL CORPORATION

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PINNACLE WEST REPORTS 2009 FIRST-QUARTER LOSS

Real Estate Charges Drive Consolidated Results;
Milder Weather and Increased Costs Contribute to Lower APS Results

PHOENIX – Pinnacle West Capital Corp. (NYSE: PNW) today reported a consolidated net loss attributable to common shareholders for the quarter ended March 31, 2009, of $156.5 million, or $1.55 per diluted share of common stock, compared with a net loss attributable to common shareholders of $4.5 million, or $0.04 per diluted share, for the same quarter in 2008. The lower results were driven largely by previously announced real estate charges, as well as rising costs incurred by Arizona Public Service (APS) related to its electric system expansion, and the effects of milder weather.

Excluding the real estate charges, Pinnacle West recorded a consolidated on-going loss of $29.1 million or $0.29 per share in the 2009 first quarter compared with a consolidated on-going loss of $4.5 million, or $0.04 per share, in the comparable 2008 quarter.

APS, the company's principal subsidiary, reported a quarterly net loss of $15.5 million, compared with a net loss of $6.4 million for the 2008 first quarter. In addition to the impact of milder weather, the utility's results were negatively impacted by lower mark-to-market valuations of fuel and power contracts, and higher costs related to continuing infrastructure additions and improvements. These items more than offset an interim retail electricity price increase implemented at the beginning of this year and transmission rate increases implemented in 2008.

"Even with the current economy, Arizona is still growing. With today's growth and an eventual economic rebound, APS expects to add another 600,000 customers by 2025 – a 55 percent increase over current levels," said Chairman Don Brandt. "We must continue preparing to meet this demand by investing in new infrastructure and technologies to ensure our customers' energy future continues to be highly reliable, as well as cleaner, more efficient and more responsive than ever before. To accomplish these goals, we will maintain a keen focus on energy efficiency, renewable energy expansion, productivity, customer technologies and financial strength."

As announced in early April, the Company's real estate subsidiary, SunCor, initiated a plan to dispose of a majority of its real estate assets through a series of strategic transactions. As a result of that decision, Pinnacle West's reported consolidated results for the 2009 first quarter include real estate charges totaling $127.4 million after-tax. Execution of the restructuring plan is currently underway and will allow SunCor to maximize the value of its assets, concentrate on the Phoenix market, and substantially eliminate SunCor's outstanding debt. The company currently plans to complete the transactions in 2009.

For more information on Pinnacle West's operating statistics and earnings, please visit www.pinnaclewest.com/investors.

Conference Call
Pinnacle West invites interested parties to listen to the live web cast of management's conference call to discuss the Company's 2009 first-quarter results and recent developments at 12 noon (ET) today, May 5. The web cast can be accessed at www.pinnaclewest.com/presentations and will be available for replay on the web site for 30 days. To access the live conference call by telephone, dial (877) 356-3961 and enter Conference ID Number 94112207. A replay of the call also will be available until 11:55 p.m. (ET), Tuesday, May 12, 2009, by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally and entering the same Conference ID number as above.

Pinnacle West is a Phoenix-based company with consolidated assets of about $11.4 billion. Through its subsidiaries, the Company generates, sells and delivers electricity and sells energy-related products and services to retail and wholesale customers in the western United States. It also develops residential, commercial, and industrial real estate projects.

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PINNACLE WEST CAPITAL CORPORATION
NON-GAAP FINANCIAL MEASURE RECONCILIATION
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS
(GAAP MEASURE) TO ON-GOING LOSS (NON-GAAP FINANCIAL MEASURE)

	Three Months Ended March 31, 2009		Three Months Ended March 31, 2008	
	$ in Millions	Diluted EPS	$ in Millions	Diluted EPS
Net Loss Attributable to Common Shareholders	$ (156.5)	$ (1.55)	$ (4.5)	$ (0.04)
Adjustment:				
Real estate impairment and related charges	127.4	1.26	---	---
On-going Loss	$ (29.1)	$ (0.29)	$ (4.5)	$ (0.04)

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

	THREE MONTHS ENDED MARCH 31, 2009	THREE MONTHS ENDED MARCH 31, 2008	Increase (Decrease) Amount	Increase (Decrease) Percent	
Operating Revenues					
Regulated electricity segment	$ 602,578	$ 622,801	$ (20,223)	3.2%	W
Real estate segment	18,366	26,266	(7,900)	30.1%	W
Marketing and trading	-	30,452	(30,452)	100.0%	W
Other revenues	8,449	8,737	(288)	3.3%	W
Total	629,393	688,256	(58,863)	8.6%	W
Operating Expenses					
Regulated electricity segment fuel and purchased power	247,388	269,378	(21,990)	8.2%	B
Real estate segment operations	30,281	30,957	(676)	2.2%	B
Real estate impairment charge	211,306	-	211,306	100.0%	W
Marketing and trading fuel and purchased power	-	23,986	(23,986)	100.0%	B
Operations and maintenance	207,531	193,023	14,508	7.5%	W
Depreciation and amortization	99,921	95,594	4,327	4.5%	W
Taxes other than income taxes	34,128	33,152	976	2.9%	W
Other expenses	6,467	5,938	529	8.9%	W
Total	837,022	652,028	184,994	28.4%	W
Operating Income (Loss)	(207,629)	36,228	(243,857)	673.1%	W
Other					
Allowance for equity funds used during construction	4,992	6,124	(1,132)	18.5%	W
Other income	380	3,839	(3,459)	90.1%	W
Other expense	(9,741)	(4,896)	(4,845)	99.0%	W
Total	(4,369)	5,067	(9,436)	186.2%	W
Interest Expense					
Interest charges	55,806	54,702	1,104	2.0%	W
Capitalized interest	(3,834)	(5,679)	1,845	32.5%	W
Total	51,972	49,023	2,949	6.0%	W
Loss From Continuing Operations Before Income Taxes	(263,970)	(7,728)	(256,242)	3315.8%	W
Income Taxes	(96,174)	(1,541)	(94,633)	6141.0%	B
Loss From Continuing Operations	(167,796)	(6,187)	(161,609)	2612.1%	W
Income (Loss) From Discontinued Operations Net of Income Taxes	(2,924)	1,714	(4,638)	270.6%	W
Net Loss	(170,720)	(4,473)	(166,247)	3716.7%	W
Less: Net loss attributable to noncontrolling interests	(14,210)	-	(14,210)	100.0%	W
Net Loss Attributable To Common Shareholders	$ (156,510)	$ (4,473)	$ (152,037)	3399.0%	W
Weighted-Average Common Shares Outstanding - Basic	100,986	100,521	465	0.5%	
Weighted-Average Common Shares Outstanding - Diluted	100,986	100,521	465	0.5%	
Earnings Per Weighted-Average Common Share Outstanding					
Loss from continuing operations attributable to common shareholders - basic	$ (1.52)	$ (0.06)	$ (1.46)	2433.3%	W
Net loss attributable to common shareholders - basic	$ (1.55)	$ (0.04)	$ (1.51)	3775.0%	W
Loss from continuing operations attributable to common shareholders - diluted	$ (1.52)	$ (0.06)	$ (1.46)	2433.3%	W
Net loss attributable to common shareholders - diluted	$ (1.55)	$ (0.04)	$ (1.51)	3775.0%	W
Amounts Attributable To Common Shareholders					
Loss from continuing operations, net of tax	$ (153,586)	$ (6,187)	$ (147,399)	2382.4%	W
Discontinued operations, net of tax	(2,924)	1,714	(4,638)	270.6%	W
Net loss attributable to common shareholders	$ (156,510)	$ (4,473)	$ (152,037)	3399.0%	W

B -- Better
W -- Worse