

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

	THREE MONTHS ENDED		Increase (Decrease)	
	June 30,		Amount	Percent
	2004	2003		
Operating Revenues				
Regulated electricity segment	\$ 519,929	\$ 498,751	\$ 21,178	4.2% B
Marketing and trading segment	115,240	101,175	14,065	13.9% B
Real estate segment	67,300	57,189	10,111	17.7% B
Other revenues	<u>20,217</u>	<u>26,187</u>	<u>(5,970)</u>	22.8% W
Total	<u>722,686</u>	<u>683,302</u>	<u>39,384</u>	5.8% B
Operating Expenses				
Regulated electricity segment purchased power and fuel	151,642	116,227	35,415	30.5% W
Marketing and trading segment purchased power and fuel	94,120	81,398	12,722	15.6% W
Operations and maintenance	140,245	141,519	(1,274)	0.9% B
Real estate segment operations	62,605	53,942	8,663	16.1% W
Depreciation and amortization	104,241	107,076	(2,835)	2.6% B
Taxes other than income taxes	32,532	28,149	4,383	15.6% W
Other expenses	<u>16,141</u>	<u>22,509</u>	<u>(6,368)</u>	28.3% B
Total	<u>601,526</u>	<u>550,820</u>	<u>50,706</u>	9.2% W
Operating Income	<u>121,160</u>	<u>132,482</u>	<u>(11,322)</u>	8.5% W
Other				
Allowance for equity funds used during construction	2,184	-	2,184	N/A B
Other income	36,541	2,698	33,843	1254.4% B
Other expense	<u>(4,067)</u>	<u>(5,157)</u>	<u>1,090</u>	21.1% B
Total	<u>34,658</u>	<u>(2,459)</u>	<u>37,117</u>	1509.4% B
Interest Expense				
Interest charges	44,854	51,117	(6,263)	12.3% B
Capitalized interest	<u>(4,120)</u>	<u>(11,231)</u>	<u>7,111</u>	63.3% W
Total	<u>40,734</u>	<u>39,886</u>	<u>848</u>	2.1% W
Income From Continuing Operations Before Income Taxes	115,084	90,137	24,947	27.7% B
Income Taxes	<u>44,027</u>	<u>35,248</u>	<u>8,779</u>	24.9% W
Income From Continuing Operations	71,057	54,889	16,168	29.5% B
Income from Discontinued Operations				
Net of Income Tax Expense	<u>313</u>	<u>1,253</u>	<u>(940)</u>	75.0% W
Net Income	<u>\$ 71,370</u>	<u>\$ 56,142</u>	<u>\$ 15,228</u>	27.1% B
Weighted-Average Common Shares Outstanding - Basic	91,315	91,258	57	0.1%
Weighted-Average Common Shares Outstanding - Diluted	91,400	91,450	(50)	0.1%
Earnings Per Weighted-Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 0.78	\$ 0.60	\$ 0.18	30.0% B
Net Income - Basic	\$ 0.78	\$ 0.62	\$ 0.16	25.8% B
Income From Continuing Operations - Diluted	\$ 0.78	\$ 0.60	\$ 0.18	30.0% B
Net Income - Diluted	\$ 0.78	\$ 0.61	\$ 0.17	27.9% B

Certain prior year amounts have been restated to conform to the 2004 presentation.

B -- Better

W -- Worse

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

	SIX MONTHS ENDED		Increase (Decrease)	
	June 30,		Amount	Percent
	2004	2003		
Operating Revenues				
Regulated electricity segment	\$ 935,393	\$ 878,429	\$ 56,964	6.5% B
Marketing and trading segment	203,623	217,881	(14,258)	6.5% W
Real estate segment	118,893	97,877	21,016	21.5% B
Other revenues	<u>39,146</u>	<u>41,758</u>	<u>(2,612)</u>	6.3% W
Total	<u>1,297,055</u>	<u>1,235,945</u>	<u>61,110</u>	4.9% B
Operating Expenses				
Regulated electricity segment purchased power and fuel	240,253	185,616	54,637	29.4% W
Marketing and trading segment purchased power and fuel	161,884	179,006	(17,122)	9.6% B
Operations and maintenance	278,901	274,636	4,265	1.6% W
Real estate segment operations	110,295	94,101	16,194	17.2% W
Depreciation and amortization	205,745	212,474	(6,729)	3.2% B
Taxes other than income taxes	62,862	56,645	6,217	11.0% W
Other expenses	<u>32,584</u>	<u>31,730</u>	<u>854</u>	2.7% W
Total	<u>1,092,524</u>	<u>1,034,208</u>	<u>58,316</u>	5.6% W
Operating Income	<u>204,531</u>	<u>201,737</u>	<u>2,794</u>	1.4% B
Other				
Allowance for equity funds used during construction	4,186	-	4,186	N/A B
Other income	47,953	8,353	39,600	474.1% B
Other expense	<u>(10,012)</u>	<u>(9,288)</u>	<u>(724)</u>	7.8% W
Total	<u>42,127</u>	<u>(935)</u>	<u>43,062</u>	4605.6% B
Interest Expense				
Interest charges	95,210	98,968	(3,758)	3.8% B
Capitalized interest	<u>(9,031)</u>	<u>(21,210)</u>	<u>12,179</u>	57.4% W
Total	<u>86,179</u>	<u>77,758</u>	<u>8,421</u>	10.8% W
Income From Continuing Operations Before Income Taxes	160,479	123,044	37,435	30.4% B
Income Taxes	<u>59,654</u>	<u>48,002</u>	<u>11,652</u>	24.3% W
Income From Continuing Operations	100,825	75,042	25,783	34.4% B
Income from Discontinued Operations				
Net of Income Tax Expense	<u>701</u>	<u>6,398</u>	<u>(5,697)</u>	89.0% W
Net Income	<u>\$ 101,526</u>	<u>\$ 81,440</u>	<u>\$ 20,086</u>	24.7% B
Weighted-Average Common Shares Outstanding - Basic	91,304	91,257	47	0.1%
Weighted-Average Common Shares Outstanding - Diluted	91,391	91,402	(11)	0.0%
Earnings Per Weighted-Average Common Share Outstanding				
Income From Continuing Operations - Basic	\$ 1.10	\$ 0.82	\$ 0.28	34.1% B
Net Income - Basic	\$ 1.11	\$ 0.89	\$ 0.22	24.7% B
Income From Continuing Operations - Diluted	\$ 1.10	\$ 0.82	\$ 0.28	34.1% B
Net Income - Diluted	\$ 1.11	\$ 0.89	\$ 0.22	24.7% B

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