

PINNACLE WEST CAPITAL CORP

FORM U-3A-2

(Statement of exemption by Public Utility Company)

Filed 02/28/02 for the Period Ending 12/31/01

Address	400 NORTH FIFTH STREET MS8695 PHOENIX, AZ 85004
Telephone	602 250 1000
CIK	0000764622
Symbol	PNW
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

PINNACLE WEST CAPITAL CORP

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Filed 2/28/2002 For Period Ending 12/31/2001

Address	400 NORTH FIFTH STREET . PHOENIX, Arizona 85004
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM U-3A-2

STATEMENT BY HOLDING COMPANY
CLAIMING EXEMPTION UNDER RULE U-3A-2
FROM THE PROVISIONS OF THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

To Be Filed Annually Prior to March 1

Pinnacle West Capital Corporation

(Name of Company)

hereby files with the Securities and Exchange Commission, pursuant to Rule 2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935, and submits the following information:

1. NAME, STATE OF ORGANIZATION, LOCATION AND NATURE OF BUSINESS OF CLAIMANT AND EVERY SUBSIDIARY THEREOF, OTHER THAN ANY EXEMPT WHOLESALE GENERATOR (EWG) OR FOREIGN UTILITY COMPANY IN WHICH CLAIMANT DIRECTLY OR INDIRECTLY HOLDS AN INTEREST.

Pinnacle West Capital Corporation ("Claimant"), having been incorporated on February 20, 1985 under the laws of the State of Arizona, and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized principally to acquire and hold securities of other corporations for investment purposes. The following are the subsidiaries of the Claimant:

a. Arizona Public Service Company ("APS" or the "Company"), is engaged principally in serving electricity in the State of Arizona. Incorporated in 1920 under the laws of the State of Arizona and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, APS became a subsidiary of the Claimant pursuant to a corporate restructuring plan approved by the Company's shareholders on April 18, 1985.

(1) AXIOM Power Solutions, Inc. ("AXIOM") -- an Arizona corporation having been incorporated on October 29, 1996 and having its principal executive offices at 400 E. Van Buren, Phoenix, Arizona 85004, was organized primarily to sell security and energy management products and services. AXIOM is a wholly-owned subsidiary of APS.

(2) Bixco, Inc. ("Bixco") -- an Arizona corporation having been incorporated on June 4, 1971 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized primarily to conduct exploration activities for energy resources and other valuable minerals. Subsequent to the sale of its oil and natural gas properties in 1981, Bixco has been inactive. Bixco is a wholly-owned subsidiary of APS.

(3) PWENewco, Inc. ("PWENewco") - an Arizona corporation having been incorporated on January 30, 2001 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized primarily to own real and personal property. PWENewco is a wholly-owned subsidiary of APS.

b. APS Energy Services Company, Inc. ("APSES") -- an Arizona corporation having been incorporated on November 6, 1998 and having its principal executive offices at 400 E. Van Buren, Phoenix, Arizona 85004, was organized primarily to sell energy, products and services. APSES is a wholly-owned subsidiary of the Claimant.

c. SunCor Development Company ("SunCor") - an Arizona corporation having been incorporated on June 30, 1965 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, is a wholly-owned subsidiary of Claimant engaged primarily in the owning, holding and development of real property.

(1) SunCor Golf, Inc. ("SunCor Golf") (previously named "SunCor Resort & Golf Management, Inc." and "SunCor Farms, Inc.") -- an Arizona corporation having been incorporated on December 31, 1986 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, operates and manages golf, food and beverage for the Coral Canyon Golf Course, Sedona Golf Resort, StoneRidge Golf Club, SunRidge Canyon Golf Club, Sanctuary Golf Club at West World and Palm Valley Golf Club. SunCor Golf is a wholly-owned subsidiary of SunCor.

(2) Litchfield Park Service Company ("LPSCO") -- an Arizona corporation having been incorporated on September 21, 1954 and having its principal executive offices at 111 West Wigwam Boulevard, Suite B, Litchfield Park, Arizona 85340, is a regulated public utility engaged in providing water and sewer services to commercial and residential customers. LPSCO became a wholly-owned subsidiary of SunCor on December 31, 1986.

(3) Golden Heritage Homes, Inc. ("Golden Heritage Homes") -- (previously named "SunCor Homes, Inc.", "LGR, Inc." and "WGP Realty, Inc.") an Arizona corporation having been incorporated on May 14, 1986 and having its principal executive offices at 7025 East Greenway Parkway, Suite 100, Scottsdale, Arizona 85254, builds and sells single family residential real property. Golden Heritage Homes is a wholly-owned subsidiary of SunCor.

(4) Golden Heritage Construction, Inc. ("GH Construction") -- an Arizona corporation having been incorporated on December 30, 1993 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, was organized to serve as a general residential contractor. GH Construction became a wholly-owned subsidiary of Golden Heritage Homes, Inc. on January 1, 1996.

(5) SCM, Inc. ("SCM") -- an Arizona corporation having been incorporated on May 14, 1991 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix,

Arizona 85012, was organized to participate in real estate joint ventures and other real estate related activities. SCM is a wholly-owned subsidiary of SunCor.

(6) Golf de Mexico, S.A. DE C.V. ("Golf de Mexico") -- a Mexican variable capital corporation having been incorporated on February 8, 1992 in Tijuana, Baja California, Mexico, and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, was organized to operate and manage the Real del Mar Golf Course in Mexico. Golf de Mexico has been inactive since 1997.

(7) SunCor Realty & Management Company ("SunCor Realty") -- (previously named Russell Ranch Development Company) an Arizona corporation having been incorporated on April 1, 1994 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012 was organized to participate in real estate management and other real estate related activities. SunCor Realty is a wholly-owned subsidiary of SunCor.

(8) Palm Valley Golf Club, Inc. ("Palm Valley Golf") -- an Arizona corporation having been incorporated on January 23, 1996 and having its principal executive offices at 3838 North Central Avenue, Suite 1500, Phoenix, Arizona 85012, was organized to hold title to the Palm Valley Golf Course. Palm Valley Golf is a wholly-owned subsidiary of SunCor.

(9) Rancho Viejo de Santa Fe, Inc. ("Rancho Viejo") -- a New Mexico corporation having been incorporated on March 18, 1996 and having its principal executive offices at 1590-B Pacheco Street, Santa Fe, New Mexico 87505, was organized to engage in real estate development in New Mexico. Rancho Viejo is a wholly-owned subsidiary of SunCor.

(10) Ranchland Utility Company ("Ranchland") -- a New Mexico corporation having been incorporated on September 5, 1997 and having its principal executive offices at 1590-B Pacheco Street, Santa Fe, New Mexico 87505 is a waste water utility. Ranchland is a wholly-owned subsidiary of Rancho Viejo.

d. El Dorado Investment Company -- an Arizona corporation having been incorporated on July 27, 1983 and having its principal executive offices at 400 East Van Buren, Suite 800, Phoenix, Arizona 85004, is a wholly-owned subsidiary of Claimant engaged primarily in the

acquisition and holding of stocks and securities of other companies for investment purposes.

e. Pinnacle West Energy Corporation ("PWEC") - an Arizona corporation having been incorporated on September 27, 1999, and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized primarily for the development, production and sale of wholesale energy. PWEC is a wholly-owned subsidiary of the Claimant.

2. A BRIEF DESCRIPTION OF THE PROPERTIES OF CLAIMANT AND EACH OF ITS SUBSIDIARY PUBLIC UTILITY COMPANIES USED FOR THE GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY FOR SALE, OR FOR THE PRODUCTION, TRANSMISSION AND DISTRIBUTION OF NATURAL OR MANUFACTURED GAS, INDICATING THE LOCATION OF PRINCIPAL GENERATING PLANTS, TRANSMISSION LINES, PRODUCING FIELDS, GAS MANUFACTURING PLANTS AND ELECTRIC AND GAS DISTRIBUTION FACILITIES, INCLUDING ALL SUCH PROPERTIES WHICH ARE OUTSIDE THE STATE IN WHICH CLAIMANT AND ITS SUBSIDIARIES ARE ORGANIZED AND ALL TRANSMISSION OR PIPELINES WHICH DELIVER OR RECEIVE ELECTRIC ENERGY OR GAS AT THE BORDERS OF SUCH STATE.

Neither the Claimant nor any of its subsidiaries own property used for the production, transmission and distribution of natural or manufactured gas. APS and PWEC, each a "public utility company" as that term is defined in the Public Utility Holding Company Act of 1935, are the only two of Claimant's subsidiaries that own property used for the generation, transmission or distribution of electric energy for sale.

Exhibit D attached hereto shows the location of (i) APS' major generating plants (including those owned jointly with others), principal transmission lines (including those operated for others) and interconnections of transmission lines with out-of-state utilities at state lines; and (ii) PWEC's major generating plant. All of such facilities, except the Four Corners Generating Station ("Four Corners"), and all of APS' distribution facilities, are located within the State of Arizona. Four Corners is a mine-mouth power plant, located in the northwest corner of New Mexico, near the city of Farmington, approximately 40 miles east of the Arizona-New Mexico border.

Claimant's present generating facilities have an accredited capacity aggregating 4,094,885 kilowatts, comprised as follows:

APS

APS' present generating facilities have an accredited capacity as follows:

	Capacity(kW)

Coal:	
Units 1, 2, and 3 at Four Corners.....	560,000
15% owned Units 4 and 5 at Four Corners.....	222,000
Units 1, 2, and 3 at Cholla Plant.....	615,000
14% owned Units 1, 2, and 3 at the Navajo Plant.....	315,000

	1,712,000

Gas or Oil:	
Two steam units at Ocotillo and two steam units at Saguaro...	430,000(1)
Eleven combustion turbine units.....	493,000
Three combined cycle units.....	255,000

	1,178,000

Nuclear:	
29.1% owned or leased Units 1, 2, and 3 at Palo Verde.....	1,086,300

Hydro and Solar.....	6,585

PINNACLE WEST ENERGY

PWEC's present generating facility has an accredited capacity as follows:

Gas or Oil:	
One combined cycle unit.....	112,000

Total	4,094,885

 (1) West Phoenix steam units (108,300 kW) are currently mothballed.

APS' transmission facilities consist of approximately 4,908 pole miles of overhead lines and approximately 20 miles of underground lines, all of which are located within the State of Arizona. APS' distribution facilities consist of approximately 11,888 pole miles of overhead lines and approximately 11,834 miles of underground lines, all of which are located within the State of Arizona.

3. THE FOLLOWING INFORMATION FOR THE LAST CALENDAR YEAR WITH RESPECT TO CLAIMANT AND EACH OF ITS SUBSIDIARY PUBLIC UTILITY COMPANIES:

(DATA IS NOT MAINTAINED IN A FORMAT IDENTIFYING THE STATE IN WHICH THE SALES AND PURCHASES ARE MADE OR THE AMOUNT OF THEIR ASSOCIATED REVENUES OR EXPENSES.)

A. NUMBER OF KWH OF ELECTRIC ENERGY SOLD (AT RETAIL OR WHOLESALE), AND MCF. OF NATURAL OR MANUFACTURED GAS DISTRIBUTED AT RETAIL.

43,606,848,000 kwh of electric energy sold at wholesale or retail

0 Mcf. of natural or manufactured gas distributed at wholesale or retail

B. NUMBER OF KWH OF ELECTRIC ENERGY AND MCF. OF NATURAL OR MANUFACTURED GAS DISTRIBUTED AT RETAIL OUTSIDE THE STATE IN WHICH EACH SUCH COMPANY IS ORGANIZED.

65,235,000 kwh of electric energy was distributed at retail outside Arizona

0 Mcf. of natural or manufactured gas distributed at retail outside Arizona

C. NUMBER OF KWH OF ELECTRIC ENERGY AND MCF. OF NATURAL OR MANUFACTURED GAS SOLD AT WHOLESALE OUTSIDE THE STATE IN WHICH EACH SUCH COMPANY IS ORGANIZED, OR AT THE STATE LINE.

2,373,985,000 kwh of electric energy was sold at wholesale outside Arizona or at state line (excluding power marketing activities).

3,358,145 Mcf. of natural or manufactured gas sold at wholesale outside Arizona or at state line (excluding power marketing activities).

D. NUMBER OF KWH OF ELECTRIC ENERGY AND MCF. OF NATURAL OR MANUFACTURED GAS PURCHASED OUTSIDE THE STATE IN WHICH EACH SUCH COMPANY IS ORGANIZED OR AT THE STATE LINE.

1,092,701,000 kwh of electric energy was purchased outside Arizona or at state line (excluding power marketing activities).

32,180,580 Mcf. of natural or manufactured gas purchased outside Arizona or at state line (excluding power marketing activities).

4. THE FOLLOWING INFORMATION FOR THE REPORTING PERIOD WITH RESPECT TO CLAIMANT AND EACH INTEREST IT HOLDS DIRECTLY OR INDIRECTLY IN AN EWG OR A FOREIGN UTILITY COMPANY, STATING MONETARY AMOUNTS IN UNITED STATES DOLLARS:

The Claimant holds no interest, direct or indirect, in an EWG or a foreign utility company.

A. NAME, LOCATION, BUSINESS ADDRESS AND DESCRIPTION OF THE FACILITIES USED BY THE EWG OR FOREIGN UTILITY COMPANY FOR THE GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY FOR SALE OR FOR THE DISTRIBUTION AT RETAIL OF NATURAL OR MANUFACTURED GAS.

Not applicable.

B. NAME OF EACH SYSTEM COMPANY THAT HOLDS AN INTEREST IN SUCH EWG OR FOREIGN UTILITY COMPANY; AND DESCRIPTION OF THE INTEREST HELD.

Not applicable.

C. TYPE AND AMOUNT OF CAPITAL INVESTED, DIRECTLY OR INDIRECTLY, BY THE HOLDING COMPANY CLAIMING EXEMPTION; ANY DIRECT OR INDIRECT GUARANTEE OF THE SECURITY OF THE EWG OR FOREIGN UTILITY COMPANY BY THE HOLDING COMPANY CLAIMING EXEMPTION; AND ANY DEBT OR OTHER FINANCIAL OBLIGATION FOR WHICH THERE IS RECOURSE, DIRECTLY OR INDIRECTLY, TO THE HOLDING COMPANY CLAIMING EXEMPTION OR ANOTHER SYSTEM COMPANY, OTHER THAN THE EWG OR FOREIGN UTILITY COMPANY.

Not applicable.

D. CAPITALIZATION AND EARNINGS OF THE EWG OR FOREIGN UTILITY COMPANY DURING THE REPORTING PERIOD.

Not applicable.

E. IDENTIFY ANY SERVICE, SALES OR CONSTRUCTION CONTRACT(S) BETWEEN THE EWG OR FOREIGN UTILITY COMPANY AND A SYSTEM COMPANY, AND DESCRIBE THE SERVICES TO BE RENDERED OR GOODS SOLD AND FEES OR REVENUES UNDER SUCH AGREEMENT(S).

Not applicable.

EXHIBIT A

A CONSOLIDATING STATEMENT OF INCOME AND SURPLUS OF THE CLAIMANT AND ITS SUBSIDIARY COMPANIES FOR THE LAST CALENDAR YEAR, TOGETHER WITH A CONSOLIDATING BALANCE SHEET OF CLAIMANT AND ITS SUBSIDIARY COMPANIES AS OF THE CLOSE OF SUCH CALENDAR YEAR.

Exhibit A hereto includes consolidating statements of income and consolidating balance sheets for the Claimant and the following of its subsidiaries: Arizona Public Service Company, SunCor Development Company, El Dorado Investment Company, APS Energy Services Company, Inc. and Pinnacle West Energy Corporation. Subsidiaries have been consolidated for financial reporting purposes in accordance with Statement of Financial Accounting Standards No. 94, CONSOLIDATION OF ALL MAJORITY-OWNED SUBSIDIARIES. Also included are consolidating statements of income and consolidating balance sheets for SunCor Development Company and its subsidiaries.

EXHIBIT B

**AN ORGANIZATIONAL CHART SHOWING THE RELATIONSHIP OF EACH EWG OR FOREIGN
UTILITY COMPANY TO ASSOCIATE COMPANIES IN THE HOLDING-COMPANY SYSTEM.**

Not applicable.

EXHIBIT C

In accordance with Item 304 of Regulation S-T of the Securities Exchange Act of 1934, APS' Service Territory map contained as Exhibit C to this Form U-3A-2 is a map of the State of Arizona showing APS' service area, the location of its major power plants and principal transmission lines, the location of Pinnacle West Energy's power plant and the location of transmission lines operated by APS for others. APS' major power plants shown on such map are the Navajo Generating Station located in Coconino County, Arizona; the Four Corners Power Plant located near Farmington, New Mexico; the Cholla Power Plant, located in Navajo County, Arizona; the Yucca Power Plant, located near Yuma, Arizona; and the Palo Verde Nuclear Generating Station, located about 55 miles west of Phoenix, Arizona (each of which plants is reflected on such map as being jointly owned with other utilities), as well as the Ocotillo Power Plant and the West Phoenix Power Plant, each located near Phoenix, Arizona, and the Saguaro Power Plant, located near Tucson, Arizona. PWEC's power plant shown on such map is Unit 4 of the West Phoenix Power Plant located near Phoenix, Arizona. APS' major transmission lines shown on such map are reflected as running between the power plants named above and certain major cities in the State of Arizona. The transmission lines operated for others shown on such map are reflected as running from the Four Corners Plant through a portion of northern Arizona to the California border.

The above-named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 28th day of February, 2002.

Pinnacle West Capital Corporation

(Name of Claimant)

By Barbara M. Gomez

Barbara M. Gomez Treasurer

[CORPORATE SEAL]

Attest:

Betsy A. Pregulman

Betsy A. Pregulman

Associate Secretary

Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed:

Barbara M. Gomez

(Name)

Treasurer

(Title)

400 North Fifth Street, Station 9996, Phoenix, Arizona 85004

(Address)

Exhibit B

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET
 12/31/01
 (THOUSANDS OF DOLLARS)

(UNAUDITED)

	PWCC	APS	PWMT	SUNCOR	ELDO
	-----	-----	-----	-----	-----
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	472	16,821	145	9,176	44
Customer and other receivables-net	754,736	332,107	134,115	10,568	12,547
Accrued utility revenue		76,131			
Materials and supplies		81,215			
Fossil fuel		27,023			
Assets from risk management activities		10,097	56,876		
Other current assets	3,344	42,009		33,729	
	-----	-----	-----	-----	-----
Total current assets	758,552	585,403	191,136	53,473	12,591
	-----	-----	-----	-----	-----
INVESTMENTS AND OTHER ASSETS					
Real estate investments, net				430,107	
Assets from Risk Management Activities-Long Term		3,363	196,416		
Other assets	2,732,859	278,358	572	4,029	10,137
	-----	-----	-----	-----	-----
Total investments and other	2,732,859	281,721	196,988	434,136	10,137
	-----	-----	-----	-----	-----
PROPERTY, PLANT AND EQUIPMENT					
Plant in service		8,105,106			
Nuclear Fuel		49,282			
Construction work in progress		321,305	4,459		
	-----	-----	-----	-----	-----
Total		8,475,693	4,459		
Less accumulated depreciation and amortization		3,374,098			
	-----	-----	-----	-----	-----
Net Property, Plant and Equipment		5,101,595	4,459		
	-----	-----	-----	-----	-----
DEFERRED DEBITS					
Deferred income taxes				25,091	
Regulatory assets		342,383			
Other deferred debits		55,952	(98)	5,403	
	-----	-----	-----	-----	-----
Total deferred debits		398,335	(98)	30,494	
	-----	-----	-----	-----	-----
TOTAL ASSETS	3,491,411	6,367,054	392,485	518,103	22,728
	=====	=====	=====	=====	=====

ELIMINATIONS AND ADJUSTING ENTRIES

	PWE	ENERGY SERVICES	DEBIT	CREDIT	TOTAL
	-----	-----	-----	-----	-----
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	534	1,427			28,619
Customer and other receivables-net	5,230	40,489		959,587(b,h)	330,205
Accrued utility revenue					76,131
Materials and supplies					81,215
Fossil fuel					27,023
Assets from risk management activities					66,973
Other current assets	3	1,118			80,203
	-----	-----	-----	-----	-----
Total current assets	5,767	43,034		959,587	690,369
	-----	-----	-----	-----	-----
INVESTMENTS AND OTHER ASSETS					
Real estate investments, net			4,753(d)	16,187(c)	418,673
Assets from Risk Management Activities-Long Term					199,779
Other assets		320		2,704,679(a,d,f)	321,596
	-----	-----	-----	-----	-----
Total investments and other		320	4,753	2,720,866	940,048
	-----	-----	-----	-----	-----

PROPERTY, PLANT AND EQUIPMENT					
Plant in service	76,135	22,647			8,203,888
Nuclear Fuel					49,282
Construction work in progress	700,335	6,135			1,032,234
	-----	-----			-----
Total	776,470	28,782			9,285,404
Less accumulated depreciation and amortization	2,061	1,930			3,378,089
	-----	-----			-----
Net Property, Plant and Equipment	774,409	26,852			5,907,315
	-----	-----	-----	-----	-----
DEFERRED DEBITS					
Deferred income taxes				25,091 (g)	
Regulatory assets					342,383
Other deferred debits	429		2,911 (f)		64,597
	-----	-----	-----	-----	-----
Total deferred debits	429		2,911	25,091	406,980
	-----	-----	-----	-----	-----
TOTAL ASSETS	780,605	70,206	7,664	3,705,544	7,944,712
	=====	=====	=====	=====	=====

**PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET**

December 31, 2001

(THOUSANDS OF DOLLARS)

(UNAUDITED)

	PWCC	APS	PWMT	SUNCOR	ELDO
	-----	-----	-----	-----	-----
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable	21,358	98,959	74,683	17,268	546
Accrued taxes	6,355	105,352	(17,563)	1,150	3,820
Accrued interest	7,160	41,043		603	
Short-term borrowings	246,000				
Commerical paper, net		171,162			
Current maturities of long-term debt	357	125,451		332	
Customer Deposits		28,664		1,568	
Deferred income taxes		3,244			
Liabilities from risk management activities		21,840	14,154		
Other current liabilities	32,445	117,770	144,926	26,808	737
	-----	-----	-----	-----	-----
Total current liabilities	313,675	713,485	216,200	47,729	5,103
	-----	-----	-----	-----	-----
NON-CURRENT LIABILITIES					
Long-term debt less current maturities	575,710	1,949,074		148,294	
	-----	-----	-----	-----	-----
Total	575,710	1,949,074		148,294	
	-----	-----	-----	-----	-----
DEFERRED CREDITS AND OTHER					
Liabilities from Risk Management Activities-Long Term		95,159	112,417		
Deferred income taxes	22,913	1,025,322	38,864		1,051
Unamortized gain-sale of utility plant		64,060			
Other deferred credits	15,225	369,264	(7,740)		
	-----	-----	-----	-----	-----
Total deferred credits	38,138	1,553,805	143,541		1,051
	-----	-----	-----	-----	-----
COMMITMENTS AND CONTINGENCIES					
Joint Ventures of SunCor				16,187	
	-----	-----	-----	-----	-----
COMMON STOCK EQUITY:					
Common stock	2,004,139	1,424,966		356,391	14,046
Accumulated Other Comprehensive Income		(64,565)			
Retained Earnings	559,749	790,289	32,744	(50,498)	2,528
	-----	-----	-----	-----	-----
Total	2,563,888	2,150,690	32,744	305,893	16,574
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND EQUITY	3,491,411	6,367,054	392,485	518,103	22,728
	=====	=====	=====	=====	=====

ELIMINATIONS

	PWE	ENERGY SERVICES	DEBIT	CREDIT	TOTAL
	-----	-----	-----	-----	-----
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable	35,060	21,251			269,125
Accrued taxes	(3,040)	145			96,219
Accrued interest					48,806
Short-term borrowings			11,400(h)		234,600
Commerical paper, net					171,162
Current maturities of long-term debt					126,140
Customer Deposits					30,232
Deferred income taxes					3,244
Liabilities from risk management activities					35,994
Other current liabilities	662,510	5,892	953,226(b,e)		37,862
	-----	-----	-----	-----	-----
Total current liabilities	694,530	27,288	964,626		1,053,384
	-----	-----	-----	-----	-----
NON-CURRENT LIABILITIES					
Long-term debt less current maturities					2,673,078

Total	-----	-----	-----	-----	-----	2,673,078
DEFERRED CREDITS AND OTHER						
Liabilities from Risk Management Activities-Long Term						207,576
Deferred income taxes	2,444		25,091(g)			1,065,503
Unamortized gain-sale of utility plant						64,060
Other deferred credits				5,039(e)		381,788
Total deferred credits	2,444		25,091	5,039		1,718,927
COMMITMENTS AND CONTINGENCIES						
Joint Ventures of SunCor			16,187(c)			
COMMON STOCK EQUITY:						
Common stock	68,096	75,246	2,411,846(a)			1,531,038
Accumulated Other Comprehensive Income						(64,565)
Retained Earnings	15,535	(32,328)		(285,169)(a)		1,032,850
Total	83,631	42,918	2,411,846	(285,169)		2,499,323
TOTAL LIABILITIES AND EQUITY	780,605	70,206	3,417,750	(280,130)		7,944,712
	=====	=====	=====	=====		=====

ADJUSTING AND ELIMINATION ENTRIES
DECEMBER 31, 2001

(a) Common stock	\$2,411,846	
Accumulated deficit		\$ (285,169)
Other investments		2,697,015

To eliminate PNW investment in subsidiaries

	Common Stock	Earnings/ Dividends	Total
APS	\$1,898,067	\$ 317,188	\$2,215,255
Power Marketing	0	32,744	32,744
Pinnacle West Energy	68,096	15,535	83,631
Energy Services	75,246	(32,328)	42,918
SunCor	356,391	(50,498)	305,893
El Dorado	14,046	2,528	16,574
Total	\$2,411,846	\$ 285,169	\$2,697,015

(b) Other current liabilities	\$ 948,187
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Customer and other receivables - net \$ 948,187

To eliminate intercompany receivables/payables between all entities

	Intercompany Receivables	Intercompany Payables
Pinnacle West CC	\$ 744,821	\$ 744,821
APS	113,384	\$ 113,384
Pinnacle West Energy	5,299	\$ 5,299
Energy Services	968	\$ 968
Power Marketing	83,715	\$ 83,715
Total	\$ 948,187	\$ 948,187

(c) Minority interest \$ 16,187 Real estate investments - net \$ 16,187

To eliminate minority interest of SunCor JV partners

(d) Real estate investments - net \$ 4,753 Other - assets \$ 4,753

To reclass PNW capitalized interest related to SunCor (65-1210-00001) Account #1211

(e) Other current liabilities \$ 5,039 Other deferred credits \$ 5,039

To reclass PNW deferred comp to long-term (65-2420-00006 thru 00008) Account #2421

ADJUSTING AND ELIMINATION ENTRIES
DECEMBER 31, 2001

(f) Other deferred debits \$ 2,911 Other - assets \$ 2,911

To reclass PNW unamortized debt to long-term (acct 1810 UNAMORT DEBT)

(g) Deferred income taxes (liability)	\$ 25,091	
Deferred income taxes (asset)		\$ 25,091
(h) Short term borrowing	\$ 11,400	
A/R		\$ 11,400
To eliminate loan from eldo		
Account 2230&2330		

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING INCOME STATEMENT
PERIOD ENDED DECEMBER 31, 2001
(THOUSANDS OF DOLLARS)
(UNAUDITED)

	PWCC	APS	PWMT	SUNCOR	ELDO
OPERATING REVENUES:					
Electric		\$ 3,310,792	\$ 1,165,498		
Real Estate				168,908	
Total	--	3,310,792	1,165,498	168,908	--
FUEL EXPENSES:					
Fuel for electric generation		391,771			
Purchased power		1,348,872	1,087,744		
Total	--	1,740,643	1,087,744	--	--
OPERATING EXPENSES:					
Operations and maintenance	(2,801)	465,561	18,970		
Real estate operations				153,365	
Depreciation and amortization	175	420,893		3,775	
Taxes other than income taxes		101,077			
Total	(2,626)	987,531	18,970	157,140	--
OPERATING INCOME	2,626	582,618	58,784	11,768	--
INTEREST AND OTHER EXPENSES					
Interest on long-term debt	28,768	126,118		10,546	
Other interest	3,675	7,057	106		
Capitalized interest	(146)	(14,964)	(106)	(6,952)	
Other, net	(334,977)	583		2,582	(340)
Total	(302,680)	118,794	--	6,176	(340)
Income from continuing operations before income taxes	305,306	463,824	58,784	5,592	340
Income Tax Expense (Benefit)	(6,860)	183,136	23,173	2,255	134
Income from continuing operations	312,166	280,688	35,611	3,337	206
Accounting change		(15,201)			
NET INCOME (LOSS)	312,166	265,487	35,611	3,337	206

	ADJUSTMENTS & ELIMINATIONS				
	PWE	ENERGY SERVICES	DEBIT	CREDIT	TOTAL
OPERATING REVENUES:					
Electric	\$ 79,481	24,237	\$ 197,543(f,i,j,k,n)		4,382,465
Real Estate					168,908
Total	79,481	24,237	197,543	--	4,551,373
FUEL EXPENSES:					
Fuel for electric generation	13,156				404,927
Purchased power		20,218		(197,543)(f,i,j,k,n)	2,259,291
Total	13,156	20,218	--	(197,543)	2,664,218
OPERATING EXPENSES:					
Operations and maintenance	33,972	14,384		(9)(c)	530,095
Real estate operations			97(b)	--	153,462
Depreciation and amortization	2,061	999			427,903
Taxes other than income taxes	--		(9)(c)		101,068
Total	36,033	15,383	88	(9)	1,212,528
OPERATING INCOME	30,292	(11,364)	197,455	(197,552)	674,627
INTEREST AND OTHER EXPENSES					
Interest on long-term debt				--	165,432
Other interest	25,136	558		(26,142)(e,g,l,m)	10,390
Capitalized interest	(25,136)	(558)			(47,862)
Other, net	619	(1,391)	(338,786)(a,e,g,l,m)	97(b)	5,765
Total	619	(1,391)	(338,786)	(26,045)	133,725
Income from continuing operations before income taxes	29,673	(9,973)	536,241	(223,597)	540,902
Income Tax Expense (Benefit)	11,697				213,535
Income from continuing operations	17,976	(9,973)	536,241	(223,597)	327,367
Accounting change				--	(15,201)
NET INCOME (LOSS)	17,976	(9,973)	536,241	(223,597)	312,166

**ADJUSTING AND ELIMINATING ENTRIES
PERIOD ENDED DECEMBER 31, 2001**

(a) Other - net (Subs income) \$ 312,644 Retained Earnings \$ 312,644

To eliminate PWCC Equity in earnings from subsidiaries

	PWCC
APS	\$ 265,487
PWMT	\$ 35,611
Pinnacle West Energy	17,976
Energy Services	(9,973)
SunCor	3,337
El Dorado	206
Total	\$ 312,644
	=====

(b)	Real Estate Operations	\$	97		\$	97
	Other - net					

To reclass Capitalized Interest for SunCor Land Sales

(c)	Taxes other than income taxes	\$	(9)		\$	(9)
	Other - net					
	To reclass PNW property taxes					
(d)	Taxes other than income taxes	\$	--		\$	--
	Real estate operations					
	To reclass SunCor property taxes					
(e)	Other, net (El Dorado interest income)	\$	342		\$	342
	Other interest					
	Equal to interest income on eldo income statement					
(f)	Electricity Sales	\$	15,148		\$	15,148
	Purchased Power					

To eliminate sales from APS to APSES (Amount is equal to ES purchased power)

(g) Interest Income - PNW \$ 25,136 Interest Expense - PWE \$ 25,136

To eliminate interest expense/income on loan from PNW to PWE

(h) Interest Income - PNW \$ -- Interest Expense - Suncor \$ --

To eliminate interest expense/income on unpaid Suncor dividend

(i) Electric Revenues \$ 63,663 Purchased Power \$ 63,663

To eliminate transfer pricing transactions BETWEEN ENTITY 20,75 AND 00

**ADJUSTING AND ELIMINATING ENTRIES
PERIOD ENDED DECEMBER 31, 2001**

(j)	Electric Revenues	\$	3,252	
	cwip - PWE	\$	3,252	
	cwip - PWE			3,252
	Purchased Power			\$ 3,252

To eliminate transfer pricing transactions BETWEEN ENTITY 20 AND 75

(k) Electric Revenues \$ 65,643 Purchased Power \$ 65,643

To eliminate revenue and pp between entity 20 and 75

(l) Interest Income - PNW \$ 106 Interest Expense - PM \$ 106

To eliminate interest expense/income on loan from PNW to PM

(m) Interest Income - PNW \$ 558 Interest Expense - ES \$ 558

To eliminate interest expense/income on loan from PNW to ES

(n) Electric Revenues \$ 49,837 Purchased Power \$ 49,837

To eliminate Citizens revenue between 00 and 20

**CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS OF DECEMBER 31, 2001**

	1000 SUNCOR	SCOTT D. LPSCO	LENA M. RANCLAND	PAUL N. SASI	3500 SMLP	ALICE K. PVGC
CURRENT ASSETS						
CASH AND SHORT TERM INVESTMENTS	6,188,317	979,336	508,222	320,765	487,319	(37,483)
ACCOUNTS RECEIVABLE	93,075	287,056	18,545	87,882	3,000,000	36,525
INTERCOMPANY ACCOUNTS:						
SASI	86					
LPSCO	137,030					
CORAL CANYON	650,371					
SMLP	2,736					
PVGC						
CORAL CANYON GOLF	(140,602)					
NORTHEAST	7,378,171					
NORTHEAST CONSTRUCTION	7,675,340					
PV MARKETING & CONSTRUCTION	(3,548,396)					
HOMEBUILDING I/C INTEREST	7,126,277					
HOMEBUILDING CASH ADVANCES	(5,825,883)					
COMMERCIAL - GENERAL						
SUNRIDGE - DEVELOPMENT	6,085					
SUNRIDGE - GOLF	139,179					
STONERIDGE - DEVELOPMENT I/C	116,854					
STONERIDGE HOMEBUILDING I/C	(21,086)					
SEDONA - DEVELOPMENT	23,770					
SEDONA - GOLF	99,291					
CLUB WEST	98,193					
WIGWAM RESORT	36,561					
HFS FINANCIAL SERVICES	13,696					
WESTWORLD DEVELOPMENT	5,786					
SANCTUARY GOLF	94,258					
INTEREST RECEIVABLE	114,720					
NOTES RECEIVABLE	1,612,901					
INVENTORIES						78,164
PREPAID EXPENSES	107,666					54,214
HOME INVENTORY GOLDEN HERITAGE	6,888					
HOME INVENTORY RANCHO VIEJO						
HOME INVENTORY CORAL CANYON						
HOME INVENTORY STONERIDGE						
TOTAL CURRENT ASSETS	22,191,284	1,266,392	526,767	408,647	3,487,319	131,420
LONG-TERM ASSETS						
INVESTMENT IN HOMEBUILDING:						
INVEST IN GOLDEN HERITAGE	13,600,821					
GOLDEN HERITAGE DUE DILIGENCE						
INVESTMENT IN SCM	517,850					
INVESTMENT IN GENERAL COMM OPS	93,052,838					
INVESTMENT IN FIDDLESTICKS-SCOTTS	(3,916,947)					
INVESTMENT IN FUNTASTICKS	(965,769)					
INVESTMENT IN FIDDLESTICKS-TEMPE	(1,387,523)					
INVESTMENT IN APS PROPERTIES	559,796					
INVESTMENT IN BLACK CANYON CP	1,659,298					
INVESTMENT IN PV MARKETPLACE	9,838,129					
INVESTMENT IN PV PAVILIONS	4,358,331					
INVESTMENT IN ALAMEDA CROSSING	859,781					
INVESTMENT IN PV CORNERSTONE	4,219,079					
INVESTMENT IN PV CROSSING	1,086,538					
INVESTMENT IN PALM VALLEY OFFICE PARK	577,835					
INVESTMENT IN METROCENTER	281,411					
INVESTMENT IN RESTORATION PLACE	(103,015)					
INVESTMENT IN LITCHFIELD PARK OPS	198,016					
INVESTMENT IN AUTOPLEX	(261,979)					
INVESTMENT IN TALAVI	(236,689)					
INVESTMENT IN LP PROF. PLAZA	19,758					
INVESTMENT IN PV PAVILIONS/WEST	(2,044,837)					
DEVELOPMENT PROJECTS:						
CORAL CANYON						
HIDDEN HILLS						
RANCHO VIEJO						
PALM VALLEY						
STONERIDGE						
LITCHFIELD GREENS						
VILLAGE OF LITCHFIELD GREENS						
SCOTTSDALE MOUNTAIN					539,709	
MARKETPLACE - AUTOPLEX						
TALAVI						
WIGWAM OUTLET STORES						
GOLDEN HERITAGE						
BILTMORE ESTATES						
BLACK CANYON COMMERCE PARK						
OTHER COMMERCIAL LAND						
EQUITY INVESTMENTS:						
EQUITY IN CTRPT ASSOC-LLP						
INVEST IN HAYDEN FERRY LAKESIDE						
INVEST IN PV APARTMENTS (I & II)						
INVESTMENT IN SUNRIDGE CANYON LLC	1,076,208					
INVESTMENT IN SEDONA GOLF LC	3,380,294					
INVEST IN TALAVI ASSOCIATES LLC						
INVESTMENT IN SANCTUARY GOLF	4,631,608					

INVESTMENT IN HFS MORTGAGE						
CONSOLIDATED ELIMINATING ENTITIES:						
INVEST IN KABUTO/SUNCOR JV	7,160,049					
INVEST IN SCOTTS MTN LTD PART	2,599,464					
INVESTMENT IN CLUB WEST G.C.	3,296,282					
INVESTMENT IN LPSCO	16,723,242					
INVESTMENT IN SASI						
INVESTMENT IN STONERIDGE	14,299,452					
INVESTMENT IN PALM VALLEY GOLF	3,696,861					
PALM VALLEY GOLF CONTRIB. CAP	5,412,516					
INVESTMENT IN RANCHO VIEJO	24,742,322					
INVESTMENT IN PALM VALLEY	154,514,358					
INVESTMENT IN CORAL CANYON	27,215,856					
INVESTMENT IN RANCHLAND UTILITY	(217,956)					
INVESTMENT IN HIDDEN HILLS	15,082,432					
COMMERCIAL PROPERTIES						11,893,390
WVOS						
LONG-TERM NOTES RECEIVABLE	1,067,390					
SDC LOAN TO LPSCO	300,000					
PROPERTY & EQUIPMENT, NET	1,206,041			36,696		404,939
PREPAID ASSETS AND OTHER	1,973,738					
DEFERRED ASSETS	(13,946)					
DEFERRED INCOME TAXES	25,090,469	711,624		25,425		119,772
WATER & SEWER UTILITY PROP, NET			36,333,268	1,105,775		
LPSCO RESTRICTED CASH FUNDS			2,000,509			
RANCHO VIEJO RESTRICTED CASH FUNDS						
SCOTTSDALE MOUNTAIN RESTRICTED CASH FUNDS						
DEPOSITS						
TOTAL LONG-TERM ASSETS	435,149,402	39,045,401	1,131,200	36,696	539,709	12,418,101
TOTAL ASSETS	457,340,686	40,311,793	1,657,967	445,343	4,027,028	12,549,521

	TONYA CLUB WEST	LARRY W. GHH	5500 PV	5501 KABUTO JV	COMM.	3300 H HILLS
CURRENT ASSETS						
CASH AND SHORT TERM INVESTMENTS	61,109	(597,939)	(1,065,384)	1,947,434	(1,153,340)	(144,991)
ACCOUNTS RECEIVABLE	17,703	1,151,911	2,868		519,291	26,250

INTERCOMPANY ACCOUNTS:

SASI						
LPSCO						
CORAL CANYON						
SMLP						
PVGC						
CORAL CANYON GOLF						
NORTHEAST						
NORTHEAST CONSTRUCTION						
PV MARKETING & CONSTRUCTION						
HOMEBUILDING I/C INTEREST						
HOMEBUILDING CASH ADVANCES						
COMMERCIAL - GENERAL						
SUNRIDGE - DEVELOPMENT						
SUNRIDGE - GOLF						
STONERIDGE - DEVELOPMENT I/C						
STONERIDGE HOMEBUILDING I/C						
SEDONA - DEVELOPMENT						
SEDONA - GOLF						
CLUB WEST						
WIGWAM RESORT						
HFS FINANCIAL SERVICES						
WESTWORLD DEVELOPMENT						
SANCTUARY GOLF						
INTEREST RECEIVABLE						
NOTES RECEIVABLE			20,000			
INVENTORIES	73,287				65,974	
PREPAID EXPENSES	25,783	9,215			11,324	
HOME INVENTORY GOLDEN HERITAGE		29,799,243				
HOME INVENTORY RANCHO VIEJO						
HOME INVENTORY CORAL CANYON						
HOME INVENTORY STONERIDGE						
TOTAL CURRENT ASSETS	177,882	30,362,430	(1,042,516)	1,947,434	(556,751)	(118,741)

LONG-TERM ASSETS

INVESTMENT IN HOMEBUILDING:						
INVEST IN GOLDEN HERITAGE						
GOLDEN HERITAGE DUE DILIGENCE						
INVESTMENT IN SCM						
INVESTMENT IN GENERAL COMM OPS						
INVESTMENT IN FIDDLESTICKS-SCOTTS						
INVESTMENT IN FUNTASTICKS						
INVESTMENT IN FIDDLESTICKS-TEMPE						
INVESTMENT IN APS PROPERTIES						
INVESTMENT IN BLACK CANYON CP						
INVESTMENT IN PV MARKETPLACE						
INVESTMENT IN PV PAVILIONS						
INVESTMENT IN ALAMEDA CROSSING						
INVESTMENT IN PV CORNERSTONE						
INVESTMENT IN PV CROSSING						
INVESTMENT IN PALM VALLEY OFFICE PARK						

INVESTMENT IN METROCENTER						
INVESTMENT IN RESTORATION PLACE						
INVESTMENT IN LITCHFIELD PARK OPS						
INVESTMENT IN AUTOPLEX						
INVESTMENT IN TALAVI						
INVESTMENT IN LP PROF. PLAZA						
INVESTMENT IN PV PAVILIONS/WEST						
DEVELOPMENT PROJECTS:						
CORAL CANYON						
HIDDEN HILLS						13,272,762
RANCHO VIEJO						
PALM VALLEY	157,600,296				23,360,385	
STONERIDGE						
LITCHFIELD GREENS						
VILLAGE OF LITCHFIELD GREENS		12,473,162				
SCOTTSDALE MOUNTAIN						
MARKETPLACE - AUTOPLEX					4,833,157	
TALAVI					782,548	
WIGWAM OUTLET STORES						
GOLDEN HERITAGE						
BILTMORE ESTATES						
BLACK CANYON COMMERCE PARK					3,120,465	
OTHER COMMERCIAL LAND					1,402,736	
EQUITY INVESTMENTS:						
EQUITY IN CTRPT ASSOC-LLP					22,133,596	
INVEST IN HAYDEN FERRY LAKESIDE					8,243,058	
INVEST IN PV APARTMENTS (I & II)	(55,582)					
INVESTMENT IN SUNRIDGE CANYON LLC						
INVESTMENT IN SEDONA GOLF LC						
INVEST IN TALAVI ASSOCIATES LLC					1,871,394	
INVESTMENT IN SANCTUARY GOLF						
INVESTMENT IN HFS MORTGAGE						
CONSOLIDATED ELIMINATING ENTITIES:						
INVEST IN KABUTO/SUNCOR JV						
INVEST IN SCOTTS MTN LTD PART						
INVESTMENT IN CLUB WEST G.C.						
INVESTMENT IN LPSCO						
INVESTMENT IN SASI	268,691					
INVESTMENT IN STONERIDGE						
INVESTMENT IN PALM VALLEY GOLF						
PALM VALLEY GOLF CONTRIB. CAP						
INVESTMENT IN RANCHO VIEJO						
INVESTMENT IN PALM VALLEY						
INVESTMENT IN CORAL CANYON						
INVESTMENT IN RANCHLAND UTILITY						
INVESTMENT IN HIDDEN HILLS						
COMMERCIAL PROPERTIES	8,374,513				25,742,307	
WWOS					17,913,187	
LONG-TERM NOTES RECEIVABLE		89,100	276,308	1,046,725		
SDC LOAN TO LPSCO						
PROPERTY & EQUIPMENT, NET	1,047,791		270,439			
PREPAID ASSETS AND OTHER						
DEFERRED ASSETS			264,214		1,408,922	
DEFERRED INCOME TAXES						
WATER & SEWER UTILITY PROP, NET						
LPSCO RESTRICTED CASH FUNDS						
RANCHO VIEJO RESTRICTED CASH FUNDS						
SCOTTSDALE MOUNTAIN RESTRICTED CASH FUNDS						
DEPOSITS		86,411				

TOTAL LONG-TERM ASSETS	8,374,513	1,223,302	158,624,366	13,519,887	110,811,755	13,272,762

TOTAL ASSETS	8,552,395	31,585,732	157,581,850	15,467,321	110,255,004	13,154,021

		7500	6600	3900		
		STONERIDGE	RANCHO VIEJO	C. CANYON		

CURRENT ASSETS						
CASH AND SHORT TERM INVESTMENTS	508,983	1,023,812	150,337			
ACCOUNTS RECEIVABLE		176,174	(1,087)			
INTERCOMPANY ACCOUNTS:						
SASI						
LPSCO						
CORAL CANYON						
SMLP						
PVGC						
CORAL CANYON GOLF			140,602			
NORTHEAST						
NORTHEAST CONSTRUCTION						
PV MARKETING & CONSTRUCTION						
HomeBUILDING I/C INTEREST						
HomeBUILDING CASH ADVANCES						
COMMERCIAL - GENERAL						
SUNRIDGE - DEVELOPMENT						
SUNRIDGE - GOLF						
STONERIDGE - DEVELOPMENT I/C						
STONERIDGE HomeBUILDING I/C						
SEDONA - DEVELOPMENT						
SEDONA - GOLF						
CLUB WEST						
WIGWAM RESORT						

HFS FINANCIAL SERVICES			
WESTWORLD DEVELOPMENT			
SANCTUARY GOLF			
INTEREST RECEIVABLE			
NOTES RECEIVABLE			682,703
INVENTORIES			65,578
PREPAID EXPENSES	450		314,290
HOME INVENTORY GOLDEN HERITAGE			
HOME INVENTORY RANCHO VIEJO	4,914,185		
HOME INVENTORY CORAL CANYON			3,390,924
HOME INVENTORY STONERIDGE	336,257		

TOTAL CURRENT ASSETS	845,240	6,114,621	4,743,347
LONG-TERM ASSETS			
INVESTMENT IN HOMEBUILDING:			
INVEST IN GOLDEN HERITAGE			
GOLDEN HERITAGE DUE DILIGENCE			
INVESTMENT IN SCM			
INVESTMENT IN GENERAL COMM OPS			
INVESTMENT IN FIDDLESTICKS-SCOTTS			
INVESTMENT IN FUNTASTICKS			
INVESTMENT IN FIDDLESTICKS-TEMPE			
INVESTMENT IN APS PROPERTIES			
INVESTMENT IN BLACK CANYON CP			
INVESTMENT IN PV MARKETPLACE			
INVESTMENT IN PV PAVILIONS			
INVESTMENT IN ALAMEDA CROSSING			
INVESTMENT IN PV CORNERSTONE			
INVESTMENT IN PV CROSSING			
INVESTMENT IN PALM VALLEY OFFICE PARK			
INVESTMENT IN METROCENTER			
INVESTMENT IN RESTORATION PLACE			
INVESTMENT IN LITCHFIELD PARK OPS			
INVESTMENT IN AUTOPLEX			
INVESTMENT IN TALAVI			
INVESTMENT IN LP PROF. PLAZA			
INVESTMENT IN PV PAVILIONS/WEST			
DEVELOPMENT PROJECTS:			
CORAL CANYON			14,907,616
HIDDEN HILLS			
RANCHO VIEJO		18,580,794	
PALM VALLEY			
STONERIDGE	24,847,945		
LITCHFIELD GREENS			
VILLAGE OF LITCHFIELD GREENS			
SCOTTSDALE MOUNTAIN			
MARKETPLACE - AUTOPLEX			
TALAVI			
WIGWAM OUTLET STORES			
GOLDEN HERITAGE			
BILTMORE ESTATES			
BLACK CANYON COMMERCE PARK			
OTHER COMMERCIAL LAND			
EQUITY INVESTMENTS:			
EQUITY IN CTRPT ASSOC-LLP			
INVEST IN HAYDEN FERRY LAKESIDE			
INVEST IN PV APARTMENTS (I & II)			
INVESTMENT IN SUNRIDGE CANYON LLC			
INVESTMENT IN SEDONA GOLF LC			
INVEST IN TALAVI ASSOCIATES LLC			
INVESTMENT IN SANCTUARY GOLF			
INVESTMENT IN HFS MORTGAGE			
CONSOLIDATED ELIMINATING ENTITIES:			
INVEST IN KABUTO/SUNCOR JV			
INVEST IN SCOTTS MTN LTD PART			
INVESTMENT IN CLUB WEST G.C.			
INVESTMENT IN LPSCO			
INVESTMENT IN SASI			
INVESTMENT IN STONERIDGE			
INVESTMENT IN PALM VALLEY GOLF			
PALM VALLEY GOLF CONTRIB. CAP			
INVESTMENT IN RANCHO VIEJO			
INVESTMENT IN PALM VALLEY			
INVESTMENT IN CORAL CANYON			
INVESTMENT IN RANCHLAND UTILITY		1,120,126	
INVESTMENT IN HIDDEN HILLS			
COMMERCIAL PROPERTIES			8,528,736
WWOS			
LONG-TERM NOTES RECEIVABLE			
SDC LOAN TO LPSCO			
PROPERTY & EQUIPMENT, NET	223,529	266,015	573,886
PREPAID ASSETS AND OTHER	100,120		
DEFERRED ASSETS			1,989
DEFERRED INCOME TAXES			
WATER & SEWER UTILITY PROP, NET		264,261	
LPSCO RESTRICTED CASH FUNDS			
RANCHO VIEJO RESTRICTED CASH FUNDS		(7,746)	
SCOTTSDALE MOUNTAIN RESTRICTED CASH FUNDS			
DEPOSITS			

TOTAL LONG-TERM ASSETS	25,171,594	20,223,450	24,012,227

TOTAL ASSETS	26,016,834	26,338,071	28,755,574

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CONSOLIDATING AND ELIMINATING ENTRIES

REF	DEBIT	REF	CREDIT	CONSOLIDATED
CURRENT ASSETS				
				9,176,497
CASH AND SHORT TERM INVESTMENTS				
ACCOUNTS RECEIVABLE		AA	176,174	5,240,019
INTERCOMPANY ACCOUNTS:				
SASI		K	86	0
LPSCO		H	137,030	0
CORAL CANYON		X	650,371	0
SMLP		J	2,736	0
PVGC				0
CORAL CANYON GOLF				0
NORTHEAST		A	7,378,171	0
NORTHEAST CONSTRUCTION		A	7,675,340	0
PV MARKETING & CONSTRUCTION	A	A	12,627,274	0
HOMEBUILDING I/C INTEREST		C	7,126,277	0
HOMEBUILDING CASH ADVANCES	B			0
COMMERCIAL - GENERAL				0
SUNRIDGE - DEVELOPMENT				6,085
SUNRIDGE - GOLF				139,179
STONERIDGE - DEVELOPMENT I/C		CC	116,854	0
STONERIDGE HOMEBUILDING I/C	CC	CC	181	0
SEDONA - DEVELOPMENT				23,770
SEDONA - GOLF				99,291
CLUB WEST		BB	98,193	0
WIGWAM RESORT				36,561
HFS FINANCIAL SERVICES				13,696
WESTWORLD DEVELOPMENT				5,786
SANCTUARY GOLF				94,258
INTEREST RECEIVABLE				114,720
NOTES RECEIVABLE				2,315,604
INVENTORIES				283,003
PREPAID EXPENSES				522,942
HOME INVENTORY GOLDEN HERITAGE		E	4,719,745	25,086,386
HOME INVENTORY RANCHO VIEJO				4,914,185
HOME INVENTORY CORAL CANYON				3,390,924
HOME INVENTORY STONERIDGE				336,257

TOTAL CURRENT ASSETS	22,022,820		40,708,432	51,799,163
LONG-TERM ASSETS				
INVESTMENT IN HOMEBUILDING:				
INVEST IN GOLDEN HERITAGE		D	13,600,821	0
GOLDEN HERITAGE DUE DILIGENCE				0
INVESTMENT IN SCM		D	517,850	0
INVESTMENT IN GENERAL COMM OPS		S	93,052,838	0
INVESTMENT IN FIDDLESTICKS-SCOTT'S	S	S	1,822,515	0
INVESTMENT IN FUNTASTICKS	S	S	676,581	0
INVESTMENT IN FIDDLESTICKS-TEMPE	S	S	1,592,676	0
INVESTMENT IN APS PROPERTIES		S	559,796	0
INVESTMENT IN BLACK CANYON CP		S	1,659,298	0
INVESTMENT IN PV MARKETPLACE		S	9,838,129	0
INVESTMENT IN PV PAVILIONS		S	4,358,331	0
INVESTMENT IN ALAMEDA CROSSING		S	859,781	0
INVESTMENT IN PV CORNERSTONE		S	4,219,079	0
INVESTMENT IN PV CROSSING		S	1,086,538	0
INVESTMENT IN PALM VALLEY OFFICE PARK		S	577,835	0
INVESTMENT IN METROCENTER		S	281,411	0
INVESTMENT IN RESTORATION PLACE	S	S		0
INVESTMENT IN LITCHFIELD PARK OPS		S	198,016	0
INVESTMENT IN AUTOPLEX	S			0
INVESTMENT IN TALAVI	S			0
INVESTMENT IN LP PROF. PLAZA		S	19,758	0
INVESTMENT IN PV PAVILIONS/WEST	S			0
DEVELOPMENT PROJECTS:				
CORAL CANYON				14,907,616
HIDDEN HILLS	T		3,770,897	17,043,659
RANCHO VIEJO				18,580,794
PALM VALLEY				180,960,681
STONERIDGE				24,847,945
LITCHFIELD GREENS				0
VILLAGE OF LITCHFIELD GREENS				12,473,162
SCOTTSDALE MOUNTAIN				539,709
MARKETPLACE - AUTOPLEX				4,833,157
TALAVI				782,548
WIGWAM OUTLET STORES				0
GOLDEN HERITAGE				0
BILTMORE ESTATES				0
BLACK CANYON COMMERCE PARK				3,120,465
OTHER COMMERCIAL LAND				1,402,736
EQUITY INVESTMENTS:				
EQUITY IN CTRPT ASSOC-LLP				0
INVEST IN HAYDEN FERRY LAKESIDE				22,133,596
INVEST IN PV APARTMENTS (I & II)				8,243,058
INVESTMENT IN SUNRIDGE CANYON LLC				(55,582)
INVESTMENT IN SEDONA GOLF LC				1,076,208
INVEST IN TALAVI ASSOCIATES LLC				3,380,294
INVESTMENT IN SANCTUARY GOLF				1,871,394
				4,631,608

INVESTMENT IN HFS MORTGAGE					0
CONSOLIDATED ELIMINATING ENTITIES:					
INVEST IN KABUTO/SUNCOR JV			R	10,051,996	(2,891,947)
INVEST IN SCOTTS MTN LTD PART	I	20,413,693	I	23,016,106	(2,949)
INVESTMENT IN CLUB WEST G.C.	BB	603,718	BB	3,900,000	
INVESTMENT IN LPSCO			F	16,723,242	
INVESTMENT IN SASI	L	650,000	L	918,691	
INVESTMENT IN STONERIDGE	CC	180,878	CC	14,480,330	
INVESTMENT IN PALM VALLEY GOLF	M	2,461,312	M	6,158,173	
PALM VALLEY GOLF CONTRIB. CAP			N	5,412,516	
INVESTMENT IN RANCHO VIEJO			U	24,742,322	
INVESTMENT IN PALM VALLEY			V	154,514,358	
INVESTMENT IN CORAL CANYON	W	475,917	W	27,691,773	
INVESTMENT IN RANCHLAND UTILITY	AA	217,956	AA	1,120,126	
INVESTMENT IN HIDDEN HILLS			T	15,082,432	
COMMERCIAL PROPERTIES					54,538,946
WWOS					17,913,187
LONG-TERM NOTES RECEIVABLE					2,479,523
SDC LOAN TO LPSCO			G	300,000	0
PROPERTY & EQUIPMENT, NET					4,029,336
PREPAID ASSETS AND OTHER					2,073,858
DEFERRED ASSETS					2,518,000
DEFERRED INCOME TAXES					25,090,469
WATER & SEWER UTILITY PROP, NET					37,703,304
LPSCO RESTRICTED CASH FUNDS					2,000,509
RANCHO VIEJO RESTRICTED CASH FUNDS					(7,746)
SCOTTSDALE MOUNTAIN RESTRICTED CASH FUNDS					
DEPOSITS					86,411
		-----		-----	-----
TOTAL LONG-TERM ASSETS		41,782,902		439,033,318	466,303,949
		-----		-----	-----
TOTAL ASSETS		63,805,722		479,741,750	518,103,112
		=====		=====	=====

	1000 SUNCOR	SCOTT D. LPSCO	LENA M. RANCLAND	PAUL N. SASI	3500 SMLP	ALICE K. PVGC
CURRENT LIABILITIES						
A/P & RETENTION	(21,589)	407,518		34,370	33,246	22,445
ACCRUED LIABILITIES	2,398,617	1,767,642	771	100,470	13,769	212,569
STATE INCOME TAX LIABILITY	1,150,056					
INTERCOMPANY ACCOUNTS:						
LPSCO - SDC		137,030				
SMLP - SDC					2,736	
SCM-SDC CASH ADVANCES						
PV MARKETING & CONSTRUCTION NORTHEAST NORTHEAST CONSTRUCTION						
INTERCOMPANY INTEREST PAYABLE						
CLUB WEST GOLF COURSE						
PALM VALLEY GOLF COURSE						5,412,516
CORAL CANYON GOLF COURSE						
RANCLAND-RANCHO VIEJO			176,174			
STONERIDGE						
INTEREST PAYABLE - RLC	602,717					
S/T NOTES PAYABLE						
\$45 MILLION TERM LOAN						
\$55 MILLION RLC						
TEXTRON LOAN - PVGC						
DEF PROFIT & UNEARNED REVENUE	4,719,745					
PWCC INTERCO PAYABLE	124,350					
CUSTOMER DEPOSITS				41,813		
CURRENT MATURITIES OF LTD						
LPSCO BONDS PAYABLE		125,000				
TEXTRON LOAN - PVGC						67,236
CLUB WEST GOLF COURSE LOAN						
TOTAL CURRENT LIABILITIES	8,973,896	2,437,190	176,945	176,653	49,751	5,714,766
LONG-TERM LIABILITIES						
LONG-TERM NOTES PAYABLE						
CORPORATE TERM NOTE						
CORPORATE RLC	128,000,000					
LPSCO BONDS		12,590,000				
TEXTRON LOAN - PVGC						3,137,893
LOAN - CLUB WEST						
PENSION LIABILITY - SUNCOR	6,896,252					
PENSION LIABILITY - WIGWAM RESORT	276,203					
ACCRUED STATE INCOME TAX						
OTHER ACCRUED LIABILITIES	7,302,085	582,118				
DEFERRED TAXES						
LONG-TERM CUSTOMER DEPOSITS		8,512,172	578,852			
CONTRIB PROPERTY AIA						
TOTAL L/T LIABILITIES	142,474,540	21,684,290	578,852			3,137,893
TOTAL LIABILITIES	151,448,436	24,121,480	755,797	176,653	49,751	8,852,659
MINORITY INTEREST						
SDC COMMON STOCK	1,022,000					
SDC ADDITIONAL PAID IN CAPITAL	355,368,523					
SDC EARNED SURPLUS-BEGINNING	(53,835,377)					
SDC EARNED SURPLUS-CURRENT	3,337,104					
SUBSIDIARY EARNINGS-CURRENT		762,146	(65,388)	33,447	444,537	(1,047,254)
SUBSIDIARY EQUITY:						
LPSCO		15,428,167				
SASI				235,244		
SMLP #3500					3,532,741	
PVGC						4,744,115
CLUB WEST						
HOMEBUILDING						
PALM VALLEY #5500						
KABUTO JV #3000						
COMMERCIAL PROPERTIES #2000						
HIDDEN HILLS #3300						
RANCHO VIEJO #6600						
RANCLAND UTILITY			967,558			
CORAL CANYON #3900						
STONERIDGE						
TOTAL EQUITY	305,892,250	16,190,313	902,170	268,691	3,977,278	3,696,861
TOTAL LIABS AND EQUITY	457,340,686	40,311,793	1,657,967	445,344	4,027,029	12,549,520

	CLUB WEST	GHH	PV	KABUTO JV	COMM.
CURRENT LIABILITIES					
A/P & RETENTION	53,531	414,491	507,447	131,082	429,803
ACCRUED LIABILITIES	204,978	3,726,150	1,298,405	860,962	758,872
STATE INCOME TAX LIABILITY					
INTERCOMPANY ACCOUNTS:					
LPSCO - SDC					
SMLP - SDC					
SCM-SDC CASH ADVANCES		(5,825,883)			
PV MARKETING & CONSTRUCTION		(3,548,396)			
NORTHEAST		6,674,727			
NORTHEAST CONSTRUCTION		7,675,340			
INTERCOMPANY INTEREST PAYABLE		7,126,277			
CLUB WEST GOLF COURSE	98,193				
PALM VALLEY GOLF COURSE					
CORAL CANYON GOLF COURSE					
RANCHLAND-RANCHO VIEJO					
STONERIDGE					
INTEREST PAYABLE - RLC					
S/T NOTES PAYABLE					
\$45 MILLION TERM LOAN					
\$55 MILLION RLC					
TEXTRON LOAN - PVGC					
DEF PROFIT & UNEARNED REVENUE					
PWCC INTERCO PAYABLE					
CUSTOMER DEPOSITS		1,224,354			
CURRENT MATURITIES OF LTD					
LPSCO BONDS PAYABLE					
TEXTRON LOAN - PVGC					
CLUB WEST GOLF COURSE LOAN	140,109				
TOTAL CURRENT LIABILITIES	496,811	17,467,060	1,805,852	992,044	1,188,675
LONG-TERM LIABILITIES					
LONG-TERM NOTES PAYABLE					
CORPORATE TERM NOTE					
CORPORATE RLC					
LPSCO BONDS					
TEXTRON LOAN - PVGC					
LOAN - CLUB WEST	4,566,405				
PENSION LIABILITY - SUNCOR					
PENSION LIABILITY - WIGWAM RESORT					
ACCRUED STATE INCOME TAX					
OTHER ACCRUED LIABILITIES			1,261,639		1,274,967
DEFERRED TAXES					
LONG-TERM CUSTOMER DEPOSITS					
CONTRIB PROPERTY AIA					
TOTAL L/T LIABILITIES	4,566,405		1,261,639		1,274,967
TOTAL LIABILITIES	5,063,216	17,467,060	3,067,491	992,044	2,463,642
MINORITY INTEREST					
SDC COMMON STOCK					
SDC ADDITIONAL PAID IN CAPITAL					
SDC EARNED SURPLUS-BEGINNING					
SDC EARNED SURPLUS-CURRENT					
SUBSIDIARY EARNINGS-CURRENT	(619,963)	6,960,586	1,904,267	1,662,895	13,415,567
SUBSIDIARY EQUITY:					
LPSCO					
SASI					
SMLP #3500					
PVGC					
CLUB WEST	4,109,143				
HOMEBUILDING		7,158,086			
PALM VALLEY #5500			152,610,091		
KABUTO JV #3000				12,812,383	
COMMERCIAL PROPERTIES #2000					94,375,793
HIDDEN HILLS #3300					
RANCHO VIEJO #6600					
RANCHLAND UTILITY					
CORAL CANYON #3900					
STONERIDGE					
TOTAL EQUITY	3,489,180	14,118,672	154,514,358	14,475,278	107,791,360
TOTAL LIABS AND EQUITY	8,552,396	31,585,732	157,581,849	15,467,322	110,255,002
	3300	7500	6600	3900	
	H HILLS	STONERIDGE	RANCHO VIEJO	C. CANYON	

CURRENT LIABILITIES				
A/P & RETENTION	339,426	598,116	1,017,397	853,315
ACCRUED LIABILITIES	797,297	802,121	276,495	36,033
STATE INCOME TAX LIABILITY				

INTERCOMPANY ACCOUNTS:

LPSCO - SDC				
SMLP - SDC				
SCM-SDC CASH ADVANCES (SunCor Wire 107260)				
PV MARKETING & CONSTRUCTION				
NORTHEAST				
NORTHEAST CONSTRUCTION				
INTERCOMPANY INTEREST PAYABLE				
CLUB WEST GOLF COURSE				
PALM VALLEY GOLF COURSE				
CORAL CANYON GOLF COURSE				650,371
RANCHLAND-RANCHO VIEJO				
STONERIDGE		117,036		
INTEREST PAYABLE - RLC				
S/T NOTES PAYABLE				
\$45 MILLION TERM LOAN				
\$55 MILLION RLC				
TEXTRON LOAN - PVGC				
DEF PROFIT & UNEARNED REVENUE				
PWCC INTERCO PAYABLE				
CUSTOMER DEPOSITS			301,859	
CURRENT MATURITIES OF LTD				
LPSCO BONDS PAYABLE				
TEXTRON LOAN - PVGC				
CLUB WEST GOLF COURSE LOAN				

TOTAL CURRENT LIABILITIES	1,136,723	1,517,273	1,595,751	1,539,719
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LONG-TERM LIABILITIES

LONG-TERM NOTES PAYABLE				
CORPORATE TERM NOTE				
CORPORATE RLC				
LPSCO BONDS				
TEXTRON LOAN - PVGC				
LOAN - CLUB WEST				
PENSION LIABILITY - SUNCOR				
PENSION LIABILITY - WIGWAM RESORT				
ACCRUED STATE INCOME TAX				
OTHER ACCRUED LIABILITIES				
DEFERRED TAXES				
LONG-TERM CUSTOMER DEPOSITS				
CONTRIB PROPERTY AIA				

TOTAL L/T LIABILITIES				
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TOTAL LIABILITIES	1,136,723	1,517,273	1,595,751	1,539,719
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MINORITY INTEREST

SDC COMMON STOCK				
SDC ADDITIONAL PAID IN CAPITAL				
SDC EARNED SURPLUS-BEGINNING				
SDC EARNED SURPLUS-CURRENT				
SUBSIDIARY EARNINGS-CURRENT	909,962	(361,756)	1,529,638	(276,572)

SUBSIDIARY EQUITY:

LPSCO				
SASI				
SMLP #3500				
PVGC				
CLUB WEST				
HOMEBUILDING				
PALM VALLEY #5500				
KABUTO JV #3000				
COMMERCIAL PROPERTIES #2000				
HIDDEN HILLS #3300	11,107,336			
RANCHO VIEJO #6600			23,212,683	
RANCHLAND UTILITY				
CORAL CANYON #3900				27,492,428
STONERIDGE		24,861,318		

TOTAL EQUITY	12,017,298	24,499,562	24,742,321	27,215,856
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TOTAL LIABS AND EQUITY	13,154,021	26,016,835	26,338,072	28,755,575
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CONSOLIDATING AND ELIMINATING ENTRIES

REF	DEBIT	REF	CREDIT	CONSOLIDATED
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CURRENT LIABILITIES					
A/P & RETENTION				64,518	4,885,116
ACCRUED LIABILITIES	(K,F)	872,639			12,382,512
STATE INCOME TAX LIABILITY					1,150,056
INTERCOMPANY ACCOUNTS:					
LPSCO - SDC	H	137,030			0
SMLP - SDC	J	2,736			0
SCM-SDC CASH ADVANCES (SunCor Wire 107260)			A	5,825,883	0
PV MARKETING & CONSTRUCTION	A	12,627,274	A	16,175,670	0
NORTHEAST	A	6,674,727			0
NORTHEAST CONSTRUCTION	A	7,675,340			0
INTERCOMPANY INTEREST PAYABLE	C	7,126,277			0
CLUB WEST GOLF COURSE	BB	98,193			0
PALM VALLEY GOLF COURSE	N	5,412,516			0
CORAL CANYON GOLF COURSE	X	650,371			0
RANCHLAND-RANCHO VIEJO	AA	176,174			0
STONERIDGE	CC	138,121	CC	21,085	0
INTEREST PAYABLE - RLC					602,717
S/T NOTES PAYABLE					0
\$45 MILLION TERM LOAN					0
\$55 MILLION RLC					0
TEXTRON LOAN - PVGC					0
DEF PROFIT & UNEARNED REVENUE	E	4,719,745			0
PWCC INTERCO PAYABLE					124,350
CUSTOMER DEPOSITS					1,568,026
CURRENT MATURITIES OF LTD					0
LPSCO BONDS PAYABLE					125,000
TEXTRON LOAN - PVGC					67,236
CLUB WEST GOLF COURSE LOAN					140,109

TOTAL CURRENT LIABILITIES		46,311,143		22,087,156	21,045,122
LONG-TERM LIABILITIES					
LONG-TERM NOTES PAYABLE					0
CORPORATE TERM NOTE					128,000,000
CORPORATE RLC					12,590,000
LPSCO BONDS					3,137,893
TEXTRON LOAN - PVGC					4,566,405
LOAN - CLUB WEST					6,896,252
PENSION LIABILITY - SUNCOR					276,203
PENSION LIABILITY - WIGWAM RESORT					
ACCRUED STATE INCOME TAX					10,420,809
OTHER ACCRUED LIABILITIES					
DEFERRED TAXES					9,091,024
LONG-TERM CUSTOMER DEPOSITS					
CONTRIB PROPERTY AIA					

TOTAL L/T LIABILITIES					174,978,586

TOTAL LIABILITIES		46,311,143		22,087,156	196,023,708
					=====
MINORITY INTEREST	(BB,I)	10,972,020	(C,I,R,BB)	27,159,174	16,187,154
SDC COMMON STOCK					1,022,000
SDC ADDITIONAL PAID IN CAPITAL					355,368,523
SDC EARNED SURPLUS-BEGINNING					(53,835,377)
SDC EARNED SURPLUS-CURRENT					3,337,104
SUBSIDIARY EARNINGS-CURRENT	(D,F,I,L,R,S,U,V,T)	27,623,045	(M,W,AA,BB,CC)	2,370,933	0
SUBSIDIARY EQUITY:					
LPSCO	(F,G)	15,428,167			
SASI	L	885,244	L	650,000	
SMLP #3500	I	34,453,474	I	30,920,733	
PVGC	M	6,158,173	M	1,414,058	
CLUB WEST	BB	4,377,000	BB	267,857	
HOMEBUILDING	D	7,158,086			
PALM VALLEY #5500	V	152,610,091			
KABUTO JV #3000	R	12,814,302	R	1,919	
COMMERCIAL PROPERTIES #2000	S	94,375,793			
HIDDEN HILLS #3300	T	14,878,234	T	3,770,897	(1)
RANCHO VIEJO #6600	U	23,212,683			
RANCHLAND UTILITY	AA	1,120,126	AA	152,569	1
CORAL CANYON #3900	W	27,691,773	CC	199,345	
STONERIDGE	CC	24,861,318			

TOTAL EQUITY		458,619,529		66,907,485	322,079,404

TOTAL LIABS AND EQUITY		504,930,672		88,994,641	518,103,112
					=====

SUNCOR DEVELOPMENT COMPANY
CONSOLIDATING INCOME STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2001 (UNAUDITED)

	ACCOUNT DESCRIPTION	SUNCOR	LPSCO	RANCHLAND UTILITY	SCTS MTN
	-----	-----	-----	-----	-----
REVENUES					
	Home Sales				
	Land Sales	13,043,793			773,000
	Sale of Assets	14,600,000			
	Commercial Properties	10,869,721			
	Utility Sales	128,345	3,708,202	122,642	
	Management Fees	933,006			
	-----	-----	-----	-----	-----
TOTAL OPERATING REVENUES		39,574,865	3,708,202	122,642	773,000
OPERATING EXPENSES					
	Cost of Homes Sold				
	Cost of Land Sold	3,502,811			269,552
	Sale of Assets	8,581,401			
	Commercial Properties	7,717,105			
	Utility Expense	(6,178)	2,274,164	149,146	
	Land Project Costs	1,566,759			24,949
	General & Administrative	15,175,038			53,465
	Depreciation & Amortization	2,474,015	406,106	38,884	
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENSES		39,010,951	2,680,270	188,030	347,966
NET OPERATING INCOME/(LOSS)		563,914	1,027,932	(65,388)	425,034
OTHER INCOME AND GAINS					
	Equity in Joint Ventures	2,574,542			
	Interest Income	554,579	133,254		7,841
	Other	(6,652,022)	276,708		14,942
	-----	-----	-----	-----	-----
TOTAL OTHER INCOME AND GAINS		(3,522,901)	409,962		22,783
INTEREST EXPENSE, NET					
	Interest Expense	9,690,077	527,191		3,279
	Less: Capitalized Interest	(6,614,227)	(338,061)		
	-----	-----	-----	-----	-----
TOTAL INTEREST EXPENSE, NET		3,075,850	189,130		3,279
	Minority Interest	(209,585)			--
INCOME BEFORE TAXES		(5,825,252)	1,248,764	(65,388)	444,538
	Income Taxes	2,255,297	--		
	-----	-----	-----	-----	-----
NET INCOME/(LOSS)		\$ (8,080,549)	\$ 1,248,764	\$ (65,388)	\$ 444,538
	=====	=====	=====	=====	=====
	ACCOUNT DESCRIPTION	PVGC	GHH	HIDDEN HILLS	CORAL CANYON
	-----	-----	-----	-----	-----
REVENUES					
	Home Sales		72,882,646		9,455,693
	Land Sales		128,750	5,318,750	1,001,000
	Sale of Assets				
	Commercial Properties	2,564,722			2,022,992
	Utility Sales				
	Management Fees				
	-----	-----	-----	-----	-----
TOTAL OPERATING REVENUES		2,564,722	73,011,396	5,318,750	12,479,685
OPERATING EXPENSES					
	Cost of Homes Sold		58,929,795		7,953,203
	Cost of Land Sold		103,962	3,955,905	831,792
	Sale of Assets				
	Commercial Properties	2,757,802			2,035,132
	Utility Expense				
	Land Project Costs		24,401	300,262	154,132
	General & Administrative	--	5,508,264	155,421	1,721,299
	Depreciation & Amortization	537,528	243,412		44,341
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENSES		3,295,330	64,809,834	4,411,588	12,739,899
NET OPERATING INCOME/(LOSS)		(730,608)	8,201,562	907,162	(260,214)
OTHER INCOME AND GAINS					
	Equity in Joint Ventures		320,688		
	Interest Income		2,525		10,385
	Other		149,189	2,800	(23,135)
	-----	-----	-----	-----	-----

TOTAL OTHER INCOME AND GAINS		472,402	2,800	(12,750)
INTEREST EXPENSE, NET				
	Interest Expense	316,647		3,610
	Less: Capitalized Interest			
		-----	-----	-----
TOTAL INTEREST EXPENSE, NET		316,647	--	3,610
	Minority Interest			
INCOME BEFORE TAXES		(1,047,255)	8,673,964	909,962
	Income Taxes			
		-----	-----	-----
NET INCOME/(LOSS)		\$ (1,047,255)	\$ 8,673,964	\$ 909,962
		=====	=====	=====
	ACCOUNT DESCRIPTION	RANCHO	CONSOLIDATED	
		VIEJO	INCOME	
		-----	-----	
REVENUES				
	Home Sales	29,992,804	112,331,143	
	Land Sales	1,094,765	21,360,058	
	Sale of Assets		14,600,000	
	Commercial Properties	266,805	15,724,240	
	Utility Sales		3,959,189	
	Management Fees		933,006	
		-----	-----	
TOTAL OPERATING REVENUES		31,354,374	168,907,636	
OPERATING EXPENSES				
	Cost of Homes Sold	25,658,879	92,541,877	
	Cost of Land Sold	1,055,607	9,719,629	
	Sale of Assets		8,581,401	
	Commercial Properties		12,510,039	
	Utility Expense		2,417,132	
	Land Project Costs	399,002	2,469,505	
	General & Administrative	2,721,042	25,334,529	
	Depreciation & Amortization	30,600	3,774,886	
		-----	-----	
TOTAL OPERATING EXPENSES		29,865,130	157,348,998	
NET OPERATING INCOME/(LOSS)		1,489,244	11,558,638	
OTHER INCOME AND GAINS				
	Equity in Joint Ventures		2,895,230	
	Interest Income	21,967	730,551	
	Other	23,500	(6,208,018)	
		-----	-----	
TOTAL OTHER INCOME AND GAINS		45,467	(2,582,237)	
INTEREST EXPENSE, NET				
	Interest Expense	5,071	10,545,875	
	Less: Capitalized Interest		(6,952,288)	
		-----	-----	
TOTAL INTEREST EXPENSE, NET		5,071	3,593,587	
	Minority Interest		(209,585)	
INCOME BEFORE TAXES		1,529,640	5,592,399	
	Income Taxes		2,255,297	
		-----	-----	
NET INCOME/(LOSS)		\$ 1,529,640	\$ 3,337,102	
		=====	=====	

DECEMBER 2001 CONSOLIDATING & ELIMINATING ENTRIES

	DEBIT -----	CREDIT -----
A. NE CONSTRUCTION INTERCO A/P TO SDC (107245-000)	\$ 7,675,340.42	
PV CONSTRUCTION INTERCO TO SDC (107246-000)	\$ 12,627,274.26	
SDC A/R FROM SCM		\$ 7,675,340.42
SDC A/R FROM PV CONSTRUCTION		\$ 12,627,274.26
GH INTERCO CAPITAL FROM SDC - ACQUISITION	\$ 1,432,265.22	
GH INTERCO A/P TO SDC (107250-000)	\$ 5,242,461.83	
PV MARKETING I/C TO SDC (107251-000)	\$ 16,175,669.88	
SDC A/R FROM GH		\$ 7,378,171.12
GHH PV MARKETING		\$ 16,175,669.88
B. HOMEBUILDING CASH ADVANCES FROM SDC		\$ 5,825,883.31
SDC CASH ADVANCES TO HOMEBUILDING	\$ 5,825,883.31	
C. N.E. INTERCO CAPPED INTEREST	\$ 7,126,276.59	
SDC INTERCO INTEREST A/R FROM SCM		\$ 7,126,276.57
ELIMINATE INTERCO RECEIVABLES/PAYABLES BETWEEN HOMEBUILDING AND SDC		
D. HOMEBUILDING ACCUMULATED EARNINGS	\$ 7,158,085.83	
SDC INVESTMENT IN GH		\$ 13,600,821.33
SDC DUE DILIGENCE COSTS - GHH ACQUISITION		
SDC INVESTMENT IN SCM		\$ 517,849.94
HOMEBUILDING CURRENT YEAR EARNINGS	\$ 6,960,585.51	
ELIMINATE SDC INVESTMENT IN GOLDEN HERITAGE & SCM		
E. DEFERRED INTERCO PROFIT	\$ 4,719,745.08	
HOME INVENTORY		\$ 4,719,745.08
ELIMINATE DEFERRED PROFIT ON INTERCO LOT SALES TO HOMEBUILDING		
F. LPSCO COMMON STOCK	78,200.00	
LPSCO PAID IN CAPITAL	13,168,180.43	
LPSCO EARNINGS - PRIOR	1,881,786.74	
LPSCO INCOME TAXES		
LPSCO EARNINGS - CURRENT YEAR	762,146.22	
SDC INVESTMENT IN LPSCO - CONTRIB CAPITAL		872,552.78
SDC INVESTMENT IN LPSCO - EARNINGS		13,206,756.85
SDC DEFERRED TAXES DIFFERENTIAL	872,552.78	2,643,932.60
ELIMINATE SDC INVESTMENT IN LPSCO		
G. LPSCO LONG-TERM NOTES PAYABLE	300,000.00	
LPSCO LONG-TERM NOTES PAYABLE		
SDC LONG-TERM NOTES RECEIVABLE		
SDC LONG-TERM NOTES RECEIVABLE		300,000.00
ELIMINATE LPSCO INTERCOMPANY NOTE WITH SDC		
H. LPSCO ACCOUNTS PAYABLE	137,029.73	
SDC ACCOUNTS RECEIVABLE		137,029.73

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ELIMINATE LPSCO INTERCOMPANY A/R WITH SDC			
I.	SMLP CONTRIBUTED CAPITAL - MINORITY INT	X	10,507,040.00
	SMLP CONTRIBUTED CAPITAL - SDC GP	490,147.01	
	SMLP DISTRIBUTED CAPITAL - SDC GP		13,483,361.00
	SMLP CONTRIBUTED CAPITAL - SDC LP	2,100,000.00	
	SMLP DISTRIBUTED CAPITAL - SDC LP		6,930,332.00
	SMLP EARNINGS - PRIOR	31,863,326.96	
	SMLP EARNINGS - CURRENT YEAR	444,537.12	
	MINORITY INTEREST CONTRIBUTED CAPITAL	10,507,040.00	
	MINORITY INTEREST - PRIOR (35%)		11,726,317.44
	MINORITY INTEREST - CURRENT YEAR (35%)		155,587.99
	SDC INVESTMENT IN SMLP - LP		2,100,000.00
	SDC DISTRIBUTIONS FROM SMLP - LP	6,955,259.26	
	SDC INVESTMENT IN SMLP - GP		490,147.01
	SDC DISTRIBUTIONS FROM SMLP - GP	13,458,433.74	
	SDC INVESTMENT IN SMLP - EARNINGS		20,425,958.62
	SDC LAND BASIS DIFFERENTIAL		
ELIMINATE SDC INVESTMENT IN SMLP #3500			
J.	SMLP ACCOUNTS PAYABLE	X	2,735.71
	SDC ACCOUNTS RECEIVABLE		2,735.71
	SMLP BRIDGE LOAN PAYABLE		
	SDC BRIDGE LOAN RECEIVABLE		
	GH ACCOUNTS PAYABLE (Lot Premiums)		
	SMLP ACCOUNTS RECEIVABLE		
ELIMINATE SMLP INTERCOMPANY A/R WITH SDC AND HOMEBUILDING (PREMIUMS)			
K.	SASI ACCOUNTS PAYABLE	X	85.81
	SDC ACCOUNTS RECEIVABLE		85.81
ELIMINATE SASI INTERCOMPANY A/R WITH SDC			
L.	SASI CONTRIBUTED CAPITAL	X	489,023.22
	SASI CAPITAL DISTRIBUTIONS		650,000.00
	SASI EARNINGS - PRIOR YEARS	396,220.95	
	SASI EARNINGS - CURRENT YEAR	33,447.00	
	PV INVESTMENT IN SASI - CONTRIB CAPITAL		489,023.22
	PV INVESTMENT IN SASI - DISTRIBUTIONS	650,000.00	
	PV INVESTMENT IN SASI - EARNINGS		429,667.95
ELIMINATE PALM VALLEY INVESTMENT IN SASI			
M.	PVGC CONTRIBUTED CAPITAL	X	6,158,173.14
	PVGC EARNINGS - PRIOR		1,414,057.67
	PVGC EARNINGS - CURRENT YEAR		1,047,254.46
	SDC INVESTMENT IN PVGC - EARNINGS	2,461,312.13	
	SDC INVESTMENT IN PVGC - CONTRIB CAPITAL		6,158,173.14
ELIMINATE SDC INVESTMENT IN PALM VALLEY GOLF			
N.	PVGC - INTERCOMPANY INVOICES	X	5,412,516.15
	PVGC ACCOUNTS RECEIVABLE	5,412,516.15	
ELIMINATE PALM VALLEY GOLF INTERCOMPANY A/R WITH SDC			

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R. KABUTO CONTRIBUTED CAPITAL - SDC	X	8,973,033.57	
KABUTO CONTRIBUTED CAPITAL - KABUTO		3,841,268.00	
KABUTO PRIOR PERIOD EARNINGS			1,918.95
KABUTO CURRENT PERIOD EARNINGS		1,662,894.69	
MINORITY INTEREST			4,423,281.44
SDC INVESTMENT IN KABUTO - CONTR CAPITAL			6,663,390.23
SDC INVESTMENT IN KABUTO - EARNINGS			1,162,683.00
PLUG			2,225,922.64
ELIMINATE KABUTO JV INTERCOMPANY A/R WITH SDC			
S. COMMERCIAL OPS CONTRIBUTED CAPITAL	X	79,384,626.44	
COMMERCIAL EARNINGS - PRIOR		14,991,166.86	
COMMERCIAL EARNINGS - CURRENT YEAR		13,415,567.29	
SDC INVEST IN GEN COMMERCIAL OPS - EARNINGS			5,587,269.97
SDC INVEST IN GEN COMMERCIAL OPS - CONT CAPITAL			78,374,117.47
SDC INVEST IN HAYDEN FERRY LAKESIDE			8,438,172.08
SDC INVESTMENT IN OUTER LIMITS - PURCHASE			1,822,514.94
SDC INVESTMENT IN FIDDLE (SCOTTS) - CONT CAPITAL		4,624,296.75	
SDC INVESTMENT IN FIDDLE (SCOTTS) - EARNINGS		1,115,165.51	
SDC INVESTMENT IN FUNTASTICKS - CONT CAPITAL		1,642,349.54	
SDC INVESTMENT IN FUNTASTICKS - EARNINGS			676,581.02
SDC INVESTMENT IN FIDDLE (TEMPE) - CONT CAPITAL		2,980,199.30	
SDC INVESTMENT IN FIDDLE (TEMPE) - EARNINGS			1,592,676.12
SDC INVESTMENT IN APS PROPERTIES - EARNINGS			559,796.42
SDC INVESTMENT IN BLACK CANYON CP - EARNINGS			1,659,298.20
SDC INVESTMENT IN PV MARKETPLACE - EARNINGS			9,838,128.82
SDC INVESTMENT IN PV PAVILIONS - EARNINGS			4,358,330.71
SDC INVESTMENT IN ALAMEDA CROSSING			859,781.29
SDC INVESTMENT IN PV CORNERSTONE			4,219,078.72
INVESTMENT IN NWC DYSART & MCDOWELL			653,278.83
SDC INVESTMENT IN PV CROSSING - EARNINGS			1,086,538.40
SDC INVESTMENT IN PV OFFICE PARK - EARNINGS			577,835.23
SDC INVESTMENT IN METROCENTER - EARNINGS			281,410.66
SDC INVESTMENT IN REST PLACE - EARNINGS		103,015.12	
SDC INVESTMENT IN LITCHFIELD OTHER - EARNINGS			198,015.55
SDC INVESTMENT IN AUTOPLEX - EARNINGS		261,979.00	
SDC INVESTMENT IN TALAVI - EARNINGS		236,688.89	
SDC INVESTMENT IN LP PROF. PLAZA - EARNINGS			19,758.29
SDC INVESTMENT IN WWOS - EARNINGS		2,044,837.21	
ELIMINATE SDC INVESTMENT IN COMMERCIAL OPERATIONS #2000			
T. HIDDEN HILLS SDC CONTRIBUTED CAPITAL	X	13,394,122.70	
GLAZ CONTRIBUTED CAPITAL, NET			3,770,897.47
GLAZ INVESTMENT IN HIDDEN HILLS - CONT CAPITAL		3,770,897.47	
HIDDEN HILLS EARNINGS - PRIOR		1,484,110.80	
HIDDEN HILLS EARNINGS - CURRENT YEAR		909,961.68	
SDC INVESTMENT IN HIDDEN HILLS - EARNINGS			2,394,072.48
SDC INVESTMENT IN HIDDEN HILLS - CONT CAPITAL			12,688,359.02
ELIMINATE SDC INVESTMENT IN HIDDEN HILLS JV #3300			
U. SDC INVESTMENT IN RANCHO VIEJO - EARNINGS	X		5,466,431.54
SDC INVESTMENT IN RANCHO VIEJO - CAPITAL			19,275,890.12
RANCHO VIEJO CONTRIBUTED CAPITAL		19,275,890.12	
RANCHO VIEJO EARNINGS - PRIOR		3,936,793.28	
RANCHO VIEJO EARNINGS - CURRENT YEAR		1,529,638.26	
ELIMINATE SDC INVESTMENT IN RANCHO VIEJO JV #6600			
V. PV CONTRIBUTED CAPITAL	X	119,644,732.83	
PV EARNINGS - PRIOR		32,965,357.73	
PV EARNINGS - CURRENT YEAR		1,904,267.11	
SDC INVESTMENT IN PALM VALLEY - EARNINGS			34,869,624.84
SDC INVESTMENT IN PALM VALLEY - DEVELOP			119,644,733.10
ELIMINATE SDC INVESTMENT IN PALM VALLEY #5500			
W. CORAL CANYON CONTRIBUTED CAPITAL		27,691,773.00	
CORAL CANYON - PRIOR			199,345.28
CORAL CANYON - CURRENT YEAR			276,572.06

	DEBIT -----	CREDIT -----
SDC INVESTMENT IN CORAL CANYON - DEVELOP		27,691,772.53
SDC INVESTMENT IN CORAL CANYON - EARNINGS	475,916.87	
X. CORAL CANYON ACCOUNTS PAYABLE	650,370.50	
SDC ACCOUNTS RECEIVABLE		650,370.50
ELIMINATE SDC INVESTMENT IN CORAL CANYON #3900		
Z SDC INTERCOMPANY WITH CORAL CANYON GOLF COURSE		140,601.88
CORAL CANYON INTERCOMPANY WITH SDC	140,601.88	
ELIMINATE SDC INVESTMENT IN CORAL CANYON GOLF CLUB		
AA RANCHLAND - CURRENT YEAR		65,387.78
RANCHLAND - PRIOR YEARS EARNINGS		152,568.51
RANCHLAND - CONTRIBUTED CAPITAL	1,120,126.48	
RANCHLAND - DUE TO/FROM RANCHO VIEJO	176,174.00	
RANCHO INVESTMENT IN RANCHLAND UTILITY-CAPITAL		1,120,126.48
SDC INVESTMENT IN RL UTILITY-EARNINGS	217,956.29	
RANCHO - DUE TO/FROM RANCHLAND UTILITIES		176,174.00
ELIMINATE RANCHO INVESTMENT IN RANCHLAND UTILITY		
BB CLUB WEST - MINORITY INTEREST	473,000.00	
CLUB WEST - SDC CONTRIBUTED CAPITAL	3,904,000.00	
CLUB WEST - PRIOR EARNINGS		267,857.48
CLUB WEST - CURRENT YEAR EARNINGS		619,963.00
MINORITY INTEREST CURRENT-32%	198,388.16	
MINORITY INTEREST PRIOR -32%	85,714.39	
SDC INVESTMENT - EARNINGS	603,717.88	
SDC INVESTMENT - CAPITAL		3,900,000.00
CWGC CONTRIBUTED CAPITAL - MINORITY INT		473,000.00
SDC INTERCOMPANY WITH CLUB WEST		98,192.65
CLUB WEST - INTERCOMPANY WITH SDC	98,192.65	
ELIMINATE SDC INVESTMENT IN CLUB WEST		

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CC STONERIDGE CONTRIBUTED CAPITAL - SDC	X	14,480,330.30
WLD CONTRIBUTED CAPITAL		10,380,987.30
STONERIDGE PRIOR PERIOD EARNINGS		
STONERIDGE CURRENT PERIOD EARNINGS	361,755.68	
STONERIDGE CONSTRUCTION AND MARKETING INTERCOMPANY WITH SDC		181.14
STONERIDGE DEVELOPMENT INTERCOMPANY WITH SDC		116,854.39
MINORITY INTEREST	10,380,987.30	
MINORITY INTEREST IN EARNINGS		180,877.84
SDC INVESTMENT IN STONERIDGE - CONTR CAPITAL	14,480,330.30	
SDC INVESTMENT IN STONERIDGE - EARNINGS		180,877.84
SDC INTERCOMPANY WITH STONERIDGE - CONSTRUCTION AND MARKETING		21,085.43
SDC INTERCOMPANY WITH STONERIDGE DEVELOPMENT	73,027.80	
SDC INTERCOMPANY WITH STONERIDGE GOLF COURSE DEVELOPMENT	43,826.59	
TOTAL	----- \$568,834,461.95 =====	----- \$568,812,475.98 =====

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