FIRST BANCSHARES INC /MS/
Form S-4
January 29, 2018
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As filed with the Securities and Exchange Commission on January 29, 2018
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The First Bancshares, Inc.
(Exact Name of Registrant as Specified in its Charter)

Mississippi	6021	64-0862173
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

6480 U.S. Hwy. 98 West
Hattiesburg, Mississippi 39402, Suite A
(601) 268-8998
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Donna T. (Dee Dee) Lowery
Chief Financial Officer
6480 U.S. Hwy. 98 West
Hattiesburg, Mississippi 39402
(601) 268-8998
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

Mark C. Kanaly, Esq. David S. Park, Esq. Lesley H. Solomon, Esq. Alston & Bird, LLP 1201 West Peachtree Street Atlanta, Georgia 30309 (404) 881-7000	Michael S. Sadow, P.C. Dave M. Muchnikoff, P.C. Silver, Freedman, Taff & Tiernan LLP 3299 K Street, NW, Suite 100 Washington, District of Columbia 20007 (202) 295-4500

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.
If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value $0.01 per share	772,551(1)	N/A	$ 24,297,975.00(2)	$ 3,025.10

(1)
Represents the maximum number of shares of The First Bancshares, Inc. common stock that could be issued in connection with the merger described herein. Pursuant to Rule 416, this registration statement also covers additional shares that may be issued as a result of stock splits, stock dividends or similar transactions. In the event the number of shares of common stock required to be issued to consummate the merger described herein is increased after the date this registration statement is declared effective, The First Bancshares, Inc. will register such additional shares in accordance with Rule 413 under the Securities Act of 1933, as amended (the "Securities Act"), by filing a registration statement pursuant to Rule 462(b) or Rule 429 under the Securities Act, as applicable, with respect to such additional shares.

(2)
Pursuant to Rule 457(f)(1) under the Securities Act, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based on the average of the high and low prices for shares of Sunshine Financial, Inc. common stock as reported on the Over-the-Counter Electronic Bulletin Board on January 24, 2018 ($29.23 per share) multiplied by the maximum number of such shares (830,700) that may be exchanged for the securities being registered.

(3)
Calculated pursuant to Rule 457(f) of the Securities Act to be $3,025.10 by multiplying the proposed maximum aggregate offering price by 0.0001245.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and is subject to change. The First Bancshares, Inc. may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY — SUBJECT TO COMPLETION — DATED JANUARY 29, 2018

Proxy Statement/Prospectus

MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

To the Stockholders of Sunshine Financial, Inc.:

The boards of directors of The First Bancshares, Inc., or First Bancshares, and Sunshine Financial, Inc., or Sunshine, have each unanimously approved the acquisition of Sunshine by First Bancshares. The acquisition will be accomplished pursuant to the terms of an Agreement and Plan of Merger, dated as of December 6, 2017, which we refer to as the merger agreement, by and between First Bancshares and Sunshine, whereby Sunshine will be merged with and into First Bancshares, which we refer to as the merger. Immediately following the merger of Sunshine with and into First Bancshares, Sunshine Community Bank, or Sunshine Community, a wholly owned bank subsidiary of Sunshine, will merge with and into First Bancshares' wholly owned bank subsidiary, The First, A National Banking Association, or The First, with The First as the surviving bank, which we refer to as the bank merger.

If the merger is completed, each outstanding share of Sunshine common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive, at the election of each Sunshine stockholder, either (i) $27.00 in cash, or (ii) 0.93 of a share of First Bancshares' common stock. The election of stock consideration or cash consideration will be subject to proration such that 75% of the issued and outstanding shares of Sunshine common stock will be exchanged for First Bancshares common stock and 25% will be exchanged for cash. As a result, if the aggregate number of shares with respect to which a valid stock or cash election has been made exceeds these limits, stockholders who have elected the form of merger consideration that has been over-subscribed will receive a mixture of both stock consideration and cash consideration in accordance with the proration procedures set forth in the merger agreement. Each outstanding share of Sunshine common stock subject to vesting restrictions shall become vested immediately prior to the effective time of the merger and will be converted into the right to receive the same merger consideration that other Sunshine stockholders are entitled to receive. Each option to purchase shares of Sunshine common stock shall be cancelled as of the effective time of the merger and converted into the right to receive a cash payment equal to the product of (i) the total number of shares of Sunshine common stock subject to such option times (ii) the excess, if any, of $27.00 over the exercise price per share of Sunshine common stock subject to such option.

Although the number of shares of First Bancshares common stock that Sunshine stockholders may choose to receive is fixed, the market value of the merger consideration will fluctuate with the market price of First Bancshares common stock and will not be known at the time Sunshine stockholders vote on the merger. First Bancshares common stock is currently quoted on the NASDAQ Global Market under the symbol "FBMS." On December 6, 2017, the last full trading day before the public announcement of the merger agreement, based on the last reported sale price of First Bancshares common stock ($33.35), the 0.93 exchange ratio represented approximately $31.02 in value for each share of Sunshine common stock to be converted to First Bancshares common stock. The most recent reported closing sale price of First Bancshares common stock on [•], 2018 was $[•]. The most recent reported closing sale price of Sunshine common stock on [•], 2018 was $[•]. Based on the exchange ratio and the number of shares of Sunshine common stock outstanding and reserved for issuance under various stock incentive plans and agreements, the maximum number of shares of First Bancshares common stock offered by First Bancshares and issuable in the merger is 772,551. We urge you to obtain current market quotations for the price of First Bancshares common stock (trading symbol "FBMS") and Sunshine common stock (trading symbol "SSNF").

On October 24, 2017, First Bancshares entered into an agreement to acquire Southwest Banc Shares, Inc., or Southwest, the holding company of, First Community Bank, or First Community. Southwest is based in Chatom, Alabama. Certain information relating to this transaction is set forth in the accompanying proxy statement/prospectus.

Sunshine will hold a special meeting of its stockholders, referred to as the Sunshine special meeting, where Sunshine stockholders will be asked to consider and vote upon (1) a proposal to approve the merger, (2) a proposal to approve, on a non-binding advisory basis, certain compensation that may become payable to Sunshine's named executive officers in connection with the merger, and (3) a proposal to adjourn the Sunshine special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger.

The Sunshine special meeting will be held at Sunshine's executive offices located at 1400 East Park Avenue, Tallahassee, Florida, on [•], 2018, at [•] [a.m./p.m.], Eastern Time, subject to any adjournment or postponement thereof.

Each of First Bancshares and Sunshine expects that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, with the result that the Sunshine common stock exchanged for First Bancshares common stock will generally be tax-free and the Sunshine common stock exchanged for cash will generally be taxable as capital gain.

Your vote is important. Completion of the merger is subject to the approval of the merger by the stockholders of Sunshine. Regardless of whether or not you plan to attend the Sunshine special meeting, please take the time to authorize a proxy to vote your shares in accordance with the instructions contained in this proxy statement/prospectus. Submitting a proxy now will not prevent you from being able to vote in person at the Sunshine special meeting.

The board of directors of Sunshine has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of the stockholders of Sunshine, has unanimously approved the merger agreement and the merger and unanimously recommends that the stockholders of Sunshine vote "FOR" the proposal to approve the merger, "FOR" the compensation proposal and "FOR" the proposal to adjourn the Sunshine special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger.

This proxy statement/prospectus describes the Sunshine special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire proxy statement/prospectus, including "Risk Factors," beginning on page 37, for a discussion of the risks relating to the proposed merger. You also can obtain information about First Bancshares and Sunshine from documents that each has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, please contact Brian P. Baggett, Corporate Secretary, at (850) 219-7200. We look forward to seeing you at the meeting.

/s/ Louis O. Davis, Jr.

Louis O. Davis, Jr.
President and Chief Executive Officer
Sunshine Financial, Inc.

Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, nor any state securities commission or any other bank regulatory agency has approved or disapproved the securities to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either First Bancshares or Sunshine, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is [•], 2018, and it is first being mailed or otherwise delivered to the Sunshine stockholders on or about [•], 2018.

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SUNSHINE FINANCIAL, INC.
1400 East Park Avenue Tallahassee, Florida 32301
(850) 219-7200

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on [•], 2018

To the Stockholders of Sunshine Financial, Inc.:

A special meeting of the stockholders of Sunshine Financial, Inc., or Sunshine, will be held at Sunshine's executive offices located at 1400 East Park Avenue, Tallahassee, Florida, on [•], 2018, at [•] [a.m./p.m.], Eastern Time, subject to any adjournment or postponement thereof, for the following purposes:

1.
To consider and vote upon a proposal to approve the merger of Sunshine with and into The First Bancshares, Inc., or First Bancshares, with First Bancshares as the surviving company, referred to herein as the merger, all on and subject to the terms and conditions contained in the Agreement and Plan of Merger, which we refer to as the merger agreement, dated as of December 6, 2017, by and between First Bancshares and Sunshine, which we refer to as the merger proposal;

2.
To consider and vote upon a proposal to approve, in a non-binding advisory vote, certain compensation that may become payable to Sunshine's named executive officers in connection with the merger, which we refer to as the compensation proposal; and

3.
To consider and vote upon any proposal to adjourn the special meeting, referred to herein as the Sunshine special meeting, to a later date or dates if the board of directors of Sunshine determines such an adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Sunshine special meeting to constitute a quorum or to approve the merger, which we refer to as the adjournment proposal.

No other business may be conducted at the Sunshine special meeting. All holders of shares of common stock of Sunshine of record as of 5:00 p.m. on [•], 2018, will be entitled to notice of and to vote at the Sunshine special meeting and any adjournments thereof. The Sunshine special meeting may be adjourned from time to time upon approval of holders of Sunshine common stock without any notice other than by announcement at the meeting of the adjournment thereof, and any and all business for which notice is hereby given may be transacted at such adjourned meeting.

Holders of Sunshine common stock have the right to dissent from the merger proposal and obtain payment in cash of the appraised fair value of their shares of Sunshine common stock under applicable provisions of the Maryland General Corporation Law, or MGCL. In order for a holder of Sunshine common stock to perfect his, her or its right to dissent, such holder must carefully follow the procedure set forth in the MGCL. A copy of the applicable statutory provisions of the MGCL is included as Annex C to the accompanying proxy statement/prospectus and a summary of these provisions can be found under the caption "The Merger — Dissenters' Rights," beginning on page 76 of the proxy statement/prospectus. The merger may not be completed if the holders of more than 12.5% of the outstanding shares of Sunshine common stock exercise dissenters' rights.

If you have any questions concerning the merger agreement, the merger, the Sunshine special meeting or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus, need a proxy card or need help voting your shares of Sunshine common stock, please contact Brian P. Baggett, Corporate Secretary, at (850) 219-7200.

By Order of the Board of Directors,
/s/ Brian P. Baggett

Brian P. Baggett
Corporate Secretary
Tallahassee, Florida
[•], 2018

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The Sunshine board of directors unanimously recommends that holders of Sunshine common stock entitled to vote at the Sunshine special meeting vote “FOR” the merger proposal, “FOR” the compensation proposal and “FOR” the adjournment proposal.

Your Vote is Very Important

A proxy card is enclosed. Whether or not you plan to attend the Sunshine special meeting, if you are a holder of shares of Sunshine common stock, please vote by completing, signing and dating the proxy card and promptly mailing it in the enclosed envelope. You may also vote via the Internet or telephone by following the instructions on the proxy card. You may revoke your proxy in the manner described in the proxy statement/prospectus at any time before it is exercised. If you are a holder of shares of Sunshine common stock and attend the Sunshine special meeting, you may vote in person if you desire, even if you have previously returned your proxy card.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Bancshares and Sunshine from documents filed with the Securities and Exchange Commission, or SEC, that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by First Bancshares and Sunshine at no cost from the SEC's website at http://www.sec.gov. You may also request copies of these documents, including documents incorporated by reference in this proxy statement/prospectus, at no cost by contacting First Bancshares or Sunshine at the contact information set forth below:

The First Bancshares, Inc.	Sunshine Financial, Inc.
6480 U.S. Hwy, 98 West	1400 East Park Avenue
Hattiesburg, Mississippi 39402	Tallahassee, Florida 32301
Attention: Secretary	Attention: Corporate Secretary
Telephone: (601) 268-8998	Telephone: (850) 219-7200

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of the special meeting, or [•], 2018.

If you are a Sunshine stockholder and have any questions about the merger agreement, the merger, the Sunshine special meeting or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus, need a proxy card or need help voting your shares of Sunshine common stock, please contact Brian P. Baggett, Corporate Secretary, at (850) 219-7200.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [•], 2018, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this proxy statement/prospectus from another document is accurate as of the date of such other document. Neither the mailing of this document to Sunshine stockholders nor the issuance by First Bancshares of shares of First Bancshares common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Sunshine has been provided by Sunshine and information contained in this document regarding First Bancshares has been provided by First Bancshares. See "Where You Can Find More Information" for more details.

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Authorized Shares

Under our articles of incorporation, we have the authority to issue 150,000,000 shares of common stock.

Dividends

Subject to any preferential rights of any series of preferred stock, holders of shares of common stock will be entitled to receive dividends on the stock out of assets legally available for distribution when, as and if authorized and declared by our Board of Directors. The payment of dividends on the common stock will be a business decision to be made by our Board of Directors from time to time based upon results of our operations and our financial condition and any other factors as our Board of Directors considers relevant. Payment of dividends on the common stock may be restricted by loan agreements, indentures and other transactions entered into by us from time to time. Any material contractual restrictions on dividend payments will be described in the applicable prospectus supplement.

Voting Rights

Holders of common stock are entitled to one vote per share on all matters voted on generally by the shareholders, including the election of directors, and, except as otherwise required by law or except as provided with respect to any series of preferred stock, the holders of the shares possess all voting power. Arizona law provides for cumulative voting for the election of directors. As a result, any shareholder may cumulate his or her votes by casting them all for any one director nominee or by distributing them among two or more nominees.

Staggered Terms of Directors

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Our Board of Directors is elected in three classes with staggered three-year terms. One class of directors is elected each year for a three-year term. Election of directors with staggered terms lessens the effectiveness of cumulative voting rights by reducing the number of directors who are elected in any given year.

Liquidation Rights

Subject to any preferential rights of any series of preferred stock, holders of shares of common stock are entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up.

Absence of Other Rights

Holders of common stock have no preferential, preemptive, conversion or exchange rights.

Miscellaneous

All shares of common stock being offered by the applicable prospectus supplement will be fully paid and not liable to further calls or assessment by us.

Transfer Agent and Registrar

The Bank of New York is the principal transfer agent and registrar for the common stock.

Preferred Stock

Our Board of Directors has the authority, without any further action by our shareholders, to issue from time to time shares of preferred stock, in one or more series and to fix the designations, preferences, rights, qualifications, limitations and restrictions thereof, including voting rights, dividend rights, dividend rates, conversion rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series. The issuance of preferred stock with voting rights could have an adverse effect on the voting power of holders of common stock by increasing the number of outstanding shares having voting rights. In addition, if our board of directors authorizes preferred stock with conversion rights, the number of shares of common stock outstanding could potentially be increased up to the authorized amount. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock. Any such issuance could also have the effect of delaying, deterring or preventing a change in control of us and may adversely affect the rights of holders of our common stock. See also Description of Preferred Stock above.

Certain Anti-takeover Effects

General. Certain provisions of our articles of incorporation, bylaws, and the Arizona Revised Statutes (ARS), as well as our shareholder rights plan, may have an anti-takeover effect and may delay or prevent a tender offer or other acquisition transaction that a shareholder might consider to be in his or her best interest, including a transaction that results in a premium over the market price of the common stock. The summary of the provisions of our articles, bylaws, shareholder rights plan, and the ARS set forth below does not purport to be complete and is qualified in its entirety by reference to our articles, bylaws, shareholder rights plan, and the ARS.

Business Combinations. ARS § 10-2741 through 2743 and Article XII of our bylaws restrict a wide range of transactions (collectively, business combinations) between us or, in certain cases, one of our subsidiaries, and an interested shareholder (or any affiliate or associate of the interested shareholder). An interested shareholder is, generally, any person who beneficially owns, directly or indirectly, 10% or more of our outstanding voting power or any of our affiliates or associates who at any time within the prior three years was such a beneficial owner. The statute broadly defines business combinations to include, among other things and with certain exceptions:

mergers and consolidations with an interested shareholder or an affiliate or associate of the interested

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shareholder;

share exchanges with an interested shareholder or an affiliate or associate of the interested shareholder;

any sale, lease, exchange, mortgage pledge, transfer or other disposition of assets to an interested shareholder or an affiliate or associate of the interested shareholder, representing 10% or more of (i) the aggregate market value of all of our consolidated assets as of the end of the most recent fiscal quarter, (ii) the aggregate market value of all our outstanding shares, or (iii) our consolidated revenues or net income for the four most recent fiscal quarters;

the issuance or transfer of shares of stock having an aggregate market value of 5% or more of the aggregate market value of all of our outstanding shares to an interested shareholder or an affiliate or associate of the interested shareholder;

the adoption of a plan or proposal for our liquidation or dissolution or reincorporation in another state or jurisdiction pursuant to an agreement or arrangement with an interested shareholder or an affiliate or associate of the interested shareholder;

corporate actions, such as stock splits and stock dividends, and other transactions resulting in an increase in the proportionate share of the outstanding shares of any series or class of stock of us or any of our subsidiaries owned by an interested shareholder or an affiliate or associate of the interested shareholder; and

the receipt by an interested shareholder or an affiliate or associate of the interested shareholder of the benefit (other than proportionately as a shareholder) of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by or through us or any of our subsidiaries.

The ARS and our bylaws provide that, subject to certain exceptions, we may not engage in a business combination with an interested shareholder (or any affiliate or associate of the interested shareholder) or authorize one of our subsidiaries to do so, for a period of three years after the date on which the interested shareholder first acquired the shares that qualify such person as an interested shareholder (the share acquisition date), unless either the business combination or the interested shareholder s acquisition of shares on the share acquisition date is approved by a committee of our Board of Directors (comprised solely of disinterested directors or other disinterested persons) prior to the interested shareholder s share acquisition date.

In addition, after such three-year period, the ARS and our bylaws prohibit us from engaging in any business combination with an interested shareholder (or any affiliate or associate of the interested shareholder), subject to certain exceptions, unless:

the business combination or acquisition of shares by the interested shareholder on the share acquisition date was approved by our Board of Directors prior to the share acquisition date;

the business combination is approved by holders of a majority of our outstanding shares (excluding shares beneficially owned by the interested shareholder or any affiliate or associate of the interested shareholder) at a meeting called after such three-year period; or

the business combination satisfies specified price and other requirements.

Anti-Greenmail Provisions. ARS § 10-2704 and Article XIII of our bylaws prohibit us from purchasing any shares of our voting stock from any beneficial owner (or group of beneficial owners acting together to acquire, own or vote our shares) of more than 5% of the voting power of our outstanding shares at a price per share in excess of the average closing sale price during the 30 trading days preceding the purchase or if the person or persons have commenced a tender offer or announced an intention to seek control of us, during the 30 trading days prior to the commencement of the tender offer or the making of the announcement, unless

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- the 5% beneficial owner has beneficially owned the shares to be purchased for a period of at least three years;
- holders of a majority of our voting power (excluding shares held by the 5% beneficial owner or its affiliates or associates or by any of our officers and directors) approve the purchase; or
- we make the repurchase offer available to all holders of the class or series of securities to be purchased and to all holders of other securities convertible into that class or series.

Control Share Acquisition Statute. Through a provision in our bylaws, we have opted out of ARS § 10-2721 through 2727, the Arizona statutory provisions regulating control share acquisitions. As a result, potential acquirors are not subject to the limitations imposed by that statute.

Shareholder Rights Plan. We have adopted a shareholder rights plan under which one preferred share purchase right is attached to each outstanding share of our common stock. The rights become exercisable and will be separated from the common stock on the Distribution Date, as such term is defined in the plan. Generally, subject to specified exceptions, the Distribution Date will occur on the earlier of:

- 10 days following a public announcement that a person or group of affiliated or associated persons (an acquiring person) has acquired beneficial ownership of 15% or more of our outstanding common stock, or
- 10 business days following the commencement of, or announcement of an intention to make, a tender offer or exchange offer that would result in the beneficial ownership by a person or group of 15% or more of our outstanding common stock.

Each right entitles the registered holder to purchase from us one one-hundredth of a share of Series A Participating Preferred Stock (the Series A Preferred Stock) at an exercise price of $130, subject to adjustment under specified circumstances. However, after any person has become an acquiring person (a Flip-In Event), upon exercise of the right, the holder will be entitled to receive common stock valued at twice the exercise price of the right. In other words, a rights holder may purchase common stock at a 50% discount. In some circumstances, the holder will receive cash, property or other securities instead of common stock. Upon the occurrence of a Flip-In Event, any rights owned by an acquiring person, its affiliates and associates and certain of its transferees will become null and void.

In the event that a person becomes an acquiring person, we are then merged, and the common stock is exchanged or converted in the merger, then each right (other than those formerly held by the acquiring person, which became void) would flip-over and be exercisable for a number of shares of common stock of the acquiring company having a market value of two times the exercise price of the right. In other words, a rights holder may purchase the acquiring company s common stock at a 50% discount.

After a Flip-In Event but before a flip-over event (as described above) occurs and before an acquiring person becomes the owner of 50% or more of the common stock, the Board may cause the rights (either in whole or in part) to be exchanged for shares of common stock (or fractional interests in Series A Preferred Stock, or equivalent securities, of equal value) at a one-to-one exchange ratio. Rights held by the acquiring person, however, which became void upon the Flip-In Event, would not be entitled to participate in such exchange.

We may redeem the rights for $0.01 per right at any time prior to the date on which a person becomes an acquiring person. The shareholder rights plan and the rights expire in March 2009, subject to extension.

For so long as the rights are redeemable, the terms of the rights may be amended or supplemented by the Board of Directors at any time and from time to time without the consent of the holders of the rights. At any time when the rights are not redeemable, the Board of Directors may amend or supplement the terms of the rights, provided that such amendment does not adversely affect the interests of the holders of the rights. In no event may any amendment or supplement be made which changes the redemption price.

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Until a right is exercised, the holder thereof will have no rights as a shareholder, including, without limitation, the right to vote or to receive dividends, except as holder of the common stock to which the right is attached.

For information on the terms of the Series A Preferred Stock, see the certificate of designation for the Series A Preferred Stock, the form of which is attached as Exhibit A to the Amended and Restated Rights Agreement, dated as of March 26, 1999, filed as an exhibit to our Current Report on Form 8-K filed with the SEC on April 19, 1999, which is incorporated herein by reference.

Special Meetings of Shareholders. Pursuant to ARS § 10-702, except with respect to certain business combinations, as required by Arizona law, a special meeting of shareholders may be called by a corporation s Board of Directors or any other person authorized to do so in its articles of incorporation or bylaws. Our bylaws provide that, except as required by law, special meetings of shareholders may only be called by a majority of our Board of Directors, the Chairman of the Board, or the President.

Election and Removal of Directors. Our Board of Directors is divided into three classes. The directors in each class serve for a three year term, with one class being elected each year by our shareholders. The classification of our Board of Directors generally makes it more difficult for shareholders to effect a change in control because at least two shareholder meetings are required to elect a majority of our Board. Arizona law provides for cumulative voting in the election of directors, which may make it more difficult for shareholders to elect a majority of the Board of Directors.

Our bylaws provide that any director may be removed with or without cause, but only at a special meeting of shareholders called for that purpose, if the votes cast in favor of such removal exceed the votes cast against such removal. However, if less than the entire Board of Directors is to be removed, no one director may be removed if the votes cast against the director s removal would be sufficient to elect the director if then cumulatively voted at an election of the class of directors of which the director is a part.

Shareholder Proposals and Director Nominations. A shareholder can submit shareholder proposals and nominate candidates for election to our Board of Directors if he or she follows the advance notice provisions set forth in our bylaws.

With respect to shareholder proposals to bring business before the annual meeting, shareholders must submit a written notice to the Secretary of Pinnacle West not fewer than 90 nor more than 120 days prior to the first anniversary of the date of our previous year s annual meeting of shareholders. However, if we have changed the date of the annual meeting by more than 30 days from the date of the previous year s annual meeting, the written notice must be submitted no earlier than 120 days before the annual meeting and not later than 90 days before the annual meeting or ten days after the day we make public the date of the annual meeting. The written notice must briefly describe the business the shareholder desires to bring before the meeting, the text of the proposal or business, the reasons for conducting such business at the meeting, and any material interest in the proposal of the shareholder and the beneficial owner, if any, on whose behalf the proposal is made.

With respect to director nominations, shareholders must submit written notice to the Secretary of Pinnacle West at least 180 days prior to the date of the annual meeting. This requirement is also contained in our articles of incorporation. Our bylaws require that the written notice must contain all information relating to the director nominee that is required to be included in a proxy statement pursuant to Regulation 14A under the Securities Exchange Act of 1934, as well as the written consent of the proposed nominee to be named in the proxy statement as a nominee and to serving as a director if elected.

All written notices delivered pursuant to the advance notice provisions of our bylaws are required to state (i) the name and address as they appear on our books of the sponsoring shareholder and the beneficial owner, if any, on whose behalf the proposal or nomination is made, (ii) the class and number of shares that are owned beneficially and of record by the shareholder and such beneficial owner, (iii) a representation that the shareholder is a holder of record entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (iv) whether the shareholder or beneficial owner intends or is part of a group that intends to deliver a proxy statement to holders of at least the number of shares required to adopt the proposal or elect the nominee or otherwise solicit proxies in favor of the proposal or nomination.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual meeting, including proposing the election of non-incumbent directors.

A shareholder must also comply with all applicable laws in proposing business to be conducted and in nominating directors. The notice provisions of the bylaws do not affect rights of shareholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 of the Securities Exchange Act of 1934.

Additional Authorized Shares of Capital Stock. The authorized but unissued shares of common stock and preferred stock available for issuance under our articles of incorporation could be issued at such times, under such circumstances, and with such terms and conditions as to impede an acquisition transaction.

Amendment to Articles of Incorporation and Bylaws. ARS § 10-1001 through 1003 generally provide that both the Board of Directors and the shareholders must approve amendments to an Arizona corporation s articles of incorporation, except that the Board of Directors may adopt specified ministerial amendments without shareholder approval. Unless the articles of incorporation, Arizona law or the Board of Directors would require a greater vote or unless the articles or Arizona law would require a different quorum, the vote required by each voting group allowed or required to vote on the amendment would be:

a majority of the votes entitled to be cast by the voting group, if the amendment would create dissenters rights for that voting group; and

in any other case, if a quorum is present in person or by proxy consisting of a majority of the votes entitled to be cast on the matter by the voting group, the votes cast by the voting group in favor of the amendment must exceed the votes cast against the amendment by the voting group.

Our articles of incorporation require the approval of at least two-thirds of the total voting power of all outstanding shares of our voting stock to amend the provisions in Article Third relating to serial preferred stock, Article Fifth relating to the election of our directors, including number, classification, term, and nomination procedure, and Article Tenth relating to this voting requirement.

ARS § 10-1020 provides that the Board of Directors may amend the corporation s bylaws unless either: (i) the articles or applicable law reserves this power exclusively to shareholders in whole or in part or (ii) the shareholders in amending or repealing a particular bylaw provide expressly that the Board may not amend or repeal that bylaw. An Arizona corporation s shareholders may amend the corporation s bylaws even though they may also be amended by the Board of Directors. Our bylaws may not be amended or repealed without the vote of a majority of the Board of Directors or the affirmative vote of a majority of votes cast on the matter at a meeting of shareholders.

EXPERTS

The consolidated financial statements, the related consolidated financial statement schedule, and management s report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the Pinnacle West Capital Corporation Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

Snell & Wilmer L.L.P., One Arizona Center, Phoenix, Arizona 85004, will opine on the validity of the offered securities. We currently anticipate that Pillsbury Winthrop Shaw Pittman LLP, 1540 Broadway, New York, New York 10036, will pass on certain legal matters with respect to the offered securities for any underwriters. Snell & Wilmer L.L.P. may rely as to all matters of New York law upon the opinion of Pillsbury Winthrop Shaw Pittman LLP. Pillsbury Winthrop Shaw Pittman LLP may rely as to all matters of Arizona law upon the opinion of Snell & Wilmer L.L.P.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses to be incurred in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions, to be paid by the Registrant.

Securities and Exchange Commission registration fee	$ *
Printing, engraving, and postage expenses	20,000
Legal fees and expenses	75,000
Accounting fees and expenses	75,000
Rating Agency fees	93,000
Transfer Agreement and Registrar, Trustee and Depository fees and expenses	5,000
Blue Sky fees and expenses	30,000
Miscellaneous	4,500
Total	$ 302,500

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

Item 15. Indemnification of Directors and Officers.

The Arizona Business Corporation Act (the ABCA) permits extensive indemnification of present and former directors, officers, employees or agents of an Arizona corporation, whether or not authority for such indemnification is contained in the indemnifying corporation s articles of incorporation or bylaws. Specific authority for indemnification of present and former directors and officers to the fullest extent permitted by applicable law is contained in Article VII of our Bylaws. Such indemnification is mandatory.

Under the ABCA, in order for a corporation to indemnify a director or officer, a majority of the corporation s disinterested directors, special legal counsel, or the shareholders must find that the conduct of the individual to be indemnified was in good faith and that the individual reasonably believed that the conduct was in the corporation s best interests (in the case of conduct in an official capacity with the corporation) or that the conduct was at least not opposed to the corporation s best interests (in all other cases). In the case of any criminal proceeding, the finding must be to the effect that the individual had no reasonable cause to believe the conduct was unlawful. Indemnification is permitted with respect to expenses, judgments, fines and amounts paid in settlement by such individuals, except that, in the case of a proceeding by or in the right of the corporation, indemnification is limited to reasonable expenses incurred in connection with the proceeding. However, a corporation cannot indemnify a director in the cases noted in clause (ii) of the second sentence of the following paragraph. Broader indemnification is allowed, with certain limitations, for a director as provided in a corporation s articles of incorporation, and for an officer who is not also a director or where the basis on which the officer was made a party to the proceeding is an act or omission solely as an officer, as provided in the articles of incorporation, bylaws, a resolution of the board of directors or a contract.

Indemnification under the ABCA is permissive, except in the event of a successful defense, in which case a director or officer must be indemnified against reasonable expenses, including attorneys fees, incurred in connection with the proceeding. In addition, the ABCA requires Arizona corporations to indemnify any outside director (a director who is not an officer, employee or holder of more than five percent of any class of the corporation s stock or the stock of any affiliate of the corporation) against liability unless (i) the corporation s articles of incorporation limit such indemnification, (ii) the director is adjudged liable in a proceeding by or in the right of the corporation or in any other proceeding charging improper financial benefit to the director, whether or not involving action in the director s official capacity, in which the director was adjudged liable on the basis that financial benefit was improperly received by the director, or (iii) a court determines, before payment to the outside director, that the director failed to meet the standards of conduct described in the preceding paragraph. With certain limitations, a court may also order that an individual be indemnified if the court finds that the individual is fairly and reasonably entitled to indemnification in light of all of the relevant circumstances, whether or not the individual has met the standards of conduct in this and the preceding paragraph or was adjudged liable as described above.

In connection with the offering made by the prospectus which is a part of this registration statement, as it may be amended or supplemented, the underwriters of the securities, pursuant to the relevant underwriting agreement, will severally agree to indemnify and hold harmless us, each of our directors, each of our officers who has signed this registration statement, and each person, if any, who controls us within the meaning of the Securities Act of 1933, as amended (the Act), against certain losses, claims, damages, or liabilities, including liabilities under the Act, that arise out of or are based upon written information furnished by such underwriters to us for use in this registration statement or in such prospectus.

In addition, we have, from time to time, entered into and/or may enter into agreements to indemnify certain of our directors and officers to the fullest extent allowed by law, subject to certain exceptions. To the extent the Board or shareholders may in the future wish to limit or repeal our ability to provide indemnification to our officers and directors, such repeal or limitation may not be effective as to directors or officers who are parties to any indemnification agreements because their rights to full protection would be contractually assured by such agreements.

In Arizona, a corporation may purchase and maintain insurance on behalf of a director or officer of the corporation against liability asserted against or incurred by the individual arising from the individual s status as a director or officer. We maintain insurance on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of Pinnacle West out of the foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

For information regarding our undertaking to submit to adjudication the issue of indemnification for violation of the securities laws, see Item 17 below.

Item 16. Exhibits.

Exhibit No.	Description
*1.1	Form of Underwriting Agreement with respect to Debt Securities
*1.2	Form of Underwriting Agreement with respect to Preferred Stock
*1.3	Form of Underwriting Agreement with respect to Common Stock
*4.1	Form of Senior Debt Securities
*4.2	Form of Subordinated Debt Securities
*4.3	Form(s) of Supplemental Indenture relating to Debt Securities
*4.4	Statement of Preferred Stock Designations
*4.5	Form of Preferred Stock Certificate
5.1	Opinion of Snell & Wilmer L.L.P.
5.2	Opinion of Pillsbury Winthrop Shaw Pittman LLP
23.1	Consent of Snell & Wilmer L.L.P. (included in Opinion filed as Exhibit 5.1)

23.2	Consent of Pillsbury Winthrop Shaw Pittman LLP (included in Opinion filed as Exhibit 5.2)
23.3	Consent of Deloitte & Touche LLP
24.1	Powers of Attorney (contained within the signature page hereto)
24.2	Resolutions of Board of Directors re Powers of Attorney
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, under the Indenture relating to the Senior Debt Securities
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, under the Indenture relating to the Subordinated Debt Securities

* To be filed by an amendment to the registration statement, or documents filed pursuant to the Securities Exchange Act of 1934, as amended, that are incorporated or deemed incorporated by reference herein.

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In addition to those Exhibits shown above, Pinnacle West hereby incorporates the following Exhibits pursuant to Rule 411 of Regulation C promulgated under the Act by reference to the filings set forth below:

Exhibit No.	Description	Previously Filed as Exhibit	File No.[a]	Date Filed
4.6	Articles of Incorporation, restated as of July 29, 1988	Exhibit 19.1 to Pinnacle West s Quarterly Report on Form 10-Q for the quarter ended September 30, 1988	1-8962	11-14-88
4.7	Bylaws, amended as of December 14, 2005	Exhibit 3.1 to Pinnacle West s December 15, 2005 Form 8-K Report	1-8962	12-15-05
4.8	Amended and Restated Rights Agreement, dated as of March 26, 1999, between Pinnacle West and BankBoston, N.A., as Rights Agent, including (i) as Exhibit A thereto the form of Amended Certificate of Designation of Series A Participating Preferred Stock of Pinnacle West, (ii) as Exhibit B thereto the Form of Rights Certificate and (iii) as Exhibit C thereto the Summary of Right to Purchase Preferred Shares	Exhibit 4.1 to Pinnacle West s April 19, 1999 Form 8-K Report	1-8962	4-19-99
4.9	Amendment to Rights Agreement effective as of January 1, 2002	Exhibit 4.1 to Pinnacle West s Quarterly Report on Form 10-Q for the quarter ended March 31, 2002	1-8962	5-15-02
4.10	Indenture dated as of December 1, 2000 between Pinnacle West and The Bank of New York, as Trustee, relating to Senior Debt Securities	Exhibit 4.1 to Pinnacle West s Registration Statement No. 333-53150	333-53150	12-21-00
4.11	First Supplemental Indenture dated as of March 15, 2001	Exhibit 4.1 to Pinnacle West s Registration Statement No. 333 52476 by means of March 26, 2001 Form 8-K Report	1-8962	3-26-01
4.12	Second Supplemental Indenture dated as of November 1, 2003	Exhibit 4.20 to Pinnacle West s Registration Statement No. 333 101457 by means of November 12, 2003 Form 8-K Report	1-8962	11-12-03

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Exhibit No.	Description	Previously Filed as Exhibit	File No.[a]	Date Filed
4.13	Indenture dated as of December 1, 2000 between Pinnacle West and The Bank of New York, as Trustee, relating to subordinated Debt Securities	Exhibit 4.2 to Pinnacle West s Registration Statement No. 333-53150	333-53150	12-21-00
4.14	Agreement dated March 29, 1988, relating to the filing of instruments defining the rights of holders of long-term debt not in excess of 10% of Pinnacle West s total assets	Exhibit 4.1 to Pinnacle West s 1987 Form 10-K Report	1-8962	3-30-88
4.15	Specimen Certificate of Pinnacle West Common Stock, no par value	Exhibit 4.2 to Pinnacle West s 1988 Form 10-K Report	1-8962	3-31-89
12.1	Ratio of Earnings to Fixed Charges	Exhibit 12.1 to Pinnacle West s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006	1-8962	5-9-06
12.2	Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements	Exhibit 12.3 to Pinnacle West s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006	1-8962	5-9-06

[a] Reports filed under File No. 1-8962 were filed in the office of the Securities and Exchange Commission located in Washington, D.C.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

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(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(e) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the

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undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(f) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(g) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this registration statement on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona on May 17, 2006.

PINNACLE WEST CAPITAL CORPORATION

By: /s/ William J. Post

William J. Post
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated. Each person whose signature appears below hereby authorizes Donald E. Brandt, Barbara M. Gomez and Nancy C. Loftin, and each of them, as attorneys-in-fact, to sign his or her name on his or her behalf, individually and in each capacity designated below, to file any amendments, including post-effective amendments, to this Registration Statement.

Signature	Title	Date
/s/ William J. Post	Principal Executive Officer and Director	May 17, 2006
(William J. Post, Chairman of the Board and Chief Executive Officer)		
/s/ Jack E. Davis	Director	May 17, 2006
(Jack E. Davis, President and Chief Operating Officer)		
/s/ Donald E. Brandt	Principal Accounting Officer and Principal Financial Officer	May 17, 2006
(Donald E. Brandt, Executive Vice President and Chief Financial Officer)		
/s/ Edward N. Basha, Jr.	Director	May 17, 2006
(Edward N. Basha, Jr.)		
/s/ Michael L. Gallagher	Director	May 17, 2006
(Michael L. Gallagher)		
/s/ Pamela Grant	Director	May 17, 2006
(Pamela Grant)		
/s/ Roy A. Herberger, Jr.	Director	May 17, 2006

(Roy A. Herberger, Jr.)

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Signature	Title	Date
/s/ Martha O. Hesse	Director	May 17, 2006
(Martha O. Hesse)		
/s/ William S. Jamieson, Jr.	Director	May 17, 2006
(William S. Jamieson, Jr.)		
/s/ Humberto S. Lopez	Director	May 17, 2006
(Humberto S. Lopez)		
/s/ Kathryn L. Munro	Director	May 17, 2006
(Kathryn L. Munro)		
/s/ Bruce J. Nordstrom	Director	May 17, 2006
(Bruce J. Nordstrom)		
/s/ William L. Stewart	Director	May 17, 2006
(William L. Stewart)		

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* To be filed by an amendment to the registration statement, or documents filed pursuant to the Securities Exchange Act of 1934, as amended, that

are incorporated or deemed incorporated by reference herein.

For a description of the Exhibits incorporated in this filing by reference, see Item 16.