

**RESTATED AND AMENDED
ARTICLES OF ORGANIZATION OF THE
PINNACLE WEST CAPITAL CORPORATION
POLITICAL ACTION COMMITTEE
(RESTATED AS OF MAY 9, 2011)**

ARTICLE I

NAME

There is hereby established, under applicable state and federal laws, an association known as the Pinnacle West Capital Corporation Political Action Committee (hereafter "PNWPAC") within the meaning of the Federal Election Campaign Act of 1971.

ARTICLE II

PRINCIPAL OFFICE AND ADDRESS

The principal office of the PNWPAC shall be located at 400 North Fifth Street, Phoenix, Arizona 85004.

ARTICLE III

ORGANIZATION

Section 1. PNWPAC shall be a voluntary, nonprofit, non-partisan, unincorporated political association composed of individuals who contribute to the PNWPAC. PNWPAC shall be independent of any political party, candidate or organization, except that Pinnacle West Capital Corporation, and its participating affiliates and subsidiaries (hereafter collectively "PNW") shall defray all costs and expenses incurred, to the extent and in the manner allowed by applicable state and federal laws, in the establishment and administration of, and in the solicitation of contributions by eligible employees to PNWPAC. All other costs and expenses shall be paid by PNWPAC.

Section 2. As used in these Restated Amended Articles of Association, "affiliate" shall mean a company which controls or is under common control, whether directly or indirectly, with PNW. "Subsidiary" shall mean a company which is controlled by PNW.

ARTICLE IV

PURPOSES

Section 1. Generally, the purposes of the PNWPAC are to provide the opportunity for individuals who are interested in the promotion of good government and the protection, preservation and furtherance of the private enterprise system to contribute to

the support of worthy candidates for federal, state or local office who believe and have demonstrated their beliefs in the principles to which PNW is dedicated, who share business-oriented values, or who have supported PNW's positions on high priority issues

Section 2. Specifically, the purposes of PNWPAC shall be all lawful purposes permitted under applicable state and federal laws, including, but not limited to:

A) encourage the protection and enhancement of individual constitutional liberties.

B) encourage the protection and development of the democratic system of government and the private enterprise system of the United States.

C) promote understanding of the importance of developing adequate and reliable domestic energy sources necessary to the productivity and prosperity of the residents of the State of Arizona.

D) promote fiscal responsibility in local, state and federal government spending.

E) encourage the reduction or elimination of unnecessary local, state or federal government programs or regulations.

F) encourage the expansion of capital and jobs in the private sector.

G) encourage action against the causes of inflation.

H) promote the good citizenship of the stockholders, employees and retired employees of PNW, its affiliates and subsidiaries, through personal and financial participation in the elective process, all consistent with applicable state and federal laws.

Section 3. PNWPAC may also support candidates through independently prepared materials, provided that such materials shall be prepared in accordance with applicable federal and state laws and without the cooperation or prior consent of or in consultation with or at the request or suggestion of any candidate or candidate's committee. No PNWPAC board of directors member shall participate in the determination of independent expenditures if he/she cannot satisfy the legal guidelines concerning the extent of knowledge or contact the individual may have with a candidate or candidate's committee and still be independent. The executive committee shall direct the treasurer to make payment for such independently prepared materials.

ARTICLE V

POWERS

To achieve its purposes, PNWPAC is empowered to solicit and receive voluntary contributions to PNWPAC from any lawful contributor in accordance with the state and federal laws, applicable regulations and these Articles, however, the PNWPAC is only authorized to solicit contributions to PNWPAC from PNW's eligible class of employees as determined by the PNWPAC board of directors consistent with Article VII hereof; and to make expenditures and contributions to candidates and/or political committees in accordance with such applicable laws and regulations to further the candidacies of selected candidates for local, state and federal elective offices, and to take such other action consistent with applicable federal, state and/or local law, as may be necessary or desirable for the attainment of the purposes stated in Article IV hereof. The PNWPAC will not engage in any other activity whatsoever, and in particular, will not influence, or attempt to influence, legislative or administrative actions.

ARTICLE VI

SEPARATE SEGREGATED FUND

All contributions to the PNWPAC shall be deposited and maintained by the PNWPAC in and as a unified separate segregated fund in an account or accounts maintained with a designated national or state bank or other depository institution designated by the board of directors and in accordance with applicable law. All expenditures by the PNWPAC to candidates and/or political committees at the federal, state or local level shall be made by check or similar instrument from such separate segregated fund signed in the name of PNWPAC by the treasurer or his/her duly designated agent and from no other source. All expenses of the PNWPAC which PNW does not defray, or may not defray pursuant to applicable law, shall be made from the separate segregated fund.

ARTICLE VII

SOLICITATIONS BY AND CONTRIBUTIONS TO PNWPAC

Section 1. Participation in PNWPAC is voluntary and open to all stockholders of PNW, and their families, to all executive or administrative employees of PNW, and their families, and to the boards of directors of PNW, and their families.

Section 2. All personal political contributions to the PNWPAC shall be voluntary, and no contributions to the PNWPAC shall be solicited or secured by means of any coercion or physical force, job discrimination or financial reprisal, or by the threat of job discrimination or financial reprisal, or as a condition of employment of PNW. The privacy of all contributors shall be maintained (except where disclosure is required by law) to the same extent as other payroll information.

Section 3. When solicitation guidelines are used to solicit voluntary political contributions to the PNWPAC, the solicitor shall inform those solicited in accordance with Article IV, hereof, of the political purpose of the separate segregated fund for which the contribution is solicited, and of such person's right to refuse to contribute without reprisal of any kind.

Section 4. Nothing contained in these Articles shall preclude the formation of a special recognition club within PNWPAC to recognize those who make a contribution to PNWPAC above the suggested minimum.

Section 5. The PNWPAC board of directors shall oversee the solicitation of contributions to the PNWPAC, including the determination of PNW's eligible class in accordance with the regulations and advisory opinions as published by the Federal Election Commission ("FEC"), solicitation plans and goals and any other related activity.

Section 6. No member of or contributor to PNWPAC shall have the right to share personally in any funds or assets of PNWPAC upon dissolution, or at any other time.

ARTICLE VIII

PNWPAC BOARD OF DIRECTORS

Section 1. The business and property of PNWPAC shall be managed by the board of directors.

Section 2. The board of directors shall be composed of up to thirty-six members, all of whom shall be appointed by the board of directors of PNWPAC. To be qualified to serve on the board of directors, each board member must be a contributor to PNWPAC at the President's Club level of giving (established from time to time by the board of directors); remain actively engaged in the activities of the PNWPAC, as may be assigned to him/her from time to time by the chairman; and actively participate in the recruitment of eligible employees as PNWPAC members during new member recruitment cycles.

Section 3. A member of the board of directors shall serve for six (6) years, or until a successor is appointed or elected. Eight members of the board of directors shall be appointed or elected each odd number year. If a member is unable to complete his/her term, resulting in a vacancy on the board of directors, the remaining members of the board of directors shall appoint a successor to complete the term.

Section 4. To establish a schedule to the term of the board of directors, the board of directors that exists as of the effective date of these Restated and Amended Articles shall determine which eight members shall serve for two years, or until a successor is appointed or elected; which eight members shall serve for four years, or until a successor is appointed or elected; and which eight members shall serve for six years, or until a

successor is appointed or elected. Thereafter, members of the board of directors shall serve for six years, or until a successor is appointed or elected.

Section 5. In the exercise of their responsibilities under these Restated and Amended Articles, the members of the board of directors shall act solely in their capacity as such, and their decisions and determinations shall be completely independent of any relationship which they may have with PNW, its affiliates or subsidiaries, or any other corporation or organization.

ARTICLE IX

OFFICERS

Section 1. The officers of PNWPAC shall be a chairman, a vice chairman, a treasurer, and a secretary. In addition, the board of directors may elect an assistant treasurer and an assistant secretary, who may or may not be members of the board of directors.

Section 2. The board of directors shall elect the officers from the members of the board of directors. The officers shall serve for a period of two (2) years, or until their successors are elected.

Section 3. The duties of the officers shall be as follows:

A. The chairman shall be the chief executive officer of PNWPAC; shall preside at all membership meetings, board of directors meetings, and executive committee meetings; shall appoint all committees other than the executive committee; and shall otherwise perform the duties normally associated with this office.

B. The vice chairman shall automatically assume the duties and exercise the powers of the chairman during the absence or incapacity of the chairman, or in the event of a vacancy in the office of chairman. The vice chairman shall also perform such other duties as may be assigned by the chairman.

C. The treasurer shall be the chief financial officer of PNWPAC; shall have responsibility for all funds collected by PNWPAC; shall cause all funds to be deposited and all detailed financial records (including accounts, records, bills and receipts) to be kept in accordance with applicable law and the directives of the board of directors; shall disburse the funds of PNWPAC in the manner authorized by the board of directors, subject to any applicable provision of law; shall cause to be prepared and filed all reports required of PNWPAC by law, and shall sign all such reports; and shall perform all other duties normally associated with this office. The detailed accounts to be kept by the treasurer shall include the following:

- i. all contributions made to the PNWPAC;

- ii. identification of each contribution to the PNWPAC, sufficient to comply with all recordkeeping and reporting requirements of applicable law;
- iii. all expenditures made by or on behalf of the PNWPAC;
- iv. identification of each person to whom or on whose behalf the PNWPAC makes an expenditure, sufficient to comply with all recordkeeping and reporting requirements of applicable law;
- v. receipts, bills, invoices, or cancelled checks for every expenditure made by or on behalf of the PNWPAC (except, in the case of disbursements in sufficient detail to satisfy the requirements of applicable law); and
- vi. such other records as PNW, the PNWPAC or applicable law may require of the PNWPAC in the conduct of its business.

The books and accounts of PNWPAC shall be audited at least once a year. The auditors shall be named by the chairman, with the approval of the board of directors.

D. The secretary shall issue notices of all PNWPAC meetings and shall attend and keep the minutes of the same; shall have charge of all PNWPAC and board of directors books, records, and papers, except to the extent such responsibility is assigned to the treasurer under these Articles or by the PNWPAC board of directors; and shall perform all other duties normally associated with this office.

E. The assistant treasurer shall automatically assume the duties and exercise the powers of the treasurer during the absence or incapacity of the treasurer, or in the event of a vacancy in the office of treasurer. The assistant treasurer shall also perform such other duties as may be assigned by the chairman and/or the treasurer.

F. The assistant secretary shall automatically assume the duties and exercise the powers of the secretary during the absence or incapacity of the secretary, or in the event of a vacancy in the office of secretary. The assistant secretary shall also perform such other duties as may be assigned by the chairman and/or the secretary.

G. The board of directors may retain and authorize an independent firm to keep PNWPAC financial records as provided in subparagraph C of this section under the oversight and direction of the treasurer, and prepare and file required reports as provided in subparagraph C of this section, to the extent permitted by law.

H. If an officer is unable to complete his/her term, resulting in a vacancy of the office, the chairman shall appoint a member of the board of directors to serve as the officer until the board of directors elects a successor; provided, however, that a vacancy in the office of assistant treasurer or assistant secretary filled by appointment under this subparagraph, need not be filled with an individual who is member of the board of directors.

ARTICLE X

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Section 1. There shall be an executive committee of the board of directors composed of the chairman and four (4) members of the board of directors.

Section 2. The members of the executive committee, except the chairman, shall be elected by the board of directors to serve for two (2) years or until their successors are elected.

Section 3. A majority of members of the executive committee of the board of directors either in person or by means of telephone or internet conference shall constitute a quorum for the transaction of business at meetings of the executive committee. The act of a majority of the members of executive committee of the board of directors present shall be the act of the executive committee.

Section 4. The executive committee shall review candidates and/or political committees and make recommendations to the board of directors regarding contributions by PNWPAC to such potential recipients; shall make recommendations to the board of directors regarding necessary or desirable action to attain the purposes of PNWPAC; and may act for the board of directors in an emergency, subject to ratification by the board of directors.

ARTICLE XI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. An annual meeting of the board of directors shall be held as the board of directors may determine.

Section 2. Other meetings of the board of directors may be held as needed or as determined by the board of directors.

Section 3. A majority of members of the board of directors either in person or by means of telephone or internet conference shall constitute a quorum for the transaction of business at such meetings. The act of a majority of board members present shall be the act of the PNWPAC board.

Section 4. Nothing in this Article XI shall be construed to require a meeting of the PNWPAC board of directors in order to conduct the business of the PNWPAC.

ARTICLE XII

MEETINGS OF THE EXECUTIVE COMMITTEE

Section 1. Meetings of the executive committee will be held subject to the call of the chairman or a majority of the committee's members.

Section 2. A majority of the members of the executive committee either in person or by means of telephone or internet conference shall constitute a quorum for a meeting. The act of a majority of committee members present shall be the act of the executive committee.

ARTICLE XIII

AMENDMENTS

The Restated Amended Articles of Association of PNWPAC may be amended in any respect when at least two-thirds ($2/3^{\text{rds}}$) of the members of the board of directors vote, agree to a proposed change.

ARTICLE XIV

DISSOLUTION AND DISPOSITION OF UNEXPENDED FUNDS

Although the duration of PNWPAC is to be perpetual, PNWPAC may be dissolved at any time by action of two-thirds of the board of directors. In the event of dissolution of PNWPAC, no funds of PNWPAC will inure to the private benefit of any contributor to PNWPAC or PNW or any of its affiliates or subsidiaries. All surplus funds of PNWPAC shall be disposed of in accordance with applicable laws and regulations.

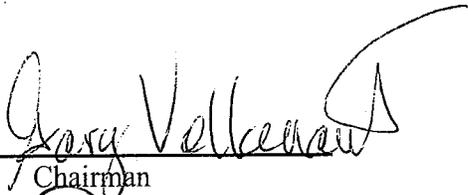
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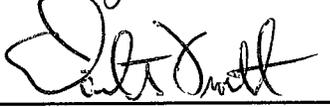
ARTICLE XV

EXECUTION

IN WITNESS WHEREOF, the foregoing Restated Amended Articles of Organization have been signed as of this 9th day of May, 2011, by the Chairman and Vice Chairman of PNWPAC.

**Pinnacle West Capital Corporation
Political Action Committee**

By: 
Chairman

By: 
Vice Chairman

Attest:


Secretary