

Pinnacle West Asset Management, Inc.

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This brochure provides information about the qualifications and business practices of Pinnacle West Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 307.235.3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Pinnacle West Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

12.31.2010

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Material Changes

Annual Update

Pinnacle West Asset Management, Inc. is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on 12.31.09.

Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 1 of Form ADV effective October 2010. The newly revised Part 2 consists of Part2A (the “Brochure” and Part 2B (the “Brochure Supplement”). Each update of the Brochure must now include a summary of all material changes since the last annual update.

This Brochure, dated 12.31.2010, is materially different in structure and contains certain new information that our previous brochure did not require.

Full Brochure Availability

The Firm Brochure for Pinnacle West Asset Management is available by contacting our office.

Advisory Business

Firm Description

Pinnacle West Asset Management, Inc. a Wyoming Corporation is an investment management and research firm located in Casper Wyoming. The firm was founded October 1, 1991 and is a successor to a business started by Tom R. Creager in 1988. The firm was founded to fulfill the needs of the long-term investor. The firm is a regulated investment advisory firm subject to the rules and regulation of the 1940 Investment Advisors Act, administered by the Securities and Exchange Commission.

Principal Owners

Its principal owners are Tom R. Creager and Roger W. Wesnitzer.

Types of Advisory Services

Pinnacle West Asset Management, Inc. commitment is to provide a disciplined and systematic approach towards the investment process in order to achieve the highest risk adjusted return possible within a defined investment objective. The firm creates custom designed investment portfolios to meet specific client investment goals and objectives. Client portfolios are individually managed in keeping with each client's stated investment goals, objectives, and income tax strategies within the overall parameters of our investment philosophy.

The basis for which we manage each of our client's investment portfolios begins with an asset allocation model. We believe proper asset allocation is critical to the investment process and the effective management of portfolio risk. We are available to assist with the development of an asset allocation model if requested. Many times we are provided with a predetermined asset allocation model from the client's financial advisor. We firmly believe once the asset allocation is determined and agreed upon it should stay constant over the short-term but evolve over the long-term. The asset allocation model should not change to respond to the market environment in the short-term, but rather evolve over the long-term as client's needs and risk tolerance changes.

Generally the asset allocation model will broadly require that a certain percentage or range of the investment assets be allocated among cash and cash equivalents, fixed income securities, equity income securities, and equity securities. Cash and cash equivalents are often readily liquid money market or bank deposit accounts. Fixed income securities often include corporate debt securities, government debt securities, and municipal debt

securities. Equity income securities often include preferred stock index securities, real estate investment trusts and publicly traded partnerships. Equity securities often include large capitalization stocks, small capitalization stock index securities, mid capitalization stock index securities, developed foreign country index securities, and foreign emerging market index securities.

Pinnacle West Asset Management, Inc. has full discretionary trading authority over each client's account. Clients are not allowed to impose any restrictions on investing in certain securities or types of securities.

Our investment philosophy is the disciplined long-term management of risk in order to preserve and grow investment capital. We believe superior risk adjusted returns can be achieved over the long-term with proper diversification. Our philosophy is grounded on the basis of buying and holding investment securities over the long-term. Our definition of long-term for equity securities is often measured in a lifetime. We do not believe market timing can be a successful long-term approach to the investment process. Our philosophy does not include short-term trading or thinking. The fixed income portion of the portfolio will often consist of a laddered portfolio not exceeding ten years in maturity. We do not select fixed income securities for trading purposes we tend towards holding them until they mature and collecting the interest income.

At the outset of our relationship with each client in consultation with the client we will develop and agree on a memorandum of understanding that outlines the assumptions and understandings governing the management of the investment portfolio.

Wrap Fee Programs

Pinnacle West Asset Management, Inc. does not participate in wrap fee programs of any type.

Client Assets

As of December 31, 2010 our assets under management total \$46,700,000 all on a discretionary basis.

Fees & Compensation

Description

All fees charged by Pinnacle West Asset Management, Inc. are calculated on an annual

basis. The fees are billed quarterly. The fee is calculated based on the end of quarter valuation. Fees are prorated for any period less than a full quarter.

Cash and cash equivalents	.25%
Fixed income securities	.25%
Equity securities	1.00%
Equity income securities	1.00%
Exchange traded index shares	.50%
Mutual funds	.50%

Other Fees

The fees charged for mutual funds and exchange traded index shares do not include any fees charged directly by the fund or index shares. The fees charged do not include any transaction costs, or handling fees charged by the brokerage firm handling the account. The fees do not include any charges by trustees if the assets are held by a corporate trustee. Fees may be negotiable on larger accounts.

Fee Billing

Fees are deducted directly from client assets after the end of each quarter unless other arrangements are agreed to. A copy of the invoice showing the calculation of the fees is included with our quarterly reporting to clients.

Fees Paid in Advance

Fees for our services are not charged in advance.

Additional Compensation

Pinnacle West Asset Management, Inc. does not receive any other forms of compensation related to client assets.

Performance-Based Fees & Side-by-Side Management

Pinnacle West Asset Management, Inc. does not receive performance based fees of any type.

Types of Clients

Description

Pinnacle West Asset Management, Inc. provides investment management services to

individuals, business entities, trusts, and pension and profit sharing plans.

Account Minimums

Pinnacle West Asset Management, Inc. does not have account minimums. Accounts with assets less than \$200,000 allocated to large capitalization equities are advised to utilize exchange traded index shares.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Our approach towards investing in equities is the long-term holding of fundamentally sound company's that are market leaders in their respective industries and operated in our judgment by superior management teams. Additionally, we view investments in equities not as investments in stocks, but rather as ownership in respective businesses. We believe consistent risk adjusted returns can be obtained with an allocation across both the value and growth sectors of the market. Further, management of risk we believe is achieved with diversification across a number of industries and among various companies within an industry.

We begin by developing an economic model to forecast long-term trends of the economy. Additionally, we work to identify long-term societal and demographic trends and as much as is possible effects of governmental monetary and fiscal policy. We utilize this information as the basis for our sector allocations and our industry weightings within each sector.

We then select specific large capitalization equities for inclusion in each sector and industry by employing a screening process based on pre determined financial variables and risk measurements, but not to the exclusion of certain intangible attributes. The financial variables might include but not be limited to, market capitalization, a conservative amount of leverage appropriate for a given industry, a favorable working capital position, strong and growing cash flow from operations, and consistent growth in both revenues and earnings. Risk measurements include market betas and standard deviation measurements. Intangible attributes might included but not be limited to superior and stable management teams, a progressive management style, and a stated commitment to being leaders in their respective industries. Barriers to entry into a given industry by competitors are often considered as well.

Our approach towards fixed income investing is to preserve capital and generate a desired level of income. It is not investing for short-term market gains. Our primary concerns are to minimize credit risk and interest rate risk while obtaining the highest possible yield on the fixed income portfolio.

We attempt to mitigate credit risk or the risk of default by investing primarily in bonds with an investment grade credit rating by two debt rating agencies, Standard & Poors and Moody's. We utilize our economic model as the basis for our projection of interest rate trends. We mitigate the effects of interest rate changes by laddering bonds maturities along what we believe to be the most favorable part of the interest rate yield curve. Further, we specifically design the bond ladder so a certain portion of the bond portfolios matures annually enabling reinvestment at current market rates at the far end of the ladder.

Risk of Loss

Investing in securities brings with it the risk of loss. Clients should be prepared and able to tolerate loss of value especially in the short-term.

Disciplinary Information

Legal and Disciplinary

None

Criminal or Civil Action

None

Administrative Proceeding

None

Self-Regulatory Proceeding

None

Other Financial Industry Activities and Affiliations

Broker-dealer or Registered Representative

None

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person
None

Material Relationships or Arrangements with Financial Industry

Pinnacle West Asset Management, Inc. receives referrals of clients from accounting firms in Casper, Wyoming. We have significant relationships with CPA Consulting Group LLP and CPA Associates LLC.

Recommend or Select Other Investment Advisers

We do not recommend or select other investment advisers.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We believe it is our responsibility to place our client's interests above our own at all times. We will manage every client's assets as though they are our own assets.

Recommend Securities with Material Financial Interest

We do not recommend or invest client assets in any company in which we have a material interest.

Invest in Same Securities Recommended to Clients

We do frequently invest in the same securities we invest client assets in. Given the nature and types of investments we utilize for client's we do not believe there is a conflict of interest, and in fact just the opposite, we feel we should be investing our assets in the same manner as our client's.

The securities we invest client assets in are large capitalization companies and are not thinly traded. We do not invest client assets in initial public offering securities

Personal Trading Practices

Pinnacle West Asset Management, Inc. policy regarding trading securities for personal accounts on the same day or at the same time as clients is to place personal trades at the end of our trading session.

Brokerage Practices

Selecting Brokerage Firms

We select brokerage firms to custody client assets and provide trading platforms. We select these firms based on our experience, and the long-term relationship we have built with them over the years. We require honesty and diligence in dealing with our clients. We demand that the trading platform they provide for our use is both functional and cost effective. The absolute lowest cost is not a consideration for us because of our low level of turnover in client assets. We prefer to use a local firm with a nationwide footprint because of the ease of use for client interaction when necessary.

Research and Soft Dollars

We do not receive any research or other products or services from a broker-dealer or a third party in connection with client securities transactions.

Brokerage for Client Referrals

We do not receive client referrals from any brokerage firms we recommend. We do not receive any compensation for recommending any brokerage firms.

Directed Brokerage

We routinely recommend that clients use brokers we have a relationship with because we feel it is beneficial for our clients. We routinely monitor order execution and have not found any instances of unfavorable order execution. Not all investment advisors use this approach and by doing so there could be instances where we are unable to receive the most favorable execution of client transactions and this practice could cost clients more money.

Order Aggregation

We may utilize order aggregation when we have a large block of securities to trade mostly dealing with the liquidation of a security position. Given the nature of our client base and that all of the accounts are individually managed there are seldom instances when we can utilize order aggregation in cost effective manner.

Review of Client Accounts

Periodic Reviews

Each account is reviewed on a semi annual basis at a minimum and rebalanced as

necessary. Each accounts cash balance is reviewed on a monthly basis to determine if a full account review is warranted.

Review Triggers

Accounts are reviewed on an other than periodic basis when cash balances materially exceed targeted percentages or as new accounts are in the process of initial investment.

Regular Reports

Pinnacle West Asset Management, Inc. provides each client with written quarterly reports containing a Portfolio Appraisal with Income, a Year to Date Performance Report, and an Account Inception to Date Performance Report.

The appointed brokerage firm of record that has custody of client assets provides a written trade order confirmation after each trade is executed. The brokerage firm also provides a written monthly account statement and provides a written annual statement for tax reporting purposes.

Client Referrals and Other Compensation

Third Party Solicitors

Pinnacle West Asset Management, Inc. does not receive any compensation for making client referrals.

Pinnacle West Asset Management, Inc. does not compensate for client referrals.

Custody

Account Statements

Pinnacle West Asset Management, Inc. does not have custody of client assets. Clients receive monthly account(s) statements from qualified custodians such as brokerage firms and bank trust departments that have custody of client assets.

Pinnacle West Asset Management, Inc. provides client account reports on a quarterly basis and clients are urged to compare the statements we provide to the statements provided from the qualified custodian.

Investment Discretion

Discretionary Authority for Trading

We assume full power to supervise and direct the investment of client account(s), making and implementing investment decisions, all without prior notification with the client, in accordance with the investment management agreement between the client and Pinnacle West Asset Management, Inc. Prior to assuming this authority we will develop in concert with the client an agreed to engagement memorandum which sets for our assumptions and understandings under which we are to manage the client's assets.

Voting Client Securities

Proxy Voting

Pinnacle West Asset Management, Inc. does not have and will not accept authority to vote client securities.

Financial Information

Prepayment of fees

Pinnacle West Asset Management, Inc. does not solicit prepayment of fees.

Additional Disclosures

Privacy Policy

Pinnacle West Asset Management, Inc. is committed to protecting the information you have entrusted to us. You can rely on us to protect your privacy and ensure the security of your information.

- We do not sell client information to other companies for marketing purposes.
- We employ strict security standards and safeguards to protect your personal information.
- We will continue to protect your privacy even if you are no longer a client.

You can help safeguard your personal information by taking a few simple precautions

- Do not disclose your account information, personal identification numbers, passwords, or code words to others.
- Never provide confidential information to unknown callers.
- When using the Internet, be sure to use a secure browser and exit online applications as soon as you finish using them.
- Make sure your personal computer has current virus-protection software.
- Never open e-mail from unknown sources.

In order to serve your investment needs, it is important for us to obtain specific information about you. The information we gather comes from a variety of sources, including:

- Information you provide directly to us on applications or otherwise (such as Social Security Numbers, assets and income).
- Information related to your transactions with us (such as account balances, securities positions, and securities trade information).
- Information we obtain from others at your request (such as information about assets held at another institution for inclusion in an investment portfolio).

With the limited exceptions described below, we do not provide client information to companies outside of Pinnacle West Asset Management, Inc. You do not need to request this confidentiality; it is our standard practice.

In order to serve your needs we may provide your information to:

- Specialists that perform business operations for you (such as your accountant, lawyer, or financial advisor).
- Companies that act on our behalf to provide you with services that we may not offer ourselves (such as broker dealers).
- Others only as permitted or required by law (such as in response to a subpoena).

We select very carefully the outside companies that provide services on our behalf and we provide them only with the information necessary to fulfill their responsibilities to offer a service to you. These companies are prevented by legal agreement from using client information for their own purposes or selling this information to others.

If you have questions or concerns, contact us. We welcome the opportunity to answer additional questions you may have about this policy statement or the safeguarding and confidentiality of your information.

Tom R. Creager

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This brochure supplement provides information about Tom R. Creager that supplements Pinnacle West Asset Management, Inc brochure. You should have received a copy of that brochure. Please contact Pinnacle West Asset Management, Inc. if you did not receive Pinnacle West Asset Management, Inc. brochure or if you have any questions about the contents of this supplement.

12.31.10

Educational Background & Business Experience

Name, Age

Tom R. Creager, age 52

Formal Education

Tom R. Creager received a Bachelor of Science Degree in Accounting from the University of Wyoming in 1983. His course work also included additional studies in finance and economics.

Business Background

Tom R. Creager has been actively working in the field of investment management and research since 1988. He has also worked in the field of public accounting since 1984 concentrating on business and financial consulting, financial statement preparation and analysis, and income tax planning and preparation. He has served on the board of directors of a publicly traded oil and gas exploration company.

Disciplinary Information

Legal or Disciplinary Events

None

Criminal or Civil Action

None

Administrative Proceeding

None

Self-Regulatory Organization Proceeding

None

Other Proceeding

None

Other Business Activity

Investment-Related Activity

None

Other Business or Occupation for Compensation

Tom R. Creager provides services requiring less than 100 hours a year to CPA Associates, LLC for which he receives compensation.

Tom R. Creager serves as President of a corporation involved in oil and gas exploration and production. He spends less than 50 hours per year on this activity and is compensated for his services.

Supervision

Describe Supervision

Tom R. Creager is not supervised in the performance of his duties for Pinnacle West Asset Management, Inc.