



2001 Financial and Statistical Report

Contents

Edison International (EIX)

Year in Review	1
Security Ratings	1
Highlights	2
Consolidated Per-Share Data — Common Stock	3
Consolidated Balance Sheets — Total Assets	4
Foreign and Domestic Assets	4
Consolidated Balance Sheets — Total Liabilities and Shareholders' Equity	5
Projected Commitments	5
Consolidated Statements of Income (Loss)	6
Business Segments	6
Consolidated Statements of Cash Flows	7
Consolidated Income Tax Schedules	8
Consolidated Short-Term Obligations and Available Credit	9
Consolidated Maturities Table as of 12/31/2001	9
Consolidated Long-Term Debt	10
Consolidated Statements of Capitalization	12
Consolidated Statements of Retained Earnings	12

Southern California Edison (SCE)

Consolidated Statements of Income (Loss)	13
Changes in Electric Utility Revenue	13
Consolidated Balance Sheets — Total Assets	14
PROACT Regulatory Asset Beginning Balance	14
Consolidated Balance Sheets — Total Liabilities and Shareholders' Equity	15
Projected Commitments	15
Consolidated Statements of Cash Flows	16
Consolidated Statements of Retained Earnings	16
Kilowatt-Hour Sales	17
Customers	17
Operating Revenue	17
Energy Costs	18
Balancing Accounts	18
System Rate Base	19
Detail of Utility Plant	19
Operating Statistics	20
Operating and Financial Ratios	21
Generating Capacity Resources	22
Palo Verde Plant Facts	23
Palo Verde Refueling History	23
Palo Verde Annual Capacity Factors	23
San Onofre Plant Facts	24
San Onofre Refueling History	24
San Onofre Annual Capacity Factors	24
San Onofre Incremental Cost Incentive Pricing (ICIP)	25
San Onofre 2002 Rules of Thumb (SCE Share)	25
Qualifying Facilities (QF) Payments (1987–2001)	26
Renewable/Alternative Energy Resources	26
Regulation	27
CPUC Commissioners	28
Other Regulatory Agencies	28
Major Regulatory Proceedings	28

Edison Mission Energy (EME)

Highlights	30
Operating Results From Major Projects	30
Project List	31
World Profile	32
Regional Operating Results	33
Consolidated Statements of Income (Loss)	34
Corporate Financial Ratios	34
Consolidated Balance Sheets	35
Consolidated Statements of Cash Flows	36
Contractual Obligations	37
Commercial Commitments	37
Recourse Debt to Recourse Capital Ratio	37
Interest Coverage Ratio	37

Edison Capital (EC)

Energy/Infrastructure	38
Affordable Housing	38
Financial Information	39

Nonutility Subsidiaries Consolidated Financial Information

40

Management Team

Inside Back Cover

Contacts

Back Cover

Corporate Profiles

Edison International

Edison International is an international electric power generator, distributor and structured finance provider. The company operates in privatized, deregulated and regulated markets with a power generation portfolio of over 24,000 megawatts. Headquartered in Rosemead, California, Edison International is the parent corporation of three major companies with combined assets totaling more than \$36 billion.

Southern California Edison

Southern California Edison is one of the nation's largest investor-owned electric utilities, serving more than 11 million people in a 50,000-square-mile area of central, coastal and Southern California. Based in Rosemead, California, the regulated utility has been providing electric service in the region for more than a century.

Edison Mission Energy

Edison Mission Energy is an independent power producer. The company develops, acquires, owns or leases and operates power projects worldwide. Based in Irvine, California, EME has nearly \$11 billion in assets and owns interests in 87 projects totaling 19,687 megawatts.

Edison Capital

Edison Capital is a provider of capital and financial services for global power and infrastructure, and affordable housing. Since its formation in 1987, Edison Capital has participated in approximately \$25 billion of infrastructure and housing transactions. With headquarters in Irvine, California, the company has assets of nearly \$4 billion.

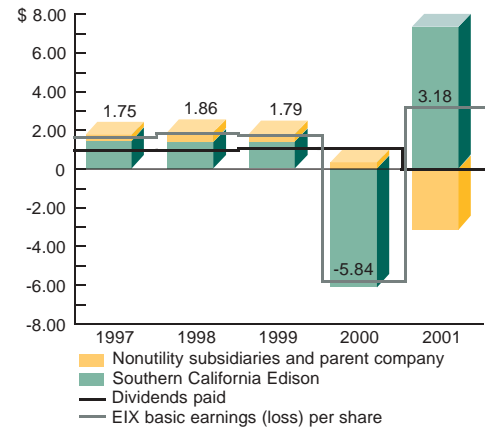
Edison International Year in Review

Financial Highlights

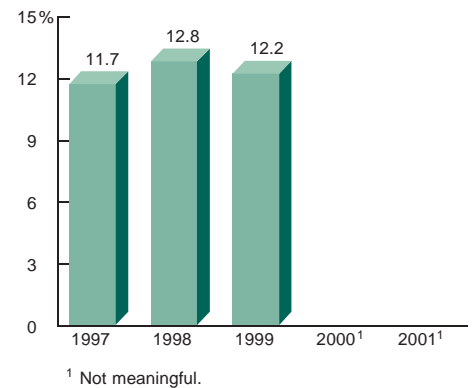
2001 Earnings

<i>Year Ended December 31,</i>	2001	2000	Change
Reported Earnings (Loss) Per Share			
Southern California Edison	\$ 1.25	\$1.42	\$ (0.17)
Edison Mission Energy	0.35	0.30	0.05
Edison Capital	0.26	0.41	(0.15)
Mission Energy Holding Co.	(0.15)	—	(0.15)
EIX parent company	(0.41)	(0.38)	(0.03)
EIX Core Earnings	1.30	1.75	(0.45)
SCE procurement and generation-related adjustments	6.07	(7.58)	13.65
EIX Consolidated Earnings (Loss) from Continuing Operations	7.37	(5.83)	13.20
Earnings (Loss) from Discontinued Operations			
EME's FFF Project	(3.78)	0.08	(3.86)
Edison Enterprises Companies	(0.41)	(0.09)	(0.32)
EIX Consolidated Loss from Discontinued Operations	(4.19)	(0.01)	(4.18)
EIX Consolidated Earnings (Loss)	\$ 3.18	\$(5.84)	\$ 9.02
Reported Earnings (Loss) (\$ million)			
Southern California Edison	\$ 408	\$471	\$ (63)
Edison Mission Energy	113	101	12
Edison Capital	84	135	(51)
Mission Energy Holding Co.	(49)	—	(49)
EIX parent company	(132)	(125)	(7)
EIX Core Earnings	424	582	(158)
SCE procurement and generation-related adjustment	1,978	(2,521)	4,499
EIX Consolidated Earnings (Loss) from Continuing Operations	2,402	(1,939)	4,341
Earnings (Loss) from Discontinued Operations			
EME's FFF Project	(1,234)	24	(1,258)
Edison Enterprises Companies	(133)	(28)	(105)
EIX Consolidated Loss from Discontinued Operations	(1,367)	(4)	(1,363)
EIX Consolidated Earnings (Loss)	\$ 1,035	\$(1,943)	\$2,978

BASIC REPORTED EARNINGS PER SHARE AND DIVIDENDS PAID



FINANCIAL RETURN ON COMMON EQUITY



Security Ratings

	Moody's		Standard & Poor's		Fitch	
	<i>12/31/01</i>	<i>3/31/02</i>	<i>12/31/01</i>	<i>3/31/02</i>	<i>12/31/01</i>	<i>3/31/02</i>
EIX Senior Unsecured	Caa3	B3	C	B-	CC	B
EIX QUIPS	Ca	Caa2	C	CCC	C	CCC
EIX Commercial Paper	NP	WR	C	WR	D	WR
SCE Senior Secured	B3	Ba2	CC	BB	CCC	BB
SCE Senior Unsecured	Caa2	Ba3	CC	B+	CC	BB-
SCE QUIDS	Caa3	B2	C	B+	C	B
SCE Preferred Stock	Ca	B3	C	B	C	B
SCE Commercial Paper	NP	WR	D	WR	D	WR
SCE Funding (RRB)	Aaa	Aaa	AAA	AAA	AAA	AAA
EME Senior Unsecured	Baa3	Baa3	BBB-	BBB-	NR	NR
EME Mission Capital (Series A) (MIPS)	Ba1	Ba1	BB	BB	NR	NR
EME Funding Corp.	Ba3	Ba3	BBB-	BBB-	NR	NR
Edison Mission Midwest Holdings Co.	Baa2	Baa2	BBB-	BBB-	NR	NR
EME Homer City Generation LP	Baa3	Baa3	BBB-	BBB-	BBB	BBB
EC Edison Funding Senior Unsecured	B2	B2	CC	CC	CC	B
EC Edison Funding Commercial Paper	NP	WR	C	C	WR	WR
Mission Energy Holding Company	Ba2	Ba2	BB-	BB-	NR	NR

MIPS = Monthly Income Preferred Securities

NP = Not prime NR = Not rated

QUIDS = Quarterly Income Debt Securities QUIPS = Quarterly Income Preferred Securities

RRB = Rate Reduction Bonds (also known as Rate Reduction Notes) WR = Withdrawn

Highlights

As of December 31, or
Year Ended December 31,

	2001	2000	% Change from 2000	Five-Year Compound Annual Growth Rate %
Edison International				
Basic Earnings (Loss) Per Share	\$ 3.18	\$ (5.84)	154.4	14.2
Diluted Earnings (Loss) Per Share	\$ 3.17	\$ (5.84)	154.4	14.2
Rate of Return on Common Equity	NM	NM	—	—
Net Income (Loss) (millions)	\$ 1,035	\$(1,943)	153.3	7.6
Income (Loss) from Continuing Operations	\$ 2,402	\$(1,939)	223.9	27.4
Operating Cash Flow Per Common Share ¹	\$ 9.15	\$ 4.26	114.8	12.8
Book Value Per Share	\$ 10.04	\$ 7.43	35.1	(7.8)
Recourse Financial Capital Structure ² :				
Common Equity	20.8 %	16.8 %	—	—
Preferred Stock	9.1	9.9	—	—
Debt	70.1	73.3	—	—
Total	100.0 %	100.0 %	—	—
Southern California Edison				
Basic Earnings (Loss) Per Edison International Common Share	\$ 7.32	\$ (6.16)	218.8	38.8
Net Income (Loss) Available for Common Stock (millions)	\$ 2,386	\$(2,050)	216.4	30.9
Operating Cash Flow Per Edison International Share ¹	\$ 10.05	\$ 2.54	295.7	19.8
Financial Rate of Return on Common Equity	NM	NM	—	—
Ratemaking Rate of Return on Common Equity — Earned ³	NM	NM	—	—
Ratemaking Rate of Return on Common Equity — Authorized ³	11.6 %	11.6 %	—	—
Before-Tax Interest Coverage Ratio Excludes RRB	NM	NM	—	—
AFUDC as a Percent of Utility Earnings	NM	NM	—	—
Kilowatt-Hour Sales (millions)	78,524	84,430	(7.0)	0.8
Peak Demand in Megawatts (MW)	17,890	19,757	(9.4)	(0.4)
Generating Capacity Resources (MW)	9,802	9,886	(0.8)	(14.6)
Customers (thousands)	4,474	4,416	1.3	1.2
Employees	11,663	12,593	(7.4)	(0.7)
Edison Mission Energy				
Basic Earnings Per Edison International Common Share	\$ (3.44)	\$ 0.38	(1,005.3)	(274.8)
Net Income (Loss) (millions)	\$(1,121)	\$ 125	(996.8)	(264.9)
Income from Continuing Operations	\$ 113	\$ 101	11.9	4.2
Operating Cash Flow Per Edison International Share	\$ (0.49)	\$ 2.00	(124.5)	(137.4)
Financial Rate of Return on Common Equity	NM	4.3 %	—	—
Equity (millions)	\$ 1,577	\$2,948	(46.5)	9.1
Employees:	3,021	3,391	(10.9)	26.3
Edison Capital				
Basic Earnings Per Edison International Common Share	\$ 0.26	\$ 0.41	(36.6)	22.9
Net Income (millions)	\$ 84	\$ 135	(37.8)	15.4
Operating Cash Flow Per Edison International Share	\$ (0.14)	\$ 0.70	(120.0)	(195.1)
Financial Rate of Return on Common Equity	11.9 %	22.4 %	—	—
Equity (millions)	\$ 753	\$ 679	10.9	25.5
Employees:	66	119	(44.5)	(1.2)

¹ Excludes net gain and regulatory asset related to the 1998 sale of generating plants.

² Represents Edison International consolidated financial net recourse capitalization ratios, including short-term debt.

³ Transmission and distribution only.

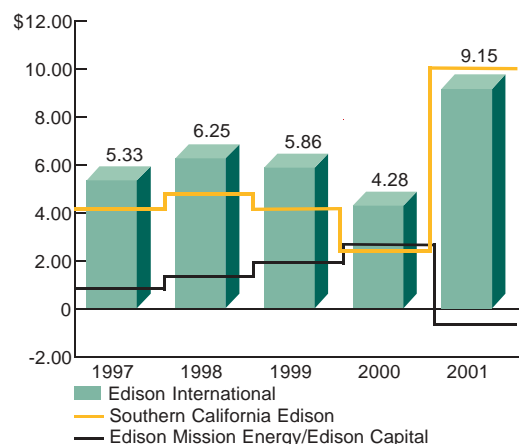
NM = Not meaningful.

Edison International Consolidated Per-Share Data — Common Stock

Year Ended December 31,	2001	2000	1999	1998	1997	1996
Basic earnings (loss) per share	\$ 3.18	\$(5.84)	\$1.79	\$1.86	\$1.75	\$1.64
Diluted earnings (loss) per share	\$ 3.17	\$(5.84)	\$1.79	\$1.84	\$1.73	\$1.63
Dividends per share:						
Paid	\$ —	\$1.11	\$1.07	\$1.03	\$1.00	\$1.00
Declared	\$ —	\$0.84	\$1.08	\$1.04	\$1.00	\$1.00
Year-ended data:						
Dividend rate ¹	—	NM	\$1.08	\$1.04	\$1.00	\$1.00
Dividend yield (paid) ¹	—	7.1%	4.1%	3.7%	3.7%	5.0%
Dividends payout ratio (paid)	—	NM	59.8%	55.4%	57.1%	61.0%
Book value per share	\$10.04	\$7.43	\$15.01	\$14.55	\$14.71	\$15.07
Market price/book value ratio	1.5×	2.1×	1.8×	1.9×	1.9×	1.3×
Price/earnings ratio	4.7×	NM	14.6×	15.0×	15.5×	12.1×
Total Shareholder Return:						
Appreciation and dividends paid	(3.4)%	(37.6)%	(2.1)%	6.4%	42.1%	18.9%
Price:						
High	\$16.12	\$30	\$29 ⁵ / ₈	\$31	\$27 ¹³ / ₁₆	\$20 ³ / ₈
Low	\$6.25	\$14 ¹ / ₈	\$21 ⁵ / ₈	\$25 ⁵ / ₈	\$19 ¹ / ₂	\$15 ⁵ / ₈
Year-end	\$15.10	\$15 ⁵ / ₈	\$26 ³ / ₁₆	\$27 ⁷ / ₈	\$27 ³ / ₁₆	\$19 ⁷ / ₈
Common shares outstanding (thousands)	325,811	325,811	347,207	350,553	375,764	424,524
Weighted-average shares of common stock outstanding (thousands)	325,811	332,560	347,551	359,205	400,396	437,335

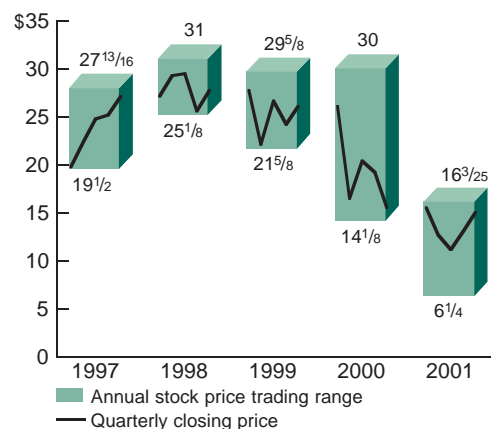
¹ During 2001, Edison International eliminated its quarterly common stock dividends customarily paid on January 31, April 30, July 31, and October 31.
NM = Not meaningful.

**OPERATING CASH FLOW
PER EDISON INTERNATIONAL COMMON SHARE^{1,2}**



¹ Includes cash flows from discontinued operations.
² Excludes net gain and regulatory asset related to the 1998 sale of oil and gas plants.

**EDISON INTERNATIONAL
COMMON STOCK PRICE RANGE**



Edison International Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Assets							
Cash and equivalents		\$ 3,991	\$ 1,604	\$ 375	\$ 580	\$ 1,906	\$ 897
Receivables, including unbilled revenue, less allowances for uncollectible accounts		1,710	1,355	1,262	1,286	1,074	1,092
Fuel inventory		124	68	147	51	58	72
Materials and supplies, at average cost		203	188	178	116	133	154
Accumulated deferred income taxes — net		1,092	1,339	190	275	123	241
Regulatory assets — net		83	—	—	287	193	—
Prepayments and other current assets		297	411	138	133	104	113
Total current assets		7,500	4,965	2,290	2,728	3,591	2,569
Nonutility property — less accumulated provision for depreciation		6,414	7,298	9,253	3,047	3,172	3,567
Nuclear decommissioning trusts		2,275	2,505	2,509	2,240	1,831	1,486
Investments in partnerships and unconsolidated subsidiaries		2,253	2,700	2,505	1,980	1,341	1,251
Investments in leveraged leases		2,386	2,346	1,885	1,621	960	584
Other investments		226	92	180	208	261	225
Total investments and other assets		13,554	14,941	16,332	9,096	7,565	7,113
Utility plant, at original cost:							
Transmission and distribution		13,568	13,129	12,439	11,772	11,213	10,973
Generation		1,729	1,745	1,718	1,689	9,522	9,427
Accumulated provision for depreciation and decommissioning		(7,969)	(7,834)	(7,520)	(6,896)	(10,544)	(9,431)
Construction work in progress		556	636	563	517	593	557
Nuclear fuel, at amortized cost		129	143	132	172	155	177
Total utility plant		8,013	7,819	7,332	7,254	10,939	11,703
Regulatory assets and other deferred charges		7,502	3,484	6,379	5,223	2,988	3,168
Assets of discontinued operations		205	3,891	3,896	397	18	6
Total assets		\$36,774	\$35,100	\$36,229	\$24,698	\$25,101	\$24,559

Edison International Foreign and Domestic Assets

<i>In millions</i>	<i>December 31,</i>	2001	2000
Assets			
United States ¹		\$31,532	\$26,930
Foreign countries:			
United Kingdom ¹		1,675	5,212
Australia		1,152	1,217
New Zealand		1,331	686
Other		1,084	1,055
Total		\$36,774	\$35,100

¹ Includes assets of discontinued operations.

Edison International Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Liabilities and Shareholders' Equity							
Short-term debt		\$ 2,445	\$ 3,891	\$ 2,553	\$ 566	\$ 330	\$ 397
Long-term debt due within one year		1,499	929	844	920	868	592
Preferred stock to be redeemed within one year		105	—	—	—	—	—
Accounts payable		3,414	1,199	609	478	437	436
Accrued taxes		183	566	384	630	577	530
Accrued interest		350	190	185	147	132	131
Dividends payable		78	12	101	91	95	109
Regulatory liabilities — net		—	195	76	—	—	182
Deferred unbilled revenue and other current liabilities		1,783	2,201	1,733	1,406	1,277	1,055
Total current liabilities		9,857	9,183	6,485	4,238	3,716	3,432
Long-term debt		12,674	12,150	12,198	8,008	8,871	7,475
Accumulated deferred income taxes — net		6,367	4,537	4,889	4,591	4,084	4,282
Accumulated deferred investment tax credits		172	183	225	271	351	372
Customer advances and other deferred credits		1,675	1,598	1,952	1,425	1,441	754
Power purchase contracts and other long-term liabilities		1,008	1,026	1,040	465	479	424
Total deferred credits and other liabilities		9,222	7,344	8,106	6,752	6,355	5,832
Liabilities of discontinued operations		71	2,474	2,561	50	14	7
Minority interest		345	19	8	16	9	707
Preferred stock of utility:							
Not subject to mandatory redemption		129	129	129	129	184	284
Subject to mandatory redemption		151	256	256	256	275	275
Company-obligated mandatorily redeemable securities of subsidiaries holding solely parent company debentures		949	949	948	150	150	150
Other preferred securities		104	176	327	—	—	—
Total preferred securities		1,333	1,510	1,660	535	609	709
Common stock		1,966	1,960	2,090	2,109	2,261	2,547
Accumulated other comprehensive income (loss)		(328)	(139)	42	84	90	97
Retained earnings		1,634	599	3,079	2,906	3,176	3,753
Common shareholders' equity		3,272	2,420	5,211	5,099	5,527	6,397
Total liabilities and shareholders' equity		\$36,774	\$35,100	\$36,229	\$24,698	\$25,101	\$24,559

Edison International Projected Commitments

<i>In millions</i>	2002	2003	2004	2005	2006
Long-term debt maturities and sinking fund requirements	\$1,499	\$2,428	\$2,460	\$ 607	\$ 882
Projected construction expenditures	947	NA	NA	NA	NA
Fuel supply contract payments	810	575	552	536	523
Purchased-power capacity payments	629	629	626	624	572
Estimated noncancelable lease payments	388	386	373	427	518
Preferred securities redemption requirements	105	9	9	9	113
Total	\$4,378	\$4,027	\$4,020	\$2,203	\$2,608

NA = Not available

Edison International Consolidated Statements of Income (Loss)

<i>In millions, except per-share amounts</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Electric utility		\$ 8,120	\$ 7,870	\$7,548	\$7,500	\$7,953	\$7,583
Nonutility power generation		2,968	2,561	1,327	894	975	844
Financial services and other		348	260	301	295	247	114
Total operating revenue		11,436	10,691	9,176	8,689	9,175	8,541
Fuel		1,128	1,004	546	501	1,074	768
Purchased power — contracts		3,306	2,358	2,419	2,626	2,854	2,706
Purchased power — PX/ISO — net		464	2,329	771	636	—	—
Provisions for regulatory adjustment clauses — net		(3,028)	2,301	(763)	(473)	(411)	(226)
Other operation and maintenance		3,029	2,619	2,551	2,305	2,090	1,869
Depreciation, decommissioning and amortization		973	1,784	1,714	1,653	1,361	1,173
Property and other taxes		114	129	124	133	134	197
Net gain on sale of utility plant		(6)	(25)	(3)	(543)	(4)	(4)
Total operating expenses		5,980	12,499	7,359	6,838	7,098	6,483
Operating income (loss)		5,456	(1,808)	1,817	1,851	2,077	2,058
Provision for rate phase-in plan		—	—	—	—	(48)	(84)
Interest and dividend income		282	209	92	108	85	64
Other nonoperating income (deductions) — net		7	20	30	(23)	(132)	(125)
Interest expense — net of amounts capitalized		(1,582)	(1,257)	(841)	(699)	(698)	(626)
Dividends on preferred securities		(92)	(100)	(44)	(13)	(13)	(13)
Dividends on utility preferred stock		(22)	(22)	(25)	(25)	(29)	(34)
Income (loss) before taxes		4,049	(2,958)	1,029	1,199	1,242	1,240
Income tax (benefit)		1,647	(1,019)	348	488	516	513
Income (loss) from continuing operations		2,402	(1,939)	681	711	726	727
Loss from discontinued operations		(2,223)	(34)	(111)	(69)	(43)	(17)
Income tax (benefit) on discontinued operations		(856)	(30)	(53)	(26)	(17)	(7)
Net income (loss)		\$ 1,035	\$(1,943)	\$ 623	\$ 668	\$ 700	\$ 717

Edison International Business Segments

<i>In millions</i>	Electric Utility	Nonutility Power Generation	Capital & Financial Services	Corporate & Other ¹	Edison International
2001					
Operating revenue	\$ 8,126 ²	\$2,968 ³	\$ 202 ⁴	\$ 140	\$11,436
Depreciation, decommissioning, and amortization	681	273	17	2	973
Interest and dividend income	215	35	19	13	282
Interest expense — net of amounts capitalized	785	547	64	186	1,582
Income tax (benefit) — continuing operations	1,658	96	(24)	(83)	1,647
Income (loss) from continuing operations	2,386	113	84	(181)	2,402
Net income (loss)	2,386	(1,121)	84	(314)	1,035
Total assets	22,453	10,730	3,736	(145)	36,774
Additions to and acquisition of property and plant	688	242	—	3	933

¹ Includes amounts from nonutility subsidiaries not significant as a reportable segment and intercompany eliminations.

² Includes intercompany transactions classified as "other" in EIX's income statement above.

³ Includes equity in income from investments of \$374 million.

⁴ Includes \$23 million of other operating losses, reclassified to non-operating expense by Edison Capital.

Edison International Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Cash flows from operating activities							
Net income (loss) from continuing operations		\$ 2,402	\$(1,939)	\$ 681	\$ 711	\$ 726	\$ 727
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
Depreciation, decommissioning and amortization		973	1,784	1,714	1,653	1,361	1,173
Other amortization		92	168	112	96	88	96
Rate phase-in plan		—	—	—	4	47	79
Deferred income taxes and investment tax credits		1,908	(1,080)	536	352	114	91
Equity in income from partnerships and unconsolidated subsidiaries		(374)	(267)	(244)	(190)	(190)	(154)
Income from leveraged leases		(154)	(192)	(214)	(213)	(86)	(14)
Other long-term liabilities		29	17	32	(13)	56	80
Regulatory assets — long-term — net		(3,135)	1,759	(1,354)	(361)	—	—
Write-down of nonutility assets		245	—	—	—	—	—
Regulatory asset related to sale of utility generating plants		—	—	—	(220)	—	—
Net gains on sale of utility generating plants		(9)	(14)	(1)	(565)	—	—
Other — net		(265)	(107)	(49)	5	(45)	(84)
Changes in working capital:							
Receivables and accrued unbilled revenue		(47)	(159)	34	(209)	(6)	70
Regulatory liabilities — short-term — net		(278)	97	363	(94)	(375)	(156)
Fuel inventory, materials and supplies		(16)	30	(5)	23	36	39
Prepayments and other current assets		203	79	(28)	(16)	14	13
Accrued interest and taxes		(240)	185	(196)	68	47	3
Accounts payable and other current liabilities		1,551	797	642	246	189	63
Distributions and dividends from unconsolidated entities		236	227	213	185	182	176
Operating cash flows from discontinued operations		(147)	19	(199)	(30)	(24)	(5)
Net cash provided by operating activities		2,974	1,404	2,037	1,432	2,134	2,197
Cash flows from financing activities							
Long-term debt issued		3,386	5,293	5,395	981	1,646	1,365
Long-term debt repaid		(1,761)	(4,495)	(1,022)	(1,544)	(2,219)	(1,315)
Bond repurchased and funds held in trust		(130)	(440)	—	—	—	—
Common stock repurchased		—	(386)	(92)	(714)	(1,173)	(344)
Preferred securities issued		104	—	1,124	—	—	414
Preferred securities redeemed		(164)	(125)	—	(74)	(100)	—
Rate reduction notes repaid		(246)	(246)	(246)	(252)	—	—
Rate reduction notes issued		—	—	—	—	2,449	—
Short-term debt financing — net		(1,547)	1,296	1,931	236	(67)	(312)
Dividends paid		—	(371)	(373)	(374)	(408)	(440)
Other — net		(21)	9	(37)	17	(15)	45
Financing cash flows from discontinued operations		(1,178)	223	1,241	—	—	—
Net cash provided (used) by financing activities		(1,557)	758	7,921	(1,724)	113	(587)
Cash flows from investing activities							
Additions to property and plant		(933)	(1,426)	(1,188)	(935)	(778)	(741)
Purchase of nonutility generating plants		—	(47)	(5,889)	(258)	—	—
Proceeds from sale of assets		1,032	1,727	115	1,215	211	140
Funding of nuclear decommissioning trusts		(36)	(69)	(116)	(163)	(154)	(148)
Investments in partnerships and unconsolidated subsidiaries		(122)	(289)	(853)	(401)	(131)	(336)
Investments in leveraged leases — net		68	(255)	(99)	(458)	(327)	3
Investment in other assets		(433)	(217)	(303)	326	(52)	(135)
Investing cash flows from discontinued operations		1,125	(89)	(1,698)	(354)	(6)	(3)
Net cash provided (used) by investing activities		701	(665)	(10,031)	(1,028)	(1,237)	(1,220)
Effect of exchange rate changes on cash		(37)	(32)	(3)	(3)	—	—
Net increase (decrease) in cash and equivalents		2,081	1,465	(76)	(1,323)	1,010	390
Cash and equivalents, beginning of year		1,973	508	584	1,907	897	507
Cash and equivalents, end of year		4,054	1,973	508	584	1,907	897
Cash and equivalents — discontinued operations		(63)	(369)	(133)	(4)	(1)	—
Cash and equivalents — continuing operations		\$ 3,991	\$ 1,604	\$ 375	\$ 580	\$ 1,906	\$ 897

Edison International Consolidated Income Tax Schedules

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Current:							
Federal		\$ (215)	\$ (61)	\$(82)	\$ 121	\$ 245	\$ 325
State		—	—	9	18	55	108
Foreign		30	70	(31)	15	103	39
		(185)	9	(104)	154	403	472
Deferred:							
Accrued charges		(79)	(98)	(128)	(43)	(33)	(14)
Property-related, asset basis adjustment		165	(5)	(59)	(76)	(8)	46
CTC amortization		(138)	251	7	63	—	—
Investment and energy tax credits — net		(6)	(41)	(46)	(80)	(22)	(37)
Leveraged leases		320	387	315	346	87	26
Loss carryforwards		36	(812)	—	(33)	121	(41)
Pension reserves		—	—	—	(4)	(5)	45
Price risk management		39	(38)	—	—	—	—
Rate phase-in plan		—	—	—	—	(19)	(32)
Regulatory balancing accounts		1,345	(740)	371	177	142	34
State tax-privilege year		(41)	30	4	—	—	18
Deferred income		—	—	—	—	(156)	—
Other		191	38	(12)	(43)	(11)	(11)
		1,832	(1,028)	452	307	96	34
Total income tax expense		\$1,647	\$(1,019)	\$ 348	\$ 462	\$ 499	\$ 506

The following table reconciles the federal statutory income tax rate to the effective rate. The composite federal and state statutory income tax rates were 41.045% for 1995–1996, and 40.551% for 1997–2001.

<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Capitalized software	—	0.4	(2.2)	(0.6)	(0.8)	(0.8)
Property-related and other	0.8	(7.5)	1.4	10.0	5.9	7.3
Housing credits	(1.2)	2.1	(6.2)	(5.7)	(4.3)	(3.6)
State tax — net of federal deduction	6.3	3.0	9.9	7.5	6.3	6.2
Investment and energy tax credits	(0.2)	1.4	(4.1)	(5.7)	(1.6)	(2.7)
Effective tax rate	40.7%	34.4%	33.8%	40.5%	40.5%	41.4%

Edison International Consolidated Short-Term Obligations and Available Credit

<i>In millions</i>	<i>December 31, 2001</i>	<i>December 31, 2000</i>
Edison International		
Commercial paper	\$ —	\$ 306
Bank loans	—	350
Floating rate notes	—	600
Total	\$ —	\$1,256
Weighted average interest rate	—	7.73%
Available credit under existing lines	—	\$ 268
Southern California Edison		
Commercial paper	\$ 531 ¹	\$ 700
Bank loans	1,650 ¹	835
Other	6 ²	—
Amount reclassified as long-term debt	(60)	(79)
Unamortized discount	—	(5)
Total	\$2,127	\$1,451
Weighted Average interest rates	5.3%	6.9%
Available credit under existing lines	—	\$ 815
Edison Mission Energy		
Citibank, N.A. Credit Agreement	\$ 80 ²	\$ —
Commercial paper	—	444
Other short-term obligations	88	412
Unamortized discount	—	(1)
Total	\$ 168	\$ 855
Weighted Average interest rates	7.3%	7.4%
Available credit under existing lines	\$ 554	\$ 168
Edison Capital		
Commercial paper	\$ —	\$ 128
Bank debt	150 ³	170
Other short-term obligations	—	31 ⁴
Total	\$ 150	\$ 329
Weighted Average interest rates	4.8%	7.2%
Available credit under existing lines	\$ —	\$ 130
Edison International total consolidated short-term obligations	\$2,445	\$3,891

¹ Repaid on March 1, 2002.

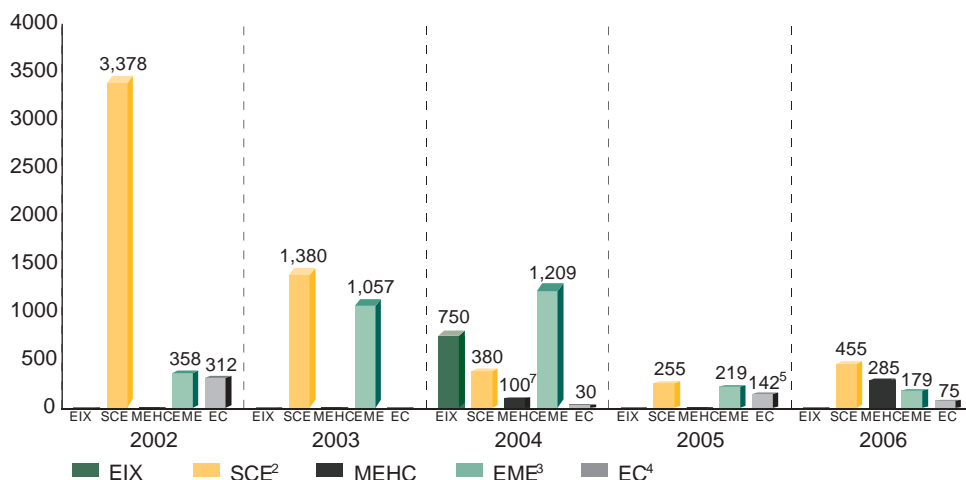
² Repaid in first quarter of 2002.

³ Repaid \$60 million in first quarter and \$90 million in second quarter of 2002.

⁴ Reclassed to current portion of long-term debt after EIX consolidation.

Edison International Consolidated Maturities Table as of 12/31/2001¹

\$ Millions



	Non-Recourse Debt Maturities (\$ millions)	
	SCE ⁶	EME
2002	246	90
2003	246	1,057
2004	246	957
2005	246	219
2006	246	75

¹ Includes recourse and non-recourse short- and long-term debt and preferred securities.

² Excludes SCE's March 2002, debt payment of \$2,581 million, issuance of \$1.6 billion credit facility, and reissuance of \$195 million in pollution control bonds. Also excludes debt payment of \$300 million in May 2002.

³ Excludes first quarter payment of \$80 million credit facility and issuance of \$84 million credit facility.

⁴ Excludes first and second quarter repayment of \$150 million bank debt and \$34 million of medium term notes, a \$14 million gain on debt conversion, and the issuance of \$14 million of intercompany debt.

⁵ Includes (\$4) million for currency loss and mark-to-market adjustments.

⁶ Payment on rate reduction bonds.

⁷ Matures in July 2006, however, the lenders under the term loan may require that MEHC repay up to \$100 million in July, 2004.

Edison International Consolidated Long-Term Debt

<i>In millions</i>					<i>December 31,</i> 2001 2000		<i>In millions</i>					<i>December 31,</i> 2001 2000	
Year	Series	Due Date	Coupon (rate)	First Call Date			Year	Series	Due Date	Coupon (rate)	First Call Date		
Edison International							Pollution control indebtedness:						
1999	Notes	09/15/04	6⅞	N/A	\$ 750	\$ 750	Four Corners Generating Station						
Less unamortized discount — net					(3)	(4)	1991	Series A	04/01/21	7.20%	04/01/01	\$ 49	\$ 49
EIX long-term debt					\$ 747	\$ 746	1993	Series D	06/01/23	5⅞	06/01/03	155	155
Mission Energy Holding Company							1999	Series A	04/01/29	5⅞	04/01/09	55	55
2001	Sr Secure Notes	07/15/08	13½	N/A	\$ 800	\$ —	Huntington Beach Generating Station						
2001	Term Loan A	07/02/04	LIBOR+7.50%	N/A	100	—	1999	Series D	09/01/15	5.20	09/01/09	8	8
2001	Term Loan B	07/02/06	LIBOR+7.50%	N/A	285	—	Mohave Generating Station						
Less unamortized discount — net					(27)	—	1988	Series A	02/01/10	5.4	02/01/02	20	20
Mission Energy Holding Company long-term debt					\$1,158	\$ —	2000	Series A	06/01/31	variable	N/A	40	40
Southern California Edison Company							2000	Series B	06/01/31	variable	N/A	15	15
Recourse long-term bonds:							2000	Series C	06/01/40	variable	N/A	20	20
First and refunding mortgage bonds:							Palo Verde Nuclear Generating Station						
1993	93J	10/01/02	5%	N/A	\$ 200	\$ 200	2000	Series A-B	06/01/35	variable	N/A	144	144
1993	93F	06/15/03	6¼	N/A	125	125	San Onofre Nuclear Generating Station						
1993	93H	09/01/04	5%	N/A	125	125	1986	Series D-G	02/28/08	variable	N/A	196	196
1993	93I	10/01/18	6.90	10/01/98	200	200	1987	Series A-D	03/01/08	variable	N/A	135	135
1993	93G	07/15/25	7⅞	07/15/03	225	225	1991	Series D	12/01/17	6.90	12/01/01	29	29
1993	93C	03/01/26	7¼	03/01/03	300	300	1992	Series C	07/01/27	6.00	07/01/02	30	30
Subtotal					1,175	1,175	1992	Series E	12/01/24	6.40	12/01/02	190	190
Other:							1999	Series A-B	09/01/29	5.45	09/01/09	100	100
1995	Notes	06/01/01 ¹	6½	N/A	200	200	1999	Series C	09/01/31	5.55	09/01/09	30	30
1996	Notes	01/15/01 ¹	5%	N/A	200	200	Subtotal						
1996	Notes	01/15/06	6¾	N/A	200	200	1,216 1,216						
1999	Notes	04/01/29	6.65	N/A	300	300	Non-recourse long-term debt:						
2000	Notes	01/15/10	7.625	N/A	250	250	Rate reduction notes ³						
Junior Subordinated Deferrable Interest Debentures ²							1997	Various	Various	Various	N/A	1,478	1,724
1995	Series A	06/30/44	8%	05/25/00	100	100	SCE principal amount outstanding						
Variable Rate Notes					1,000	1,000	6,479 6,744						
Floating Rate Notes					300	300	Less current portion of long-term debt						
Commercial paper for nuclear fuel					60	79	(1,146) (646)						
Subtotal							Less unamortized discount — net						
\$2,610 \$2,629							(24) (27)						
							Less securities/fund held by trustees — bonds repurchased						
							(570) (440)						
							SCE long-term debt						
							\$4,739 \$5,631						

¹ Repaid on March 1, 2002.

² Also known as quarterly income debt securities (QUIDS).

³ Also known as rate reduction bonds. The notes are non-recourse to SCE and EIX.

Edison International Consolidated Long-Term Debt

						December 31,	
In millions						2001	2000
Year	Series	Due Date	Coupon (rate)	First Call Date			
Edison Mission Energy Recourse long-term debt:							
EME (parent only)							
1992	Senior Notes	2002	8.125%	N/A		\$ 100	\$ 100
1999	Senior Notes	2009	7.730%	Any Time		600	600
2001	Senior Notes	2011	9.875%	Any Time		600	—
2001	Senior Notes	2008	10.0%	Any Time		400	—
1999	Coal & Capex Facility	2004	£LIBOR+1.25%+0.012%	N/A		252	87
Bank of America NT&SA Credit Agreement							
1994	Corp Revolver	2001	LIBOR+0.175%	N/A		—	349
Other long-term obligations						79	81
Non-recourse long-term debt:							
Edison Mission Energy Funding Corp.							
1996	Series A Notes	1997–2003	6.770%	Any Time + Prem. Penalty		91	131
1996	Series B Bonds	2004–2008	7.330%	Any Time + Prem. Penalty		190	190
Edison Mission Holdings Co.							
1999	Secured Bonds	2019	8.137%	Any Time + Prem. Penalty		—	300
1999	Secured Bonds	2026	8.734%	Any Time + Prem. Penalty		—	530
1999	Construction Loan	2004	LIBOR+1.0%	N/A		—	182
Edison Mission Midwest Holdings Co.							
1999	Tranche A	2003	LIBOR+1.2%	N/A		911	—
1999	Tranche B	2004	LIBOR+1.15%	N/A		808	626
1999	Tranche C	2004	LIBOR+0.95%	N/A		—	143
2000	Commercial Paper	2002	6.601%	N/A		—	807
Contact Energy Project							
Credit Facilities							
		Various	Various	N/A		385	—
Doga Project							
1997	Finance Agmt.	2010	USTN+3.75%	N/A		78	87
1997	Credit Agmt.	2010	LIBOR+1.25%	N/A		29	32
First Hydro Plants							
1996	Secured Bonds	2021	9.0%	Any Time + Gross Redemption Yield		582	598
1998	Credit Agmt.	2004	£LIBOR+0.55+0.0145%	N/A		26	27
Iberian Hy-Power Plants							
1997	Credit Facility	2012	EURIBOR+0.75%	N/A		49	56
1991	Loan	2003	9.408%	N/A		7	11
1993	CGDE	2003	0%	N/A		23	22
Kwinana Plant							
1995	Facility Agmt.	2012	BBR+1.2%	N/A		43	50
Loy Yang B Plant							
1997	Term Facility	2017	BBR+0.5% to 1.1%	N/A		354	393
1997	Term Facility	2012	BBR+0.5% to 0.85%	N/A		250	272
1997	Working Capital Facility	2017	BBR+0.5% to 1.1%	N/A		5	6
Roosecote Plant							
1991	Term Loan	2005	£LIBOR+0.6%	N/A		80	99
1991	Capital Lease		9.73%	N/A		1	1
EME principal amount outstanding						5,943	5,780
Less current portion of EME long-term debt ¹						(190)	(437)
Unamortized debt discount — net						(4)	(8)
EME long-term debt						5,749	5,335
Edison Capital Recourse long-term debt:							
1996	Medium Term Notes	2006	6.79–7.2%	N/A		75	75
1999	Medium Term Notes	2001	7.1–7.22%	N/A		—	70
2000	Medium Term Notes	2002	7.47–7.87%	N/A		159	159
2000	Medium Term Notes	2001	7.87%	N/A		—	32
2000	Medium Term Notes	2004	7.93%	N/A		30	30
2000	Medium Term Notes	2005	Variable	N/A		121	121
2000	Medium Term Notes	2005	8.04%	N/A		25	25
2000	Medium Term Notes	2007	7.61%	N/A		30	30
2000	Medium Term Notes	2010	7.43%	N/A		42	42
2000	Medium Term Notes	2015	7.15%	N/A		49	49
1996	Notes Payable — Affiliate	2007	5.88%	N/A		75	75
Non-recourse debt:							
1997	Olive Court Mortgage	2026	7.0%	N/A		4	3
EC total principal amount outstanding						610	711
Less current portion of EC long-term debt						(162)	(102)
FMV of Financial Derivatives						11	—
Less foreign currency translation						(25)	(18)
EC long-term debt						434	591
Intercompany debt						(153)	(153)
EIX total consolidated long-term debt						\$12,674	\$12,150

Edison International Consolidated Statements of Capitalization

	Trading Exchanges	Trading Symbol	Shares Outstanding	Redemption Price Per Share	December 31,	
					2001 <i>In millions</i>	2000
Common shareholders' equity:					\$ 3,272	\$ 2,420
Preferred securities						
Cumulative preferred securities						
Not subject to mandatory redemption:						
SCE:						
Recourse securities:						
\$25 par value preferred stock:						
4.08% Series	American and Pacific	SCEPrB	1,000,000	\$25.50	25	25
4.24	American and Pacific	SCEPrC	1,200,000	25.80	30	30
4.32	American and Pacific	SCEPrD	1,653,429	28.75	41	41
4.78	American and Pacific	SCEPrE	1,296,769	25.80	33	33
Subtotal					129	129
Subject to mandatory redemption:						
EIX:						
7.875% QUIPS Series A	New York	EIX prA	20,000,000	\$25.00	484	484
8.60% QUIPS Series B	New York	EIX prB	13,000,000	25.00	315	314
SCE:						
Recourse securities:						
\$100 par value preferred stock:						
6.05% Series	Unlisted	—	750,000	\$100.00	75	75
6.45%	Unlisted	—	1,000,000	100.00	100	100
7.23%	Unlisted	—	807,000	100.00	81	81
EME:						
Recourse securities:						
\$25 par value preferred securities (MIPS):						
9.875% Series A	New York	MEPrA	3,500,000	\$25.00	88	88
8.50% Series B	New York	MEPrB	2,500,000	25.00	62	62
Non-recourse securities:						
Redeemable preferred shares:						
\$5,221 par (10,000 New Zealand dollars)						
6.86% at 12/13/99	Unlisted	—	16,000	\$4,419.00	—	71
\$0.4158 par (1 New Zealand dollars)						
6.03% at 12/31/01	Unlisted	—	250,000,000	\$0.4158	104	—
Retail redeemable preference shares:						
\$0.5221 par (1 New Zealand dollar)						
5.00% to 5.63% Series	Unlisted	—	64,132,000	\$0.4419	—	28
5.50% to 6.03% Series	Unlisted	—	42,574,000	0.4419	—	19
5.75% to 6.37% Series	Unlisted	—	133,294,000	0.4419	—	59
Subtotal					1,309	1,381
Less preferred stock to be redeemed within one year					(105)	—
Total preferred securities					1,333	1,510
Long-term debt — detailed on pages 8 and 9					12,674	12,150
Total capitalization					\$17,279	\$16,080

Edison International Consolidated Statements of Retained Earnings

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Balance at beginning of year		\$ 599	\$3,079	\$2,906	\$3,176	\$3,753	\$3,700
Net income (loss)		1,035	(1,943)	623	668	700	717
Dividends declared on common stock		—	(277)	(375)	(371)	(395)	(435)
Stock repurchases and other		—	(260)	(75)	(567)	(882)	(229)
Balance at end of year		\$1,634	\$ 599	\$3,079	\$2,906	\$3,176	\$3,753

SCE Consolidated Statements of Income (Loss)

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Operating revenue		\$ 8,126	\$ 7,870	\$ 7,548	\$ 7,500	\$ 7,953	\$ 7,583
Fuel		212	195	215	324	881	631
Purchased power — contracts		3,306	2,358	2,419	2,626	2,854	2,706
Purchased power — PX ISO — net		464	2,329	771	636	—	—
Provisions for regulatory adjustment clauses — net		(3,028)	2,301	(763)	(473)	(411)	(226)
Other operation and maintenance		1,771	1,772	1,933	1,891	1,622	1,511
Depreciation, decommissioning and amortization		681	1,473	1,548	1,546	1,240	1,063
Property and other taxes		112	126	122	128	129	190
Net gain on sale of utility plant		(9)	(25)	(3)	(542)	(4)	(3)
Total operating expenses		3,509	10,529	6,242	6,136	6,311	5,872
Operating income (loss)		4,617	(2,659)	1,306	1,364	1,642	1,711
Provision for rate phase-in plan		—	—	—	—	(48)	(84)
Allowance for equity funds used during construction		7	11	13	12	8	16
Interest and dividend income		215	173	69	67	45	38
Other nonoperating income (deductions) — net		3	(13)	31	(9)	(86)	(72)
Total other income (deductions) — net		225	171	113	70	(81)	(102)
Income before interest expenses		4,842	(2,488)	1,419	1,434	1,561	1,609
Interest and amortization on long-term debt		444	391	393	422	345	381
Other interest expense		342	182	91	64	101	74
Allowance for borrowed funds used during construction		(9)	(10)	(11)	(8)	(9)	(10)
Capitalized interest		(1)	(1)	(1)	(1)	(2)	(2)
Total interest and amortization expense — net		776	562	472	477	435	443
Income (loss) before taxes		4,066	(3,050)	947	957	1,126	1,166
Income tax (benefit)		1,658	(1,022)	438	442	520	511
Net income (loss)		2,408	(2,028)	509	515	606	655
Dividends on preferred stock		22	22	25	25	30	34
Net income (loss) available for common stock		\$ 2,386	\$(2,050)	\$ 484	\$ 490	\$ 576	\$ 621

Changes in Electric Utility Revenue

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999
Electricity utility revenue —				
Rate changes (including refunds)		\$ 422	\$ 120	\$ (75)
Direct access credit		566	(434)	(213)
Interruptible noncompliance penalty		(117)	102	6
Sales volume changes		(544)	520	195
Other		(71)	14	136
Total		\$ 256	\$ 322	\$ 49

SCE Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Assets							
Cash and equivalents		\$ 3,414	\$ 583	\$ 26	\$ 82	\$ 962	\$ 320
Receivables, including unbilled revenue, less allowances for uncollectible accounts		1,544	1,296	1,014	1,113	907	921
Fuel inventory		14	12	50	51	58	73
Materials and supplies, at average cost		146	132	123	116	133	154
Accumulated deferred income taxes — net		433	545	188	275	123	240
Regulatory assets — net		83	—	—	287	193	—
Prepayments and other current assets		145	124	111	92	93	105
Total current assets		5,779	2,692	1,512	2,016	2,469	1,813
Nonutility property — less accumulated provision for depreciation		159	102	104	57	68	64
Nuclear decommissioning trusts		2,275	2,505	2,509	2,240	1,832	1,486
Other investments		224	90	160	179	171	104
Total investments and other assets		2,658	2,697	2,773	2,476	2,071	1,654
Utility plant, at original cost:							
Transmission and distribution		13,568	13,129	12,439	11,772	11,213	10,973
Generation		1,729	1,745	1,718	1,689	9,522	9,427
Accumulated provision for depreciation and decommissioning		(7,969)	(7,834)	(7,520)	(6,896)	(10,544)	(9,431)
Construction work in progress		556	636	562	517	593	557
Nuclear fuel, at amortized cost		129	143	132	172	155	177
Total utility plant		8,013	7,819	7,331	7,254	10,939	11,703
Regulatory assets and other deferred charges		6,003	2,758	6,041	5,201	2,580	2,567
Total assets		\$22,453	\$15,966	\$17,657	\$16,947	\$18,059	\$17,737

SCE PROACT Regulatory Asset Beginning Balance

<i>In millions</i>	
Past-due bills:	
PX or ISO	\$ 924
QFs	1,219
PX energy credits	236
Imbalance energy (CDWR)	383
Ancillary services for resale cities	30
Total past-due bills	2,792
Procurement-related debt (including accrued interest):	
Credit facilities	1,298
Bilateral credit facilities	415
Defaulted commercial paper	563
Floating rate notes due May 2002	313
Variable rate notes due November 2003	1,043
Total procurement-related debt	3,632
Total procurement-related liabilities	6,424
Less: Cash and cash equivalents on hand	(2,547)
Less: Amount stipulated in agreement	(300)
Net PROACT balance as of August 31, 2001	\$ 3,577

SCE Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Liabilities and Shareholders' Equity							
Short-term debt		\$ 2,127	\$ 1,451	\$ 796	\$ 470	\$ 322	\$ 230
Long-term debt due within one year		1,146	646	571	401	693	501
Preferred stock to be redeemed within one year		105	—	—	—	—	—
Accounts payable		3,261	1,055	574	447	407	393
Accrued taxes		823	536	501	679	509	485
Accrued interest		174	96	83	90	85	93
Dividends payable		22	1	94	92	95	109
Regulatory liabilities — net		—	195	76	—	—	182
Other current liabilities		1,449	1,405	1,440	1,096	932	825
Total current liabilities		9,107	5,385	4,135	3,275	3,043	2,818
Long-term debt		4,739	5,631	5,137	5,447	6,145	4,779
Accumulated deferred income taxes — net		3,365	2,009	2,939	2,993	2,939	3,171
Accumulated deferred investment tax credits		153	164	205	250	327	347
Customer advances and other deferred credits		739	722	824	795	709	595
Power purchase contracts		356	467	563	130	145	107
Other long-term liabilities		568	423	336	337	334	316
Total deferred credits and other liabilities		5,181	3,785	4,867	4,505	4,454	4,536
Preferred stock:							
Not subject to mandatory redemption		129	129	129	129	184	284
Subject to mandatory redemption		151	256	256	256	275	275
Total preferred stock		280	385	385	385	459	559
Common stock		2,168	2,168	2,168	2,168	2,168	2,168
Additional paid-in capital		336	334	335	334	334	178
Accumulated other comprehensive income (loss)		(22)	—	22	39	48	33
Retained earnings (deficit)		664	(1,722)	608	794	1,408	2,666
Total common shareholders' equity		3,146	780	3,133	3,335	3,958	5,045
Total liabilities and shareholders' equity		\$22,453	\$15,966	\$17,657	\$16,947	\$18,059	\$17,737

SCE Projected Commitments

<i>In millions</i>	2002	2003	2004	2005	2006
Long-term debt maturities and sinking fund requirements	\$1,146	\$1,371	\$ 371	\$246	\$ 446
Projected construction expenditures	921	NA	NA	NA	NA
Fuel supply contract payments	168	108	103	106	109
Purchased-power capacity payments	629	629	626	624	572
Preferred stock redemption requirements	105	9	9	9	9
Total	\$2,969	\$2,117	\$1,109	\$985	\$1,136

NA = Not available

SCE Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Cash flows from operating activities:							
Net income (loss)		\$2,408	\$ (2,028)	\$ 509	\$ 515	\$ 606	\$ 655
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
Depreciation, decommissioning and amortization		681	1,473	1,548	1,546	1,240	1,063
Other amortization		82	97	95	90	81	91
Rate phase-in plan		—	—	—	4	47	79
Deferred income taxes and investment tax credits		1,313	(928)	178	(95)	63	46
Other long-term liabilities		62	54	31	(13)	56	80
Regulatory assets — long term — net		(3,135)	1,759	(1,354)	(361)	—	—
Regulatory asset related to sale of generating plants		—	—	—	(220)	—	—
Net gains on sale of generating plants		(9)	(14)	(1)	(565)	—	—
Other — net		(195)	(50)	(153)	(26)	(209)	(152)
Changes in working capital:							
Receivables and accrued unbilled revenue		(243)	(282)	99	(206)	15	(9)
Regulatory liabilities — short-term — net		(278)	97	363	(94)	(375)	(156)
Fuel inventory, materials and supplies		(16)	29	(5)	24	36	39
Prepayments and other current assets		(21)	(14)	(19)	1	12	9
Accrued interest and taxes		365	48	(186)	174	17	(59)
Accounts payable and other current liabilities		2,251	588	353	205	120	93
Net cash provided by operating activities		3,265	829	1,458	979	1,709	1,779
Cash flows from financing activities:							
Long-term debt issued		—	1,760	491	—	—	396
Long-term debt repaid		—	(525)	(363)	(776)	(916)	(404)
Bonds repurchased and funds held in trust		(130)	(440)	—	—	—	—
Rate reduction notes issued		—	—	—	—	2,449	—
Rate reduction notes repaid		(246)	(246)	(246)	(252)	—	—
Preferred stock issued		—	—	—	—	—	—
Preferred stock redeemed		—	—	—	(74)	(100)	—
Nuclear-fuel financing — net		(21)	9	(37)	16	(20)	42
Short-term debt financing — net		676	655	326	148	92	(129)
Capital transferred		—	—	—	—	153	—
Dividends paid		(1)	(395)	(686)	(1,130)	(1,872)	(800)
Net cash provided (used) by financing activities		278	818	(515)	(2,068)	(214)	(895)
Cash flows from investing activities:							
Additions to property and plant		(688)	(1,096)	(986)	(861)	(686)	(617)
Proceeds from sale of generating plants		9	19	—	1,203	—	—
Funding of nuclear decommissioning trusts		(36)	(69)	(116)	(163)	(154)	(148)
Other — net		3	56	103	30	(13)	(61)
Net cash provided (used) by investing activities		(712)	(1,090)	(999)	209	(853)	(826)
Net increase (decrease) in cash and equivalents		2,831	557	(56)	(880)	642	58
Cash and equivalents, beginning of year		583	26	82	962	320	262
Cash and equivalents, end of year		\$ 3,414	\$ 583	\$ 26	\$ 82	\$ 962	\$ 320

SCE Consolidated Statements of Retained Earnings

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Balance at beginning of year		\$(1,722)	\$ 608	\$ 794	\$1,408	\$2,666	\$2,780
Net income (loss)		2,408	(2,028)	509	515	606	655
Dividends declared on common stock		—	(279)	(666)	(1,101)	(1,829)	(735)
Dividends declared on preferred and preference stock		(22)	(22)	(25)	(25)	(30)	(34)
Stock option appreciation		—	(1)	(3)	(4)	—	—
Reacquired capital stock expense and other		—	—	(1)	1	(5)	—
Balance at end of year		\$ 664	\$(1,722)	\$ 608	\$ 794	\$1,408	\$2,666

SCE Kilowatt-Hour Sales

<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Class of service — millions of kWh:						
Residential	24,688	26,471	24,351	24,369	23,933	23,460
Commercial	34,610	36,012	33,093	31,778	31,406	29,921
Industrial	11,954	13,302	13,229	13,098	13,379	13,258
Agricultural	1,067	1,088	1,057	837	1,022	960
Public authorities	6,085	6,525	6,439	6,137	6,281	6,147
Railroads and railways	49	36	37	38	34	37
Interdepartmental	1	1	1	1	1	1
Resale	70	995	395	337	1,178	1,788
Total kilowatt-hour sales	78,524	84,430	78,602	76,595	77,234	75,572
Class of service — percent:						
Residential	31.4%	31.4%	31.0%	31.8%	31.0%	31.1%
Commercial	44.1	42.7	42.1	41.5	40.7	39.6
Industrial	15.2	15.8	16.8	17.1	17.3	17.5
Agricultural	1.4	1.3	1.3	1.1	1.3	1.3
Public authorities	7.7	7.7	8.2	8.0	8.1	8.1
Resale and other	0.2	1.1	0.6	0.5	1.6	2.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SCE Customers

<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Customers:						
Residential	3,931,414	3,884,982	3,843,923	3,767,742	3,752,209	3,726,695
Commercial	450,102	433,855	420,370	401,528	399,263	395,397
Industrial	21,765	24,955	25,867	28,546	28,602	29,073
Agricultural	23,573	24,234	24,454	24,374	24,526	24,509
Public authorities	47,097	47,479	47,555	47,518	47,596	44,620
Railroads and railways	46	48	38	30	36	37
Interdepartmental	8	7	4	17	22	22
Resale	—	—	2	12	71	66
Total customers	4,474,005	4,415,560	4,362,213	4,269,767	4,252,325	4,220,419

SCE Operating Revenue

<i>In millions</i>	<i>Year Ended December 31,</i>	2001 ¹	2000 ¹	1999 ¹	1998 ¹	1997	1996
Class of service:							
Residential		\$2,729	\$3,004	\$2,788	\$2,778	\$3,049	\$2,913
Commercial		3,438	3,017	2,895	2,876	2,999	2,831
Industrial		828	663	736	825	912	876
Agricultural		102	101	100	84	101	94
Public authorities		574	519	535	538	575	555
Railroads and railways		5	4	3	4	3	3
Resale		30	71	14	54	90	90
Sales of electricity		7,706	7,379	7,071	7,159	7,729	7,362
Other		420	491	477	341	224	221
Total operating revenue		\$8,126	\$7,870	\$7,548	\$7,500	\$7,953	\$7,583
Class of service — percent:							
Residential		33.6%	38.2%	36.9%	37.1%	38.3%	38.5%
Commercial		42.3	38.3	38.4	38.3	37.7	37.4
Industrial		10.2	8.4	9.8	11.0	11.5	11.5
Agricultural		1.2	1.3	1.3	1.1	1.3	1.2
Public authorities		7.1	6.6	7.1	7.2	7.2	7.3
Resale and other		0.4	1.0	0.2	0.8	1.2	1.2
Sales of electricity		94.8	93.8	93.7	95.5	97.2	97.1
Other		5.2	6.2	6.3	4.5	2.8	2.9
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Does not include energy revenue from direct access customers

SCE Energy Costs

<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Average annual fuel cost — unit of expense:						
Oil (\$/bbl)	\$ 47.17	\$ 53.88	\$ 36.71	\$ 30.92	\$ 40.80	\$ 38.89
Gas (\$/mcf)	8.94	5.85	3.58	3.02	3.31	2.94
Coal (\$/ton)	23.09	22.86	23.02	23.85	24.86	26.65
Average cost (\$/m²Btu):						
Oil	\$ 8.18	\$ 9.43	\$ 6.31	\$ 5.38	\$ 7.11	\$ 6.73
Gas	8.48	5.68	3.44	2.97	3.25	2.85
Nuclear	0.40	0.44	0.38	0.44	0.44	0.45
Coal	1.17	1.15	1.17	1.22	1.30	1.36
Average cost — all sources	0.73	0.74 ²	0.73	1.05	2.17	1.52
Average cost (cents/kwh):						
Oil	9.480¢	10.947¢	7.506¢	6.031¢	8.531¢	7.674¢
Gas	—	9.181	—	3.058	3.386	2.941
Nuclear	0.443	0.462	0.407	0.481	0.476	0.480
Coal	1.181	1.153	1.172	1.225	1.318	1.366
Purchased power:						
Firm	8.664	5.563	4.434	4.235	3.465	3.899
Economy/Other ¹	—	—	—	1.402	1.587	1.392
Other power producers:						
Biomass	13.170	13.329	12.312	13.269	12.235	14.782
Cogeneration	12.447	8.364	7.025	6.242	6.514	5.687
Geothermal	10.138	8.478	9.926	12.802	13.464	13.126
Small hydro	5.949	6.667	8.122	11.732	9.963	10.034
Solar	14.382	13.452	12.235	14.221	15.336	16.952
Wind	9.586	8.975	9.547	9.823	10.043	10.456
Average cost:						
Purchased power	11.708	8.619	8.045	7.900	6.714	7.052
PX purchases	—	10.241	3.161	3.264	—	—
All sources	6.936	4.097 ²	4.236	4.171	4.303	3.957
Fuel consumption:						
Oil (bbl) (000)	59	61	59	55	60	66
Gas (mcf) (000)	343	768	434	29,515	142,878	125,856
Coal (tons) (000)	5,579	5,566	5,366	5,263	5,274	5,053
Oil inventory — year end (bbl) (000)	172	344	2,190	2,298	2,682	3,233

¹ Includes economy energy and net interchange through March 1998. Includes generation losses (averaging 1.5% of total energy requirement), and PX/ISO settlement adjustments starting April 1998.

² Excludes refund for fuel-related settlements.

SCE Balancing Accounts

<i>In millions</i>	<i>December 31,</i>	<i>Accumulated Over (Under) Collections¹</i>				
	2001	2000	1999	1998	1997	1996
DOD D&D Fees	\$ (31)	\$ (36)	\$ —	\$ —	\$ —	\$ —
SONGS 1 Decommissioning	(44)	(43)	—	—	—	—
Risk Management Tools	(120)	—	—	—	—	—
Transmission Revenue	(25)	—	—	—	—	—
Transition cost ²	—	—	(1,008)	(46)	—	—
Energy Cost	—	—	—	—	(485)	60
Kilowatt-hour Sales	—	—	—	—	190	167
Demand-side Management	110	144	82	64	25	12
Palo Verde Rate Phase-In Plan	—	—	—	(4)	(4)	(50)
Direct access implementation (section 376 costs)	—	—	(33)	(93)	—	—
PX/ISO implementation delay	—	—	—	(248)	—	—
Other — net	(79)	29	27	(11)	77	(58)
Subtotal	(189)	94	(932)	(338)	(197)	131
PROACT (Procurement-related obligations account)	(2,641)	—	—	—	—	—
Subtotal	(2,830)	94	(932)	(338)	(197)	131
Rate reduction notes — cost deferral ³	(1,453)	(1,090)	(707)	(315)	—	—
Total	\$(4,283)	\$ (996)	\$(1,639)	\$(653)	\$(197)	\$131

¹ Includes interest.

² Includes year-end 1997 balances for energy cost (ECAC) and kilowatt-hour sales (ERAM) balancing accounts, gains and losses from the sale of SCE's generating plants, and ongoing differences between generation-related revenue and generation-related costs beginning in April 1998.

³ Represents the accumulated difference between the amortization of transition assets and the remittance of the rate reduction notes.

SCE System Rate Base¹

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Fixed capital:							
Plant in service		\$ 21,043	\$ 20,399	\$ 19,645	\$ 19,762	\$ 20,622	\$20,180
Property held for future use		3	5	5	4	6	20
Total fixed capital		21,046	20,404	19,650	19,766	20,628	20,200
Adjustments		40	41	46	49	47	42
Working capital		118	117	138	148	176	178
Reserves:							
Depreciation		(11,507)	(10,442)	(9,289)	(8,666)	(8,609)	(7,841)
Accumulated deferred income taxes		(611)	(837)	(1,020)	(1,305)	(1,432)	(1,446)
Other		(236)	(254)	(242)	(218)	(204)	(200)
Total reserves		(12,354)	(11,533)	(10,551)	(10,189)	(10,244)	(9,487)
System rate base²		\$ 8,850	\$ 9,029	\$ 9,283	\$ 9,774	\$ 10,607	\$10,933

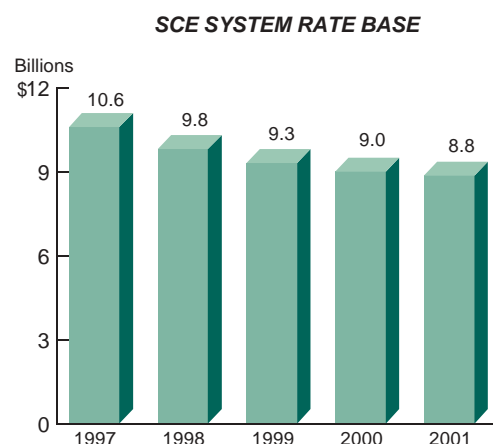
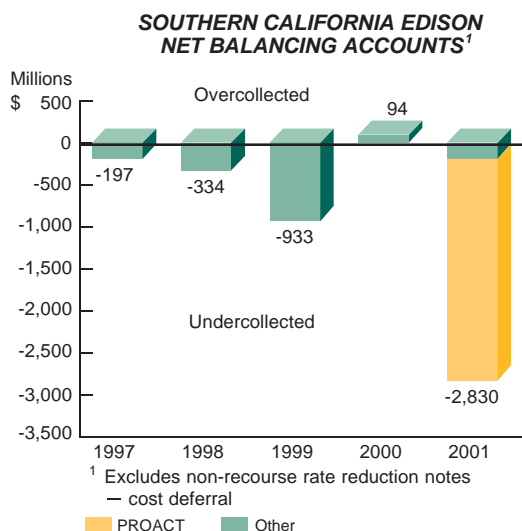
¹ Weighted-average depreciated book costs.

² Includes generation-related assets not subject to cost-based rate regulation as of third quarter 1997.

Detail of SCE Utility Plant

<i>In millions</i>	<i>December 31,</i>	2001	2000	1999	1998	1997	1996
Generation:							
Steam		\$ 879	\$ 906	\$ 902	\$ 886	\$ 2,483	\$ 2,466
Nuclear		5,756	5,727	5,708	5,639	5,632	5,605
Hydro		683	669	652	639	628	617
Other		23	26	25	25	445	439
Total generation		7,341	7,328	7,287	7,189	9,188	9,127
Transmission		3,338	3,251	3,130	2,998	2,955	2,914
Distribution		8,365	8,080	7,691	7,311	7,012	6,739
General + intangible		2,144	2,074	1,899	1,752	1,567	1,607
Plant held for future use and other		—	—	1	2	2	2
Gas and water (Catalina)		12	12	11	11	11	11
Utility plant, at original cost		21,200	20,745	20,019	19,263	20,735	20,400
Accumulated depreciation		(14,020)	(13,227)	(12,017)	(10,604)	(10,544)	(9,431)
		7,180	7,518	8,002	8,659	10,191	10,969
Construction work in progress		557	636	563	584	593	557
Nuclear fuel, at amortized cost		129	143	132	172	155	177
Total utility plant — net¹		\$7,866	\$ 8,297	\$ 8,697	\$ 9,415	\$ 10,939	\$11,703

¹ Nuclear plant assets were reclassified as regulatory assets in 1998.



SCE Operating Statistics

Year Ended December 31,	2001		2000		1999		1998		1997		1996	
	MW	%	MW	%	MW	%	MW	%	MW	%	MW	%
SCE generating capacity at peak (MW):												
SCE owned:												
Standby reserve ¹	—	—	—	—	—	—	—	—	732	—	732	—
Oil and gas	9	0.1	9	0.1	9	0.1	9	0.1	9,571	44.5	9,571	44.3
Nuclear	2,204	22.5	2,204	21.8	2,204	21.0	2,203	20.9	2,192	10.2	2,192	10.1
Coal	1,573	16.0	1,573	15.5	1,573	15.5	1,617	15.3	1,617	7.5	1,616	7.5
Hydro	1,173	12.0	1,156	11.4	1,156	11.0	1,156	11.0	1,156	5.4	1,154	5.3
Purchases:												
Other utilities ²	1,667	17.0	1,752	19.6	1,987	19.0	1,987	18.8	3,268	15.2	3,422	15.9
Other power producers												
Cogeneration	1,761	18.0	1,775	17.5	2,056	19.6	2,097	19.9	2,134	9.9	2,107	9.8
Biomass	188	1.9	188	1.9	193	1.9	253	2.4	308	1.4	287	1.3
Small hydro	25	0.2	25	0.3	35	0.3	35	0.3	44	0.2	48	0.2
Wind	173	1.8	173	1.7	181	1.7	157	1.5	174	0.8	164	0.8
Geothermal	675	6.9	677	6.7	674	6.4	674	6.4	687	3.2	678	3.1
Solar	354	3.6	354	3.5	363	3.5	358	3.4	360	1.7	363	1.7
Total	9,802	100%	9,886	100%	10,431	100%	10,546	100%	21,511	100%	21,602	100%

SCE Total Energy Requirement (Millions of kWh):

SCE owned:												
Oil	29	—	30	—	29	—	28	—	29	—	34	—
Gas	—	—	19	—	—	—	2,886	3.6	13,932	16.0	12,504	14.8
Nuclear	15,916	19.1	18,425	22.3	17,300	22.0	17,903	22.3	14,745	17.0	17,602	20.9
Coal	11,164	13.4	11,271	13.7	10,671	13.5	10,361	12.9	10,114	11.6	9,979	11.9
Hydro	3,048	3.6	4,471	5.4	4,383	5.6	5,903	7.4	5,622	6.5	5,814	6.9
Purchased Power:												
PX purchases — net ³	2,213	2.6	19,456	23.6	16,576	21.0	9,083	11.3	—	—	—	—
CDWR/ISO	22,775	27.3	—	—	—	—	—	—	—	—	—	—
Firm	3,672	4.4	2,122	2.6	2,800	3.5	2,725	3.4	2,594	3.0	3,170	3.8
Economy/other ⁴	(564)	(0.7)	1,157	1.4	5	—	3,286	4.1	11,793	13.6	7,096	8.4
Other power producers												
Cogeneration	13,785	16.5	14,097	17.1	15,338	19.5	16,642	20.7	16,129	18.6	16,155	19.2
Biomass	1,658	2.0	1,560	1.9	1,935	2.5	1,935	2.4	1,881	2.2	1,885	2.2
Small hydro	247	0.3	303	0.4	203	0.3	334	0.4	358	0.4	288	0.3
Wind	2,472	3.0	2,557	3.1	2,354	3.0	2,022	2.5	2,072	2.4	2,271	2.7
Geothermal	6,248	7.5	6,177	7.5	6,323	8.0	6,344	7.9	6,705	7.7	6,694	7.9
Solar	832	1.0	858	1.0	835	1.1	837	1.1	875	1.0	834	1.0
Total ⁵	83,495	100%	82,503	100%	78,752	100%	80,289	100%	86,849	100%	84,326	100%

Area peak demand (MW)

Annual area system load factor (%)	17,890	19,757	19,122	19,935	19,118	18,207
	60.3	57.1	56.6	52.7	54.2	55.2

¹ Units not active during the year. Not included in total.

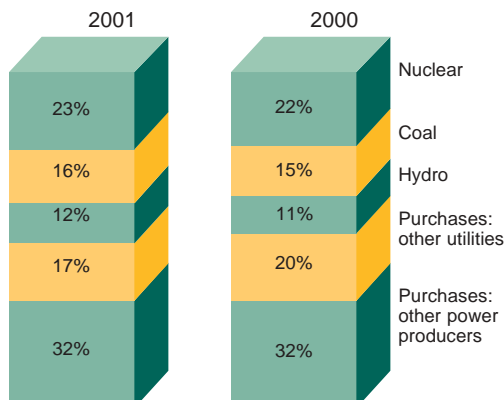
² Includes system and unit purchases and net interchange. Since April 1998 excludes public power utilities.

³ Net purchases represent energy purchases from the PX in excess of energy sales to the PX.

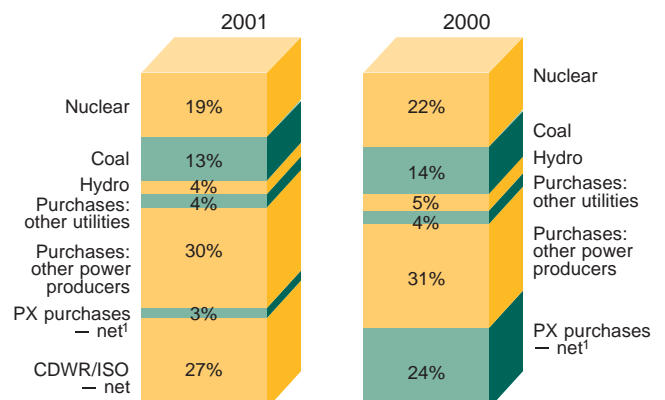
⁴ Includes economy energy and net interchange through March 1998. Includes generation losses (averaging 1.5% of total energy requirement), and PX/ISO settlement adjustments starting April 1998.

⁵ Since April 1998 excludes direct access and resale customer requirements.

SCE PEAK-DAY CAPACITY MIX



SCE TOTAL ENERGY REQUIREMENT



¹ Net purchases represent energy purchases from the PX in excess of energy sales to the PX.

SCE Operating and Financial Ratios

Year Ended December 31,	2001	2000	1999	1998	1997	1996
Percent of operating revenue:						
Fuel	2.6%	2.5%	2.8%	4.3%	11.1%	8.3%
Purchased power	46.4	59.6	42.3	43.5	35.9	35.7
Provisions for regulatory adjustment clauses	(37.3)	29.2	(10.1)	(6.3)	(5.2)	(3.0)
Other operating expenses	17.8	17.6	20.8	12.5	15.3	15.5
Maintenance	3.9	4.6	4.8	5.5	5.1	4.4
Depreciation, decommissioning and amortization	8.4	18.7	20.5	20.6	15.6	14.0
Property and other taxes	1.4	1.6	1.6	1.7	1.6	2.5
Operating expenses (before income taxes)	43.2	133.8	82.7	81.8	79.4	77.4
Taxes on operating income	19.7	(12.8)	6.0	6.0	7.3	7.6
Operating income	37.1	(21.0)	11.3	12.2	13.3	15.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of return on weighted-average:						
Rate base	NM	NM	9.25%	9.50%	9.74%	9.88%
Invested capital (financial)	NM	NM	9.60	9.03	9.12	9.45
Times interest earned —						
Before income taxes (including RRB revenue and interest expense)¹:						
Total debt interest	NM	NM	3.23×	3.19×	3.99×	3.92×
Total debt interest without AFUDC	NM	NM	3.17×	3.14×	3.94×	3.85×
Fixed charges ²	NM	NM	2.94×	2.95×	3.49×	3.54×
Before income taxes (excluding RRB revenue and interest expense) (a):						
Total debt interest	NM	NM	4.24×	4.32×	4.05×	3.92×
Total debt interest without AFUDC	NM	NM	4.15×	4.25×	4.01×	3.85×
Fixed charges ³	NM	NM	3.67×	3.81×	3.54×	3.54×
Embedded cost of capital (at year-end):						
Long-term debt	7.84%	7.87%	7.38%	7.57%	7.50%	7.60%
Preferred and preference stock	6.57	6.60	6.64	6.68	6.50	6.63
Other:						
Customers to employees ratio	384	351	335	324	336	350

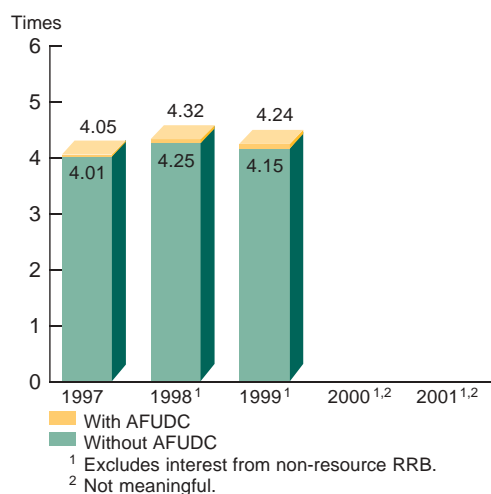
¹ RRB = Rate Reduction Bonds (also known as rate reduction notes).

² Fixed charges include interest on long- and short-term debt; amortization of debt discount, expense, and premium; interest on long-term purchased power contracts; capitalized fixed charges on nuclear fuel; spent nuclear fuel interest; and the interest factor relating to certain significant rentals plus one-third of all remaining annual rentals less interest on intercompany promissory notes.

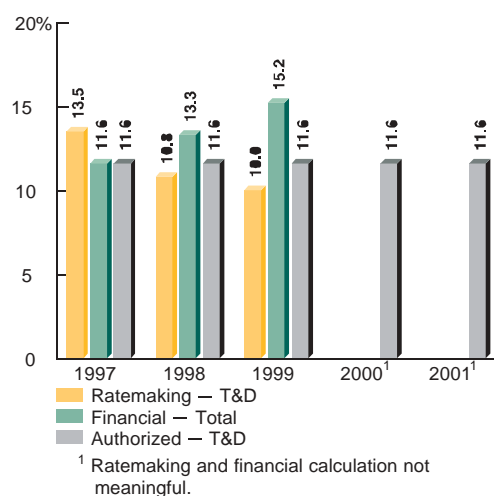
³ Same as (b) above, except revenue and interest expense from non-recourse rate reduction bonds are excluded.

NM = Not meaningful.

SCE PRE-TAX INTEREST COVERAGE



SCE RETURN ON COMMON EQUITY



SCE Generating Capacity Resources as of December 31, 2001 (Summer Effective Rating)

<i>Plant</i>	<i>Location</i>	<i>URG Net Investment¹ (\$ million)</i>	<i>Units</i>	<i>Entered Operation</i>	<i>Ownership Interest</i>	<i>Type</i>	<i>SCE-Owned Total Capacity (Megawatts)</i>
Gas and oil (isolated diesel system on Catalina Island):							
Pebble Beach	Los Angeles, CA	10.8	7–8, 10, 12, 14–15	1958–1995	100%	Diesel	9
Coal:							
Four Corners ²	San Juan, NM	98.2	4, 5	1969–1970	48%	Boiler	710
Mohave	Clark, NV	83.4	1, 2	1971	56%	Boiler	885
Off-System Losses ³							(22)
Subtotal		181.6	4				1,573
Nuclear:							
San Onofre	San Diego, CA	457.3	2, 3	1983, 1984	75%	PWR	1,614
Palo Verde ²	Maricopa, AZ	216.3	1–3	1986–1988	16%	PWR	590
Subtotal		673.6	5				2,204
Total thermal generation		866.0	15				3,786

¹ These totals include generation, generation-related transmission & distribution, and site-specific general & intangible. Non site-specific related general & intangible amounts of \$143 million are excluded from this schedule, but are included in generation rate base.

² Operated by Arizona Public Service.

³ Represents a constant value of line loss from Four Corners.

PWR = Pressurized water reactor URG = Utility Retained Generation

<i>Plant</i>	<i>Location</i>	<i>URG Net Investment¹ (\$ million)</i>	<i>No. of Units</i>	<i>Entered Operation</i>	<i>Ownership Interest</i>	<i>SCE-Owned Total Capacity (Megawatts)</i>
Hydroelectric plants:						
Northern region:	Fresno, Madera, Tulare		23	1909–1987	100%	1,015
Eastern region:	San Bernardino, Kern, Los Angeles, Riverside, Inyo, Mono ⁴		56	1893–1999	100%	158
Subtotal		493.9	79			1,173
Total SCE-owned generation		1,359.9	94			4,959

⁴ Santa Ana 2 and 3 plants (total of 3 units) retired and replaced by new Santa Ana 3 plant (1 unit), with no net change in capacity.

<i>Plant</i>	<i>Seller</i>	<i>Initial Year of Purchase Under Current Contract</i>	<i>Point of Delivery</i>	<i>Total Capacity (Megawatts)</i>
Purchases (other utilities):				
System (firm purchase/interchange):				
Hoover — SCE	Western Area Power Admin.	1987	Mead substation	278
Oroville — Thermalito	Cal. Dept. of Water Res.	1983	Midway	350
CDWR Exchange	Cal. Dept. of Water Res.	1987	Vincent or Midway	225
Devil Canyon	Cal. Dept. of Water Res.	1983	Devil Canyon Plant	120
PP&L Purchase	Pacific Power and Light Co.	1987	Ore-Cal border	100
PP&L Purchase	Pacific Power and Light Co.	1987	Four Corners	100
MWD Hydro (4 plants)	MWD	1979	Various	29
Off-System Losses				(9)
Subtotal				1,193
Total system (firm purchase/interchange):				
Other area resources:				
MWD, Hoover to SCE	Metropolitan Water District of So. Cal.	1987	Hoover plant	247
MWD, Parker to SCE	Metropolitan Water District of So. Cal.	1987	Hoover plant	54
USDOE, Parker/Davis	Department of Defense Edwards AFB	1988	Blythe substation	18
USDOE, Parker/Davis	Department of Defense March AFB	1991	Blythe substation	5
Bilateral Capacity Contracts		2000	Southern California	150
Subtotal				474
Total other utility purchases				1,667
Purchases: Other power producers				
Cogeneration				1,761
Biomass				188
Small hydro				25
Wind				173
Geothermal				675
Solar				354
Subtotal				3,176
Total purchases/exchanges				4,843
Total generation capacity resources⁵				9,802

⁵ Includes isolated resources.

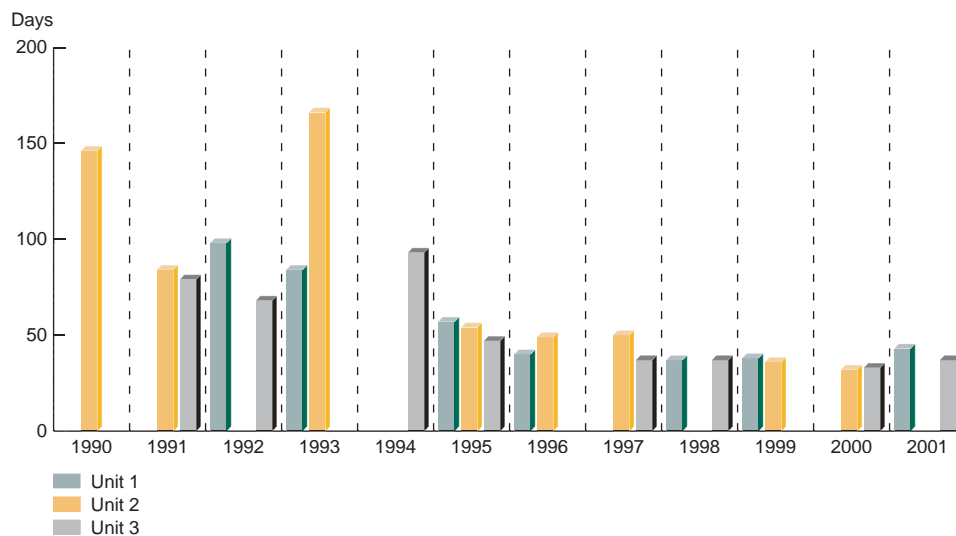
Palo Verde Plant Facts

	Unit 1	Unit 2	Unit 3
Commercial operation	2/1/86	9/19/86	1/20/88
Net plant capacity (MW) ^{1,2}	1,243	1,243	1,247
2001 net generation (MWh) ¹	9,559,578	10,083,517	9,170,388
2001 net capacity factor (CF) (%) ¹	87.8	92.6	83.9
Lifetime net CF through 2001 (%) ¹	73.9	77.6	81.8
Last refueling outage	3/31/01–5/13/01	10/4/00–11/6/00	9/29/01–11/5/01
Last refueling outage days	43	33	37

¹ Capacity and generation are reported at the 100% level. SCE's share is 15.8%

² The units were rerated effective April 1, 1997, as a result of upgrading the output of the units' reactors.

Palo Verde Refueling History



Palo Verde Annual Capacity Factors

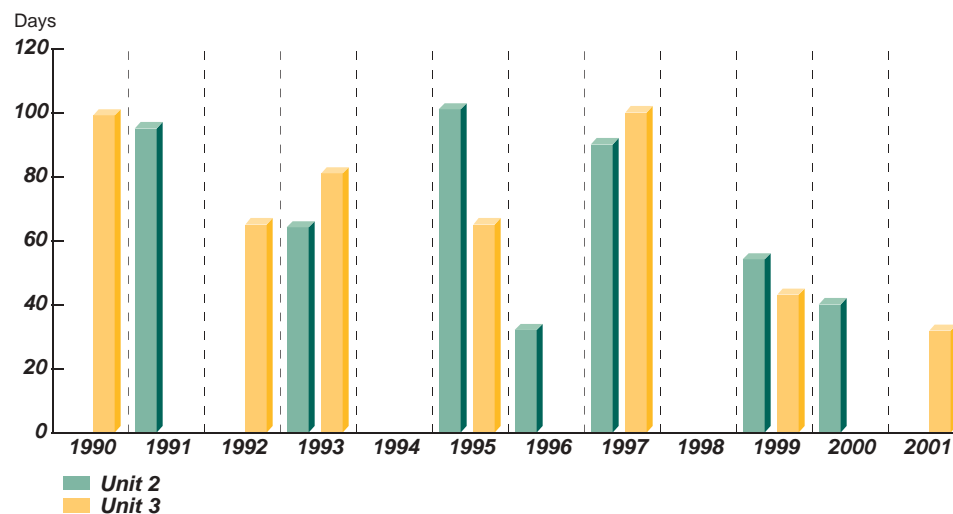
Year	Unit 1	Unit 2	Unit 3
1991	87%	77%	70%
1992	66%	94%	78%
1993	70%	48%	88%
1994	91%	62%	64%
1995	79%	84%	87%
1996	81%	87%	100%
1997	99%	86%	87%
1998	88%	102%	88%
1999	89%	90%	100%
2000	100%	87%	90%
2001	88%	93%	84%

San Onofre Plant Facts

	Unit 2	Unit 3
Commercial operation	8/18/83	4/1/84
Net plant capacity (MW) ¹	1,070	1,080
2001 net generation (MWh) ¹	9,492,023	5,649,798
2001 net capacity factor (CF) (%) ¹	101.3	59.7
Lifetime net CF through 2001 (%) ¹	78.1	78.8
Last refueling outage	10/7/00–11/16/00	1/2/01–2/3/01
Last refueling outage days	40	32

¹ Capacity and generation are reported at the 100% level for each unit. SCE's share is 75.05%.

San Onofre Refueling History



San Onofre Annual Capacity Factors

Year	Unit 2	Unit 3
1991	61%	92%
1992	94%	72%
1993	82%	75%
1994	99%	97%
1995	69%	79%
1996	91%	93%
1997	71%	72%
1998	90%	96%
1999	88%	89%
2000	91%	102%
2001	101%	60%

San Onofre Incremental Cost Incentive Pricing (ICIP)

<i>Cents/kWh</i>	1997	1998	1999	2000	2001	2002	2003
San Onofre Incremental Operating	3.85	4.00	4.00	4.05	4.10	4.15	4.15
Fixed adder for A&G	.21	.21	.21	.21	.21	.21	.21
	4.06	4.21	4.21	4.26	4.31	4.36	4.36

Note: Recovery of sunk investment is through a separate mechanism.

San Onofre 2002 Rules of Thumb (SCE Share)

Refuelings:

A 45-day refueling outage for one unit would reduce the combined (both units) annual capacity factor by about 6.2%.

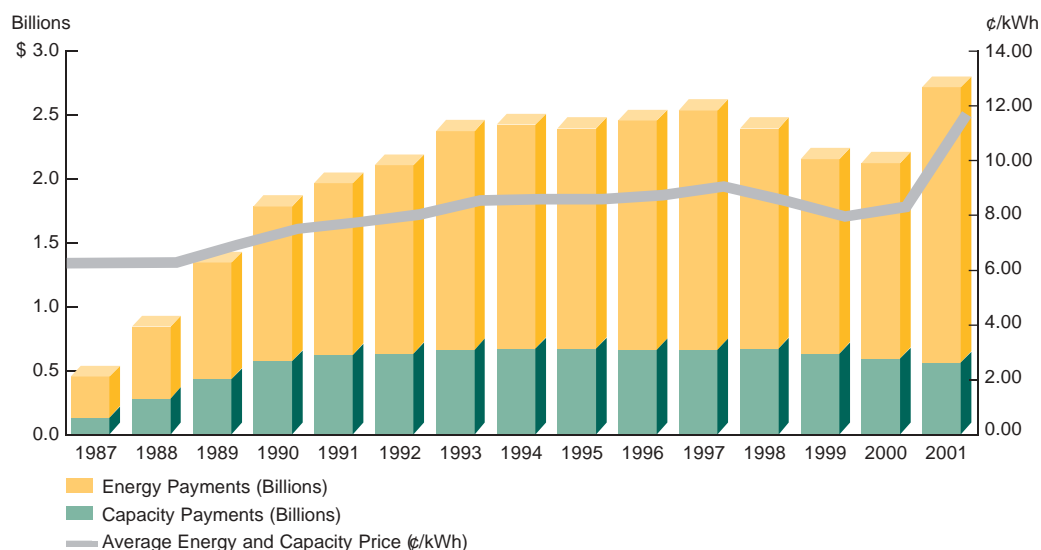
Impact of 1% Increase/Decrease in Capacity Factor:

A 1% increase/decrease in the annual capacity factor of either unit increases/decreases revenue by about \$3.1 million before taxes.

Calculating Revenue for 2002:

Revenue = capacity factor × 1,613,575 kW × number of hours × \$0.0436/kWh

Qualifying Facilities (QF) Payments (1987–2001)



Renewable/Alternative Energy Resources

Year Ended December 31, 2001

	<i>On-line Projects</i>	<i>Dedicated Capacity¹ MW</i>	<i>Energy Deliveries GWh</i>	<i>Energy and Capacity Payments (Millions)</i>	<i>Average Prices For Energy and Capacity Payment ¢/kWh</i>
Biomass	30	222	1,526	\$ 194	12.71
Cogeneration	148	1,793	12,613	1,546	12.26
Geothermal	20	692	5,685	601	10.57
Small Hydro	41	96	228	15	6.58
Solar	13	354	821	119	14.49
Wind	65	1,017	2,356	236	10.02
Total	317	4,174	23,229	\$2,711	11.67

¹ Dedicated Capacity includes Contract Firm Capacity and estimated As-Available Capacity.

SCE Regulation

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

General

SCE is subject to regulation by the CPUC, which has authority over, among other things, retail rates, securities issues, depreciation practices, and plant additions. The CPUC is comprised of five members appointed by the Governor for staggered six-year terms.

Beginning in May 2000, SCE's cost to obtain power (at wholesale electricity prices) for resale to its customers substantially exceeded revenues from frozen rates. Therefore, SCE began 2001 deeply in debt from power purchases. On January 16, 2001, SCE announced that it had temporarily suspended payment of certain obligations concerning debt and power purchases. SCE's credit ratings were consequently downgraded below investment grade, and the company became ineligible to continue purchasing power from the California Power Exchange¹ (PX). In accordance with an emergency order signed by the governor, the California Department of Water Resources (CDWR) began making emergency power purchases for SCE's customers on January 17, 2001. Amounts SCE bills to and collects from its customers for electric power purchased and sold by the CDWR and through the Independent System Operator (ISO) are remitted directly to the CDWR and are not recognized as revenue by SCE. Current California law authorizes the CDWR to enter into contracts to purchase electric power and sell power at cost directly to retail customers being served by SCE. The CDWR may not enter into new contracts after December 31, 2002, but it may continue to sell electricity and administer such contracts entered into on or before that date. Due to unprecedented changes in wholesale energy prices, in early 2001, the CPUC ordered energy surcharges to cover the cost of future electric power purchases for utility customers. In addition, the legislature passed Assembly Bill (AB) X1-6 that required SCE to retain its generating facilities and establish a cost-based rate for those facilities.

Total rates for all customers had been frozen at June 10, 1996 levels, although residential and small commercial customers received a 10% reduction from their June 10, 1996 rate levels beginning January 1, 1998. The new system average rate, including the above-mentioned energy surcharges, became approximately 14.1 cents per kWh on June 3, 2001. Individual rate components (such as distribution, transmission, nuclear decommissioning and public purpose programs charges) are determined according to CPUC- or FERC-authorized mechanisms.

On October 5, 2001, the United States District Court approved a Settlement Agreement between SCE and the CPUC. Among other things, the Settlement Agreement established Settlement Rates and new ratemaking mechanisms that became effective September 1, 2001. Settlement Rates are defined as the gross electric retail rates in effect on the date of the Settlement Agreement. Settlement Rates may change for the effects of (1) changes in CDWR or net short procurement costs; (2) changes in Recoverable Costs directed to be incurred by the CPUC, and (3) uninsured costs of recognized force majeure events. Otherwise, Settlement Rates will remain the same until the earlier of the date procurement related obligations (as of September 1, 2001) are recovered or December 31, 2003. The District Court's order approving the settlement was appealed by The Utility Reform Network, an intervenor party in the case between SCE and the CPUC. That appeal is pending before the Ninth Circuit Court of Appeals as of July 3, 2002. On January 23, 2002 the CPUC issued Resolution E-3765 approving the new ratemaking mechanisms including the establishment of the Procurement Related Obligations Account (PROACT), a regulatory asset which tracks SCE's unrecovered, previously incurred procurement related obligations.

Distribution Rates

Distribution cost recovery is through a distribution Performance-Based Ratemaking (PBR) mechanism currently authorized through at least December 2002 or until the CPUC issues its decision in SCE's 2003 General Rate Case. Key elements of the distribution PBR include: an authorized distribution revenue requirement

indexed for inflation based on the Consumer Price Index less a productivity factor; adjustments for certain cost changes that are not within SCE's control; a cost of capital trigger mechanism based on changes in a bond index; standards (including rewards and penalties) for service reliability and safety; and a net revenue-sharing mechanism that determines how customers and shareholders will share gains and losses from distribution operations.

Transmission Rates

Transmission revenue is being determined through the FERC-authorized rates that are subject to refund. Since the initiation of the ISO in April 1998, transmission cost recovery has been under FERC authority. In July 2000, FERC issued a final decision in SCE's 1998 FERC transmission rate case in which it ordered a reduction of approximately \$38 million to SCE's proposed annual base transmission revenue requirement of \$213 million. Of the total reduction of \$38 million, about \$24 million is associated with the rejection by FERC of SCE's proposed method for allocating overhead costs to transmission operations. SCE filed a Conditional Petition for Rehearing of the decision in August 2000, asking that FERC reconsider the decision assuming that the CPUC does not allow SCE to recover the \$24 million in CPUC jurisdictional rates. In February 2001, SCE filed with the CPUC a request to recover in CPUC-jurisdictional rates the overhead costs not permitted by FERC to be included in transmission rates. A CPUC decision is pending. In the meantime, SCE continues to collect transmission revenues based on the originally proposed \$213 million level, subject to refund pending final resolution of the 1998 rate case. SCE expects that any refund amounts ultimately ordered by FERC associated with transmission will not be refunded to retail customers but will be credited to the PROACT balance reflecting SCE's procurement-related obligations, if such refunds are ordered prior to the recovery of PROACT balance. Additionally, on January 31, 2002, SCE filed to increase the base transmission revenue requirement to \$280 million. This proposed increase is to reflect higher costs of capital, increased depreciation expense, and increased operation and maintenance costs attributable to FERC-jurisdictional services. On April 10, 2002, FERC issued an order accepting SCE's revenue increase request, to be effective September 1, 2002, subject to refund and setting SCE's request for hearing. As discussed above, under the Settlement Agreement, total rates to retail customers are to remain unchanged. Thus, SCE intends to file an equal and opposite reduction in generation rates upon acceptance by FERC of the increased transmission rates.

Nuclear Decommissioning and Public Purpose Programs Rates

Recovery of SCE's nuclear decommissioning costs and legislatively mandated public purpose program funding is made through rates set to recover 100% of these costs.

Generation Rates

Starting in January 2001, CDWR assumed responsibility for procurement of energy on behalf of SCE's retail customers for their use beyond that supplied by SCE's own generation resources. In February 2002, the CPUC issued D.02-02-052 which allocated CDWR's revenue requirement between the three investor owned utilities. SCE's share of the revenue requirement is \$3.46 billion, or a rate of about 9.7 cents per kWh for each kWh supplied by CDWR over the period of January 17, 2001 through December 31, 2002. The CPUC issued its decision on the costs of SCE's retained generation assets on April 4, 2002. This decision establishes SCE's generation revenue requirement at \$3.82 billion for year 2002 with a subsequent true-up to actual recorded costs.

¹ PX was an electricity commodity exchange, established by the act of the California Legislature, which determined electricity market prices beginning in April 1998. The PX ceased operation in January 2001.

CPUC Commissioners

CPUC Commissioners as of April 1, 2002:		Age	Appointed	Term Expires
Loretta M. Lynch President	Democrat, former Governor's Director of Office of Planning and Research, partner with the law firm of Keker & Van Nest, lawyer for the Legal Aid Foundation.	39	2000	January 1, 2005
Geoffrey F. Brown	Democrat, former Public Defender of the City and County of San Francisco.	58	2001	January 1, 2007
Henry Duque	Republican, former vice president, marketing at California Federal Bank	69	1995	January 1, 2003
Michael R. Peevey	Democrat, economist and entrepreneur, former president of Southern California Edison (October 1990 to March 1993).	64	2002	January 1, 2003
Carl W. Wood	Democrat, twelve years experience in the utility industry analyzing regulations and restructuring issues for electric and natural gas providers, former electrical technician, senior national representative and national deregulation coordinator for the Utility Workers Union of America.	53	1999	January 1, 2005

Other Regulatory Agencies

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

SCE's rates to recover the costs of its transmission facilities are subject to regulation by the FERC. The FERC also regulates certain other matters, including accounting and the acquisition and disposition of jurisdictional property. This includes licensing of hydroelectric power projects as well as SCE's involvement in the transmission and wholesale sales of electric energy in interstate commerce.

CALIFORNIA ENERGY COMMISSION (CEC)

The CEC licenses thermal power plants with a capacity of 50 MW or greater and develops electricity demand forecasts covering a 20-year time horizon. The CEC also coordinates a variety of research and development projects, sets appliance and building efficiency standards, and maintains a statewide plan in case of an energy shortage.

NUCLEAR REGULATORY COMMISSION (NRC)

The Nuclear Regulatory Commission regulates and licenses all nuclear facilities in the United States. Its purpose is to ensure compliance with public health and safety, environmental quality, national security, and antitrust laws.

Major Regulatory Proceedings

Docket #	Proceeding	Agency	Initial Filing Date	Summary	Decision Expected
EL00-95-045 EL00-98-042	FERC Investigation	FERC	08/02/2000	Implements FERC's market mitigation measures.	2002-2003
ER02-925	Rate Case	FERC	02/13/2002	Sets transmission rates.	2003
R.01-10-024	Procurement Plan	CPUC	05/01/2002	Framework to enable SCE to resume buying power for its customers.	2002
A.02-05-004	2003 General Rate Case	CPUC	05/03/2002	Sets distribution and generation base rates for 3 years.	2003
A.02-05-025	2003 Cost of Capital	CPUC	05/08/2002	Requests 13% ROCE and 10.41% ROR for 2003.	2002

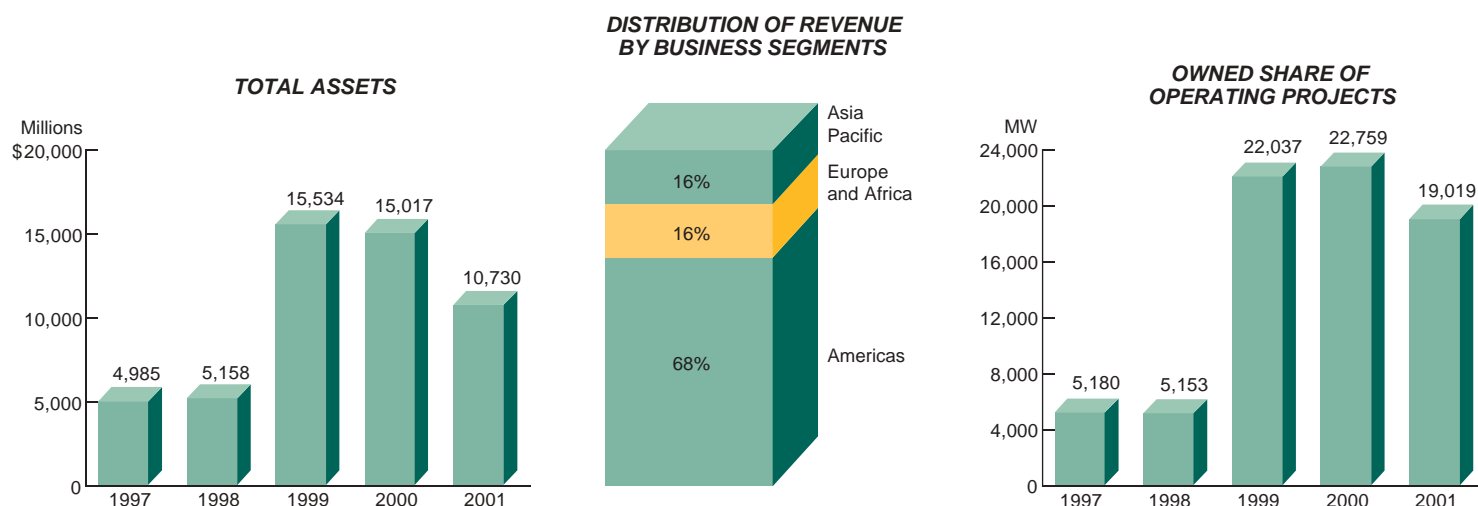
ROCE = Return on common equity ROR = Rate of return

NONUTILITY BUSINESSES

Edison Mission Energy

Edison Mission Energy is a world-class generation business specializing in the development, acquisition, ownership or leasing and operation of global power production facilities. It is one of the world's leading power producers with 19,687 megawatts of generating capacity, assets totaling nearly \$11 billion and investments in 87 projects in Australia, Indonesia, Italy, New Zealand, Philippines, Spain, Thailand, Turkey, the United Kingdom, and the United States.

Highlights



Operating Results From Major Projects

Projects	Business Segment	2001		2000		1999	
		Amount	% ¹	Amount	% ¹	Amount	% ¹
Operating revenues:							
Illinois plants	Americas	\$1,068.7	36	\$1,124.7	44	\$23.7	2
Homer City facilities	Americas	494.1	17	417.0	16	325.8	25
Big 4 projects ²	Americas	228.6	8	153.0	6	132.4	10
First Hydro	Europe	235.8	8	336.4	13	330.8	25
Four Star ³	Americas	87.7	3	(42.9)	(2)	25.6	2
Operating income:							
Illinois plants	Americas	80.1	9	110.3	14	(7.3)	(1)
Homer City facilities	Americas	187.1	22	130.4	16	109.0	17
Big 4 projects ²	Americas	228.6	27	152.3	19	131.7	21
First Hydro	Europe	60.8	7	166.7	21	147.4	24
Four Star ³	Americas	86.0	10	(44.5)	(6)	20.1	3

¹ Represents percentage of Edison Mission Energy (EME) consolidated operating revenues or operating income before Corporate general and administrative expenses, interest and other expenses not reflected in EME regional operations, as applicable.

² Comprised of investments in Kern River project, Midway-Sunset project, Sycamore project and the Watson project. These projects are recorded on the equity method of accounting that records EME's share of the income or loss from each partnership.

³ Four Star is comprised of EME proportionate share of the income from Four Star Oil and Gas Company and price risk management activities.

Edison Mission Energy Project List

Americas Operating Projects

No.	Project Name	Plant Type	Ownership Interest	Megawatts		EME Operates	Location	Commercial Operation/ Acquisition Date	Fuel Source	Power Purchaser
				Total	EME Share					
1	American Bituminous	Q	50%	80	40	×	West Virginia	4/93	Coal	Monongahela Power
2	Brooklyn Navy Yard	Q/E	50%	286	143		New York	11/96	Natural gas	Con. Edison N.Y.
3	Coalinga	Q	50%	38	19	×	California	11/91	Natural gas	PG&E
4	Commonwealth Atlantic ¹	E	50%	340	170		Virginia	6/92	Natural gas	Virginia Electric & Power
5	EcoElectrica	—	50%	540	270	×	Puerto Rico	3/00	Liquefied Natural gas	PREPA
6	Gordonsville	Q/E	50%	240	120	×	Virginia	6/94	Natural gas	Virginal Electric & Power
7	Harbor ¹	E	30%	80	24	×	California	4/89	Natural gas	Pool
8	Homer City	E	100%	1,884	1,884	×	Pennsylvania	3/99	Coal	Pool
9	James River ¹	Q	50%	110	55		Virginia	12/87	Coal	Virginia Electric & Power
10	Kern River	Q	50%	300	150	×	California	8/85	Natural gas	SCE
11	March Point 1	Q	50%	80	40		Washington	11/91	Natural gas	Puget Sound Energy
12	March Point 2	Q	50%	60	30		Washington	1/93	Natural gas	Puget Sound Energy
13	Mid-Set	Q	50%	38	19	×	California	5/89	Natural gas	PG&E
14	Midway-Sunset	Q	50%	225	112	×	California	5/89	Natural gas	SCE
15	Midwest Generation (12 projects)	E	100%	9,539	9,539	×	Illinois	12/99	Coal, Natural gas	Exelon Generation
27	Salinas River	Q	50%	38	19	×	California	11/91	Natural gas	PG&E
28	Sargent Canyon	Q	50%	38	19	×	California	11/91	Natural gas	PG&E
39	Sunrise Phase I	E	50%	320	160	×	California	6/01	Natural gas	CDWR
30	Sycamore	Q	50%	300	150	×	California	1/88	Natural gas	SCE
31	Watson	Q	49%	385	189		California	4/98	Natural gas	SCE
Total Americas Operating Projects				14,921	13,152					

¹ Sold subsequent to December 31, 2001 (E = Exempt Wholesale Generation Q = Qualifying Facilities Pool = Regional electricity trading market)

International Operating Projects

Asia Pacific

1	Contact Energy (10 projects)		51.2%	2,302	1,064		New Zealand ²	5/99, 1/00, 4/00	Hydro, Natural gas, Geothermal	Pool
11	Kalayaan I Unit 2		50%	168	84		Philippines	10/00	Hydro	NPC
12	Kwinana		70%	116	81	×	Australia	12/96	Natural gas	Western Power
13	Loy Yang B		100%	1,000	1,000		Australia	10/93, 10/96, 5/97	Coal	Pool
14	Paiton		40%	1,230	492	×	Indonesia	7/99	Coal	PLN
15	Tri Energy		25%	700	175		Thailand	7/00	Natural gas	EGAT
Total Asia Pacific				5,516	2,896					

Europe and Middle East

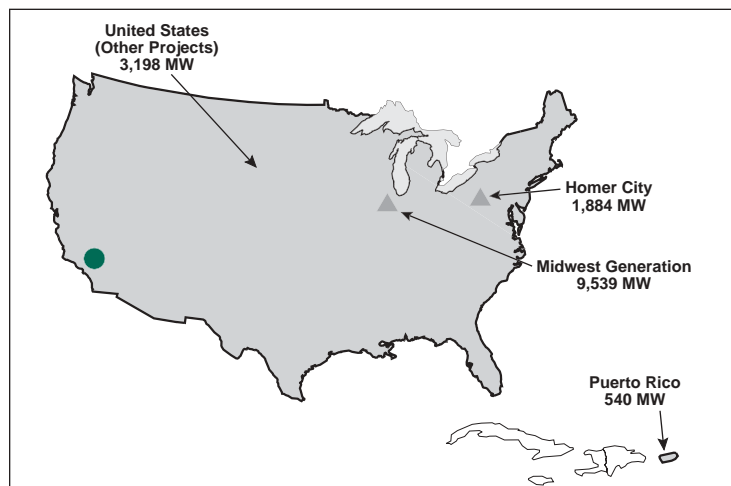
16	Derwent		33%	214	71	×	United Kingdom	5/95	Natural gas	Southern Elec. plc
17	Dinorwig		100%	1,728	1,728	×	United Kingdom	12/95	Hydro	Pool
18	Doga		80%	180	144	×	Turkey	5/99	Natural gas	TEAS
19	Ffestiniog		100%	360	360	×	United Kingdom	12/95	Hydro	Pool
20	Iberian Hy-Power I (5 projects)		100% ³	43	39	×	Spain	12/92, 1/96	Hydro	FECSA
25	Iberian Hy-Power II (13 projects)		100%	43	43	×	Spain	8/93, 1/96	Hydro	FECSA
38	ISAB		49%	512	251		Italy	4/00	Oil	GRTN
39	Italian Wind (10 projects)		50%	230	115		Italy	3/00	Wind	GRTN
49	Lakeland		100%	220	220		United Kingdom	12/92	Natural gas	NORWEB
Total Europe and Middle East				3,530	2,971					
Total International Operating Projects				9,046	5,867					

² Minority interest in one project in Australia. ³ Minority interests are owned by third parties in three projects. (EGAT = Electricity Generating Authority of Thailand
FECSA = Fuerzas Electricas de Cataluna, S.A. GRTN = Gestore Rete Trasmissione Nazionale NORWEB = North Western Electricity Board NPC = National Power Corp.
PLN = PT PLN (State-owned electricity company in Indonesia) Pool = Electricity trading market for England, Wales, Australia and New Zealand TEAS = Turkiye Elektrik Urehm A.S.)

Projects Under Construction

No.	Project Name	Ownership Interest	Megawatts		EME Operates	Location	Commercial Operation/ Acquisition Date	Operation Date	Fuel Source
			Total	EME Share					
1	Botocan	50%	21	10		Philippines	2001	2002	Hydro
2	Caliraya	50%	23	12		Philippines	2001	2002	Hydro
3	Italy Wind (2 projects)	50%	53	27		Italy	2002	2002	Wind
5	Kalayaan	50%	516	258		Philippines	2001	2003	Hydro
6	Sunrise Phase II	50%	240	120	×	California	2001	2003	Gas
7	Valley Power	80%	300	241		Australia	2001	2002	Gas
Total Projects Under Construction			1,153	668					
Total Projects			25,120	19,687					

Edison Mission Energy World Profile



Americas

Number of Projects	Megawatts	
	Total	EME Share
31 Operating projects	14,921	13,152
1 Under construction	240	120
32	15,161	13,272

Coal: 7,720 MW

Natural gas: 7,441 MW

Asia Pacific

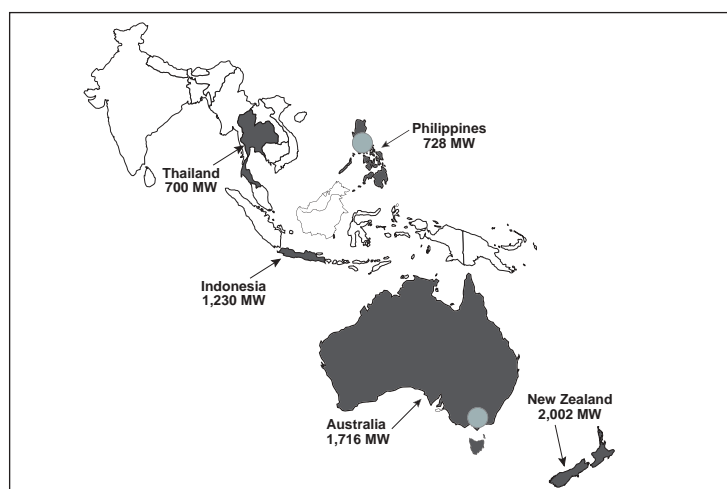
Number of Projects	Megawatts	
	Total	EME Share
15 Operating projects	5,516	2,896
4 Under construction	860	521
19	6,376	3,417

Coal: 2,230 MW

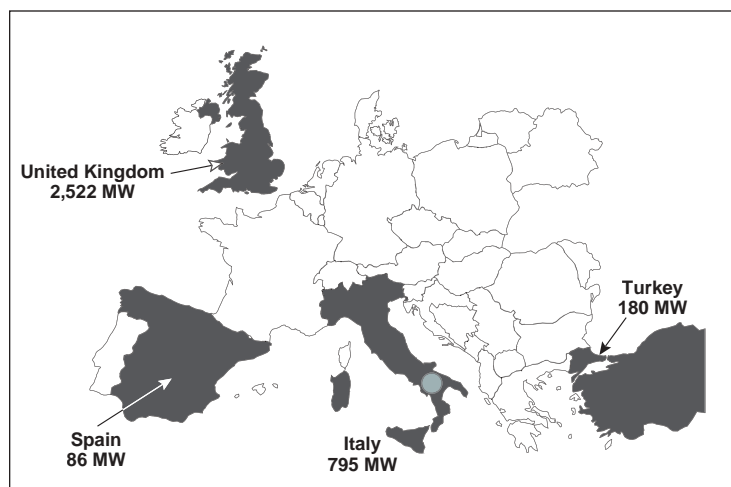
Hydro: 1,480 MW

Geothermal: 324 MW

Natural gas: 2,342 MW



Europe and Middle East



Number of Projects	Megawatts	
	Total	EME Share
34 Operating projects	3,530	2,971
2 Under construction	53	27
36	3,583	2,998

Hydro: 2,174 MW

Natural gas: 1,126 MW

Wind: 283 MW

Operating



Under Construction



Edison Mission Energy Regional Operating Results

Americas

<i>In Millions</i>	Year Ended December 31,	2001	2000	1999
Operating revenue		\$1,613.1	\$1,571.0	\$378.6
Net gains (losses) from energy trading and price risk management		35.3	(17.3)	(6.4)
Equity in income from investments		353.3	257.2	224.8
Total operating revenue		2,001.7	1,810.9	597.0
Fuel and plant operations		1,165.2	1,131.6	237.7
Depreciation and amortization		167.2	191.2	52.5
Asset impairment and other charges		59.1	—	—
Administrative and general		32.5	21.1	—
Operating income		\$ 577.7	\$ 467.0	\$306.8

Asia-Pacific

<i>In Millions</i>	Year Ended December 31,	2001	2000	1999
Operating revenue		\$464.4	\$184.2	\$213.6
Net losses from energy trading and price risk management		(4.1)	—	—
Equity in income from investments		7.5	14.6	18.1
Total operating revenue		467.8	198.8	231.7
Fuel and plant operations		265.9	61.5	73.8
Depreciation and amortization		51.9	35.0	40.5
Operating income		\$150.0	\$102.3	\$117.4

Europe and Middle East

<i>In Millions</i>	Year Ended December 31,	2001	2000	1999
Operating revenue		\$457.3	\$543.6	\$490.6
Net gains from energy trading and price risk management		3.3	—	—
Equity in income (loss) from investments		13.3	(5.0)	1.4
Total operating revenue		473.9	538.6	492.0
Fuel and plant operations		297.7	270.6	247.8
Depreciation and amortization		42.6	44.7	42.2
Operating income		\$133.6	\$223.3	\$202.0

Edison Mission Energy Consolidated Statements of Income (Loss)

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Operating Revenue							
Electric revenue		\$ 2,494	\$2,261	\$1,045	\$ 664	\$ 745	\$ 651
Equity in income from energy projects		331	222	218	172	151	129
Equity in income from oil and gas investments		43	45	26	18	38	25
Net gains (loss) from energy trading and price risk management		36	(17)	(6)	—	—	—
Operation and maintenance services		41	37	38	40	41	39
Total operating revenue		2,945	2,548	1,321	894	975	844
Operating Expenses							
Fuel		917	809	331	177	192	137
Plant operations		652	539	199	128	132	125
Plant operating leases		133	88	2	—	—	—
Operation and maintenance services		27	28	28	28	29	28
Depreciation and amortization		273	282	144	87	103	90
Long-term incentive compensation		6	(56)	136	39	—	—
Asset impairment and other charges		59	—	—	—	—	—
Administrative and general		174	161	115	84	125	97
Total operating expenses		2,241	1,851	955	543	581	477
Operating income		704	697	366	351	394	367
Other Income (Expense)							
Interest and other income		35	31	44	50	27	21
Gain on sale of assets		41	26	8	1	27	20
Interest expense		(547)	(559)	(308)	(183)	(210)	(151)
Dividends on preferred securities		(22)	(32)	(22)	(13)	(13)	(13)
Total other income (expense)		(493)	(534)	(278)	(145)	(169)	(123)
Income from continuing operations before income taxes and minority interest		211	163	88	206	225	244
Provision (benefit) for income taxes		96	81	(38)	71	58	82
Minority interest		(22)	(3)	(3)	(3)	(39)	(70)
Income From Continuing Operations		93	79	123	132	128	92
Income (loss) from operations of discontinued foreign subsidiary (including loss on disposal of \$1.1 billion), net of tax		(1,235)	24	21	—	—	—
Income (loss) Before Accounting Change and Extraordinary Gain (Loss)		(1,142)	103	144	132	128	92
Cumulative effect of change in accounting, net of tax		15	22	(14)	—	—	—
Extraordinary gain (loss) on early extinguishment of debt, net of tax		6	—	—	—	(13)	—
Net Income (Loss)		\$(1,121)	\$ 125	\$ 130	\$ 132	\$ 115	\$ 92

Edison Mission Energy Corporate Financial Ratios¹

Financial Ratio	Covenant	Actual at December 31,	Description
Recourse Debt to Recourse Capital Ratio	Less than or equal to 67.5%	64.1%	Ratio of (a) senior recourse debt to (b) sum of (i) shareholder's equity per EME's balance sheet adjusted by comprehensive income after December 31, 1999, plus (ii) senior recourse debt.
Interest Coverage Ratio	Greater than or equal to 1.50 to 1.00	1.64 to 1.00	For prior 12-month period, ratio of (a) funds flow from operation to (b) interest expense on senior recourse debt.

¹ EME's corporate credit facilities include covenants tied to these financial ratios. EME's corporate credit facilities and corporate debt securities also include a Tangible Net Worth Covenant, which is determined based on EME's shareholder's equity adjusted for changes in other comprehensive income after December 31, 1999. At December 31, 2001, EME's tangible net worth as determined in accordance with the covenant was \$944.9 million, which exceeds the covenant requirement of \$613.8 million.

Edison Mission Energy Consolidated Balance Sheets

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Assets							
Current Assets							
Cash and cash equivalents		\$ 372	\$ 598	\$ 267	\$ 459	\$ 586	\$ 384
Accounts receivable—trade, net of allowance of \$14,603 in 2001 and \$1,126 in 2000 and 1999		313	432	155	74	77	71
Accounts receivable—affiliates		234	157	9	14	18	11
Assets under energy trading and price risk management		65	251	—	—	—	—
Inventory		167	113	152	—	—	—
Prepaid expenses and other		83	29	23	60	13	13
Total current assets		1,234	1,580	606	607	694	479
Investments							
Energy projects		1,799	2,044	1,892	1,164	853	795
Oil and gas		31	44	49	63	67	121
Total investments		1,830	2,088	1,941	1,227	920	916
Property, Plant and Equipment							
Less accumulated depreciation and amortization		6,918	7,695	9,431	3,126	3,143	3,401
		680	580	365	251	202	153
Net property, plant and equipment		6,238	7,115	9,066	2,875	2,941	3,248
Other Assets							
Long-term receivables		265	268	8	7	26	92
Goodwill		632	289	291	308	313	334
Deferred financing costs		85	78	93	39	32	70
Long-term assets under energy trading and price risk management		3	57	—	—	—	—
Restricted cash and other		290	131	81	95	59	13
Total other assets		1,275	823	473	449	430	509
Assets of Discontinued Operations		153	3,411	3,448	—	—	—
Total Assets		\$10,730	\$15,017	\$15,534	\$5,158	\$4,985	\$5,152
Liabilities and Shareholders' Equity							
Current Liabilities							
Accounts payable—affiliates		\$ 12	\$ 25	\$ 8	\$ 8	\$ 13	\$ 36
Accounts payable and accrued liabilities		423	608	152	99	135	103
Liabilities under energy trading and price risk management		23	282	—	—	—	—
Interest payable		87	81	86	57	43	35
Short-term obligations		168	855	1,122	—	—	—
Current portion of long-term incentive compensation		6	93	—	113	74	16
Current maturities of long-term obligations		191	437	107	224	75	81
Total current liabilities		910	2,381	1,475	501	340	271
Long-Term Obligations Net of Current Maturities		5,749	5,335	6,246	2,367	2,532	2,420
Long-Term Deferred Liabilities							
Deferred taxes and tax credits		936	833	658	613	517	545
Deferred revenue		427	452	518	490	541	—
Long-term incentive compensation		39	52	254	6	12	—
Long-term liabilities under energy trading and price risk management		171	58	—	—	—	—
Other		267	245	349	58	57	39
Total long-term deferred liabilities		1,840	1,640	1,779	1,167	1,127	584
Liabilities of Discontinued Operations		56	2,368	2,481	—	—	—
Total Liabilities		8,555	11,724	11,981	4,035	3,999	3,275
Minority Interest		344	18	8	15	9	707
Preferred Securities of Subsidiaries							
Company-obligated mandatorily redeemable security of partnership holding solely parent debentures		150	150	150	150	150	150
Subject to mandatory redemption		104	177	327	—	—	—
Total preferred securities of subsidiaries		254	327	477	150	150	150
Shareholders' Equity							
Common stock, not par value; 10,000 shares authorized; 100 shares issued and outstanding		64	64	64	64	64	64
Additional paid-in capital		2,632	2,630	2,629	629	629	629
Retained earnings (deficit)		(817)	401	364	235	103	263
Accumulated other comprehensive income (loss)		(302)	(147)	11	30	31	64
Total Shareholders' Equity		1,577	2,948	3,068	958	827	1,020
Total Liabilities and Shareholders' Equity		\$10,730	\$15,017	\$15,534	\$5,158	\$4,985	\$5,152

Edison Mission Energy Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Cash Flows From Operating Activities							
Income from continuing operations, after accounting change, net and extraordinary gain, net		\$ 113	\$ 101	\$ 109	\$ 132	\$ 115	\$ 92
Adjustments to reconcile income to net cash provided by (used in) operating activities:							
Equity in income from energy projects		(331)	(222)	(218)	(172)	(151)	(129)
Equity in income from oil and gas investments		(43)	(45)	(26)	(18)	(38)	(25)
Distributions from energy projects		174	189	188	165	133	126
Dividends from oil and gas		62	37	23	20	48	51
Depreciation and amortization		273	282	144	87	103	90
Amortization of discount on short-term obligations		1	66	15	—	—	—
Deferred taxes and tax credits		83	263	70	85	(8)	3
Gain on sale of assets		(41)	(26)	(8)	(1)	(27)	(20)
Asset impairment and other charges		59	—	—	—	—	—
Cumulative effect on change in accounting, net of tax		(15)	(22)	14	—	—	—
Extraordinary gain (loss) on early extinguishment of debt, net of tax		(6)	—	—	—	13	—
Changes in operating assets and liabilities:							
Decrease (increase) in accounts receivable		138	(365)	(80)	7	(20)	31
Decrease (increase) in inventory		(45)	56	(11)	—	—	—
Decrease (increase) in prepaid expenses and other		(18)	11	5	(32)	2	4
Increase (decrease) in accounts payable and accrued liabilities		(391)	374	78	(9)	66	11
Increase in interest payable		4	5	29	14	8	18
Increase (decrease) in long-term incentive compensation		(2)	(109)	135	33	—	—
Decrease in net assets under risk management		15	37	—	—	—	—
Other operating, net		(34)	31	(79)	(45)	15	42
		(4)	663	388	266	259	294
Operating cash flow from discontinued operations		(155)	2	29	—	—	—
Net cash provided by (used in) operating activities		(159)	665	417	266	259	294
Cash Flow From Financing Activities							
Borrowing on long-term obligations		2,322	2,792	3,935	102	1,141	792
Payments on long-term obligations		(1,726)	(3,254)	(206)	(84)	(883)	(871)
Short-term financing, net		(752)	(331)	1,114	—	—	—
Cash dividends to parent		(97)	(88)	—	—	(197)	(150)
Capital contributions from parent		—	—	1,500	—	—	—
Issuance of preferred securities		103	—	326	—	—	414
Redemption of preferred securities		(165)	(125)	—	—	—	—
Financing costs		(37)	—	(47)	—	—	—
Funds provided to discontinued operations		(120)	—	—	—	—	—
		(472)	(1,006)	6,622	18	61	185
Financing cash flow from discontinued operations		(1,058)	223	1,741	—	—	—
Net cash provided by (used in) financing activities		(1,530)	(783)	8,363	18	61	185
Cash Flows From Investing Activities							
Investments in and loans to energy projects		(294)	(173)	(98)	(117)	(125)	(185)
Purchase of generating stations		—	(17)	(5,889)	—	—	—
Purchase of common stock of acquired companies		(97)	(109)	(654)	(222)	(64)	(35)
Capital expenditures		(242)	(331)	(200)	(73)	(88)	(119)
Proceeds from sale-leaseback transactions		782	1,667	—	—	—	—
Proceeds from loan repayments		45	14	32	13	161	32
Proceeds from sale of assets		185	36	35	4	71	70
Decrease (increase) in restricted cash		(162)	(60)	—	(13)	(46)	17
Investments in other assets		18	(265)	(4)	(19)	—	—
Other, net		14	(3)	(421)	19	(6)	(26)
		249	759	(7,199)	(408)	(97)	(246)
Investing cash flow from discontinued operations		931	(41)	(1,638)	—	—	—
Net cash provided by (used in) investing activities		1,180	718	(8,837)	(408)	(97)	(246)
Effect of exchange rate changes on cash		(20)	(36)	(3)	(3)	(21)	13
Net increase (decrease) in cash and cash equivalents		(529)	564	(60)	(127)	202	246
Cash and cash equivalents at beginning of period		963	399	459	586	384	138
Cash and cash equivalents at end of period		434	963	399	459	586	384
Cash and cash equivalents classified as part of discontinued operations		(62)	(365)	(132)	—	—	—
Cash and cash equivalents of continuing operations		\$ 372	\$ 598	\$ 267	\$ 459	\$ 586	\$ 384

Edison Mission Energy Contractual Obligations

In millions	Year Ended December 31,	Payments Due by Period in U.S. \$						Total
		2002	2003	2004	2005	2006	Thereafter	
Long-term debt		\$ 190.3	\$1,057.0	\$1,209.4	\$ 219.2	\$ 75.3	\$ 3,188.6	\$ 5,939.8
Capital lease obligations		0.2	0.2	0.2	0.2	—	—	0.8
Operating lease obligations		379.7	370.8	360.7	418.4	511.6	5,813.3	7,854.5
Fuel supply contracts		642.3	466.5	449.2	430.4	413.8	1,515.3	3,917.5
Gas transportation agreement		—	5.1	7.7	7.7	7.7	87.5	115.7
Total Contractual Cash Obligations		\$1,212.5	\$1,899.6	\$2,027.2	\$1,075.9	\$1,008.4	\$10,604.7	\$17,828.3

Edison Mission Energy Commercial Commitments

In millions	Year Ended December 31,	Amount of Commitments Per Period in U.S. \$						Total Amounts Committed
		2002	2003	2004	2005	2006	Thereafter	
Standby letters of credit		\$102.3	\$ —	\$25.5	\$ —	\$ —	\$ —	\$127.8
Firm commitment for asset purchase		5.9	—	—	—	—	—	5.9
Firm commitments to contribute project equity		74.8	64.4	—	—	—	—	139.2
Environmental improvements at project subsidiaries		76.5	—	—	—	—	—	76.5
Total Commercial Commitments		\$259.5	\$64.4	\$25.5	\$ —	\$ —	\$ —	\$349.4

Edison Mission Energy Recourse Debt to Recourse Capital Ratio

In millions	Year Ended December 31,	2001	2000
Recourse Debt¹			
Corporate Credit Facilities		\$ 203.6	\$1,339.8
Senior Notes		1,700.0	700.0
Guarantee of termination value of Powerton/Joliet operating leases		1,431.9	1,394.5
Coal and CapEx Facility		251.6	86.7
Other		46.3	130.7
Total Recourse Debt to Edison Mission Energy		\$3,633.4	\$3,651.7
Recourse Capital		\$2,039.0	\$3,255.4
Total Capitalization		\$5,672.4	\$6,907.1
Recourse Debt to Recourse Capital Ratio		64.1%	52.9%

¹ Recourse debt means direct obligations of Edison Mission Energy or obligations of one of its subsidiaries for which Edison Mission Energy has provided a guaranty.

Edison Mission Energy Interest Coverage Ratio

In millions	Year Ended December 31,	2001	2000
Funds Flow From Operations:			
Operating Cash Flow ¹ from Consolidated Operating Projects ² :			
Midwest Generation		\$ 201.3	\$175.4
Homer City		175.2	106.7
Ferrybridge and Fiddler's Ferry		(104.5)	(9.2)
First Hydro		45.9	132.8
Other consolidated operating projects		64.1	43.5
Trading and price risk management		28.2	(44.9)
Distributions from non-consolidated Big 4 projects ³		128.8	72.2
Distributions from other non-consolidated operating projects		93.5	97.8
Interest income		9.0	12.5
Operating expenses		(143.1)	(81.5)
Total funds flow from operations		498.4	505.3
Interest Expense		304.8	206.8
Interest Coverage Ratio		1.64	2.44

¹ Operating cash flow is defined as revenues less operating expenses, foreign taxes paid and project debt service. Operating cash flow does not include capital expenditures or the difference between cash payments under EME's long-term leases and lease expenses recorded in EME's income statement. EME expects its cash payments under its long-term power plant leases to be higher than its lease expense through 2014.

² Consolidated operating projects are entities in which EME owns more than a 50% interest and, thus, EME includes the operating results and cash flows in its consolidated financial statements. Non-consolidated operating projects are entities in which EME owns a 50% or less interest and accounts for them by using the equity method of accounting.

³ The Big 4 projects are comprised of investments in the Kern River project, Midway-Sunset project, Sycamore project and Watson project.

Edison Capital

Edison Capital is a provider of capital and financial services for global power and infrastructure projects and affordable housing.

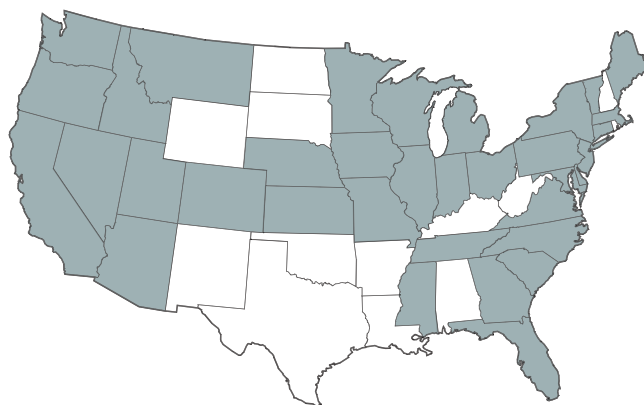
Energy/Infrastructure

During 2001, Edison Capital sold its ownership interests in several Private Initiative Funding projects in Northern Europe and redeemed its investment in a coal-fired power plant in the UK. These actions were taken to create liquidity to meet current operating cash requirements.

<i>Infrastructure Project Name</i>	<i>Country/Region</i>	<i>Project Type</i>	<i>Gen. Capacity (MW)</i>	<i>Transaction Size (\$ Millions)</i>	<i>Lessor Interest or Equity</i>
ESKOM/Majuba	South Africa	Coal Power	4,110	\$3,000	50%
Swisscom AG	Switzerland	Telecommunications	—	2,356	9%
Midland Cogeneration Plant	U.S.	Gas Power	1,370	2,292	9%
EPON/Eems Power Station	Netherlands	Gas/Coal Power	1,675	1,950	60%
AIG - Asia II Fund	Asia	Infrastructure	—	1,668	6%
Beaver Valley Unit #2	U.S.	Nuclear Power	836	1,565	26%
EPZ/Amercentrale 9	Netherlands	Coal Power	580	1,270	26%
AIG/GE Latin American Fund	Latin America	Infrastructure	—	1,014	8%
ETSA	Australia	Transmission System	—	754	100%
Vidalia Hydroelectric	U.S.	Hydro Power	192	633	24%
AIG Emerging Europe Fund	Europe	Infrastructure	—	550	24%
Trinidad & Tobago Methanol Co.	Trinidad & Tobago	Methanol	—	252	3%
Huntington Waste-to-Energy	U.S.	Biomass Power	26	220	38%
Storm Lake I	U.S.	Wind Power	113	183	99%
Nederlandse Spoorwegen	Netherlands	Electric Rail	—	144	100%
Mandeville	Latin America	Cable Television	—	98	20%
Electropaz	Bolivia	Distribution System	—	70	11%
Buffalo Ridge	U.S.	Wind Power	33	43	75%
Cade / Edeser / Elfeo	Bolivia	Distribution System	—	7	33%
Total			8,935	\$18,069	

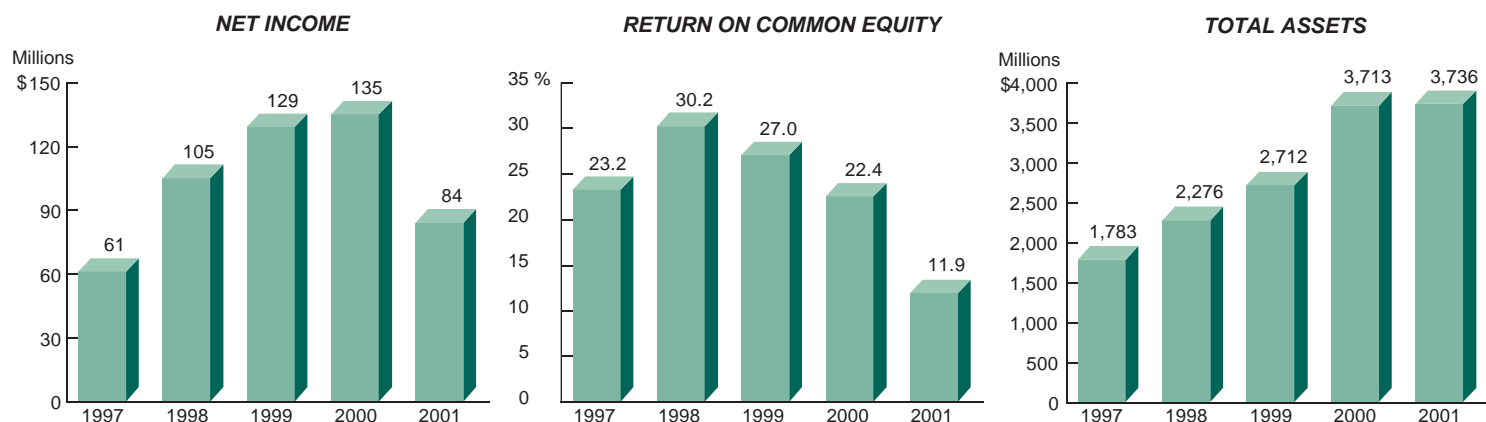
Affordable Housing

From inception to date, Edison Capital has invested in 351 Affordable Housing projects in 35 states. During 2001, Edison Capital syndicated its ownership interest in 41 affordable housing projects and sold its interest outright in 3 additional projects. These actions were taken to create liquidity to meet current operating cash requirements.



Edison Capital Financial Information

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Condensed Consolidated Statements of Income							
Lease revenue		\$ 154	\$ 192	\$ 218	\$ 213	\$ 86	\$ 14
Other		71	78	47	22	52	35
Total operating revenue		225	270	265	235	138	49
Operating expenses		73	81	96	71	78	38
Income from operations		152	189	169	164	60	11
Equity in (losses) from unconsolidated entities		(32)	(17)	(28)	(30)	(20)	(22)
Interest expense		64	57	41	48	29	14
Other income		4	10	4	4	6	4
Income before income taxes		60	125	104	90	17	(21)
Income tax benefit		24	10	25	15	44	62
Net income		\$ 84	\$ 135	\$ 129	\$ 105	\$ 61	\$ 41
Condensed Consolidated Balance Sheets							
Current assets		\$ 904	\$ 500	\$ 236	\$ 148	\$ 169	\$ 261
Investments		2,788	3,153	2,440	2,065	1,450	1,043
Property, plant, and equipment — net and other		44	60	36	63	164	119
Total assets		\$3,736	\$3,713	\$2,712	\$2,276	\$1,783	\$1,423
Current liabilities		\$ 382	\$ 530	\$ 475	\$ 436	\$ 345	\$ 199
Long-term liabilities		2,601	2,504	1,701	1,432	1,136	983
Total liabilities		2,983	3,034	2,176	1,869	1,481	1,182
Shareholder's equity		753	679	536	408	302	241
Total liabilities and shareholder's equity		\$3,736	\$3,713	\$2,712	\$2,276	\$1,783	\$1,423
Condensed Consolidated Statements of Cash Flows							
Cash flows from operating activities:							
Net income		\$ 84	\$ 135	\$ 129	\$ 105	\$ 61	\$ 41
Adjustment for non-cash income statement items		210	247	178	184	48	51
Changes in working capital components		(341)	(148)	(13)	(42)	13	(11)
Net cash (used) provided by operating activities		(47)	234	294	247	122	81
Cash flows from financing activities:							
Issuances of debt — net of discount		131	941	384	195	180	171
Other		(380)	(478)	(485)	—	—	(20)
Net cash (used) provided by financing activities		(249)	463	(99)	195	180	151
Cash flows from investing activities:							
Investments		(45)	(634)	(233)	(499)	(465)	(89)
Other		319	35	73	(3)	94	(65)
Net cash provided (used) by investing activities		274	(599)	(160)	(502)	(371)	(154)
Net increase (decrease) in cash and equivalents		22	98	35	(60)	(69)	78
Cash and equivalents, beginning of period		153	55	20	80	149	71
Cash and equivalents, end of period		\$ 131	\$ 153	\$ 55	\$ 20	\$ 80	\$ 149



Nonutility Subsidiaries Consolidated Financial Information

<i>In millions</i>	<i>Year Ended December 31,</i>	2001	2000	1999	1998	1997	1996
Condensed Consolidated Statements of Income							
Income from unconsolidated entities		\$ 373	\$ 267	\$ 244	\$ 190	\$ 189	\$ 154
Electric revenue		2,494	2,261	1,045	664	745	651
Lease revenue		154	193	218	213	86	14
Real estate activities		119	87	74	73	157	97
Operation and maintenance services		109	40	38	50	41	39
Contract Services and other		66	(28)	8	—	3	4
Total operating revenue		3,315	2,820	1,627	1,190	1,221	959
Operating expenses		2,454	1,924	1,091	678	767	604
Operating income		861	896	536	512	454	355
Interest expense, net of capitalized interest		(714)	(591)	(370)	(244)	(253)	(180)
Other income — net		80	15	10	26	27	24
Minority interest		(22)	(3)	(3)	(3)	(39)	(70)
Income from continuing operations		205	317	173	291	189	129
Discontinued operations, net of tax		(1,367)	(4)	(58)	(43)	(26)	(10)
Income tax expense (benefit)		56	81	(64)	55	13	10
Net income (loss)		\$(1,218)	\$ 232	\$ 179	\$ 193	\$ 150	\$ 109
Condensed Consolidated Balance Sheets							
Current assets		\$ 2,248	\$ 2,077	\$ 915	\$ 775	\$ 872	\$ 764
Investments		4,638	5,045	4,389	3,601	2,368	1,956
Property, plant, and equipment — net, and other		8,711	8,059	9,641	3,170	3,667	4,109
Assets of discontinued operations		251	3,920	3,897	400	19	7
Total assets		\$15,848	\$19,101	\$18,842	\$7,946	\$6,926	\$6,836
Current liabilities		\$ 1,362	\$ 2,668	\$ 1,973	\$ 923	\$ 698	\$ 463
Long-term liabilities		11,351	9,461	9,700	4,966	4,769	3,991
Liabilities of discontinued operations		71	2,482	2,561	216	55	17
Total liabilities		12,784	14,611	14,234	6,105	5,522	4,471
Minority interest		344	18	8	15	9	707
Preferred securities		254	327	477	150	150	150
Shareholder's equity		2,466	4,145	4,123	1,676	1,245	1,508
Total liabilities and shareholder's equity		\$15,848	\$19,101	\$18,842	\$7,946	\$6,926	\$6,836
Condensed Consolidated Statements of Cash Flows							
Cash flows from operating activities:							
Net income from continuing operations		\$ 149	\$ 236	\$ 237	\$ 236	\$ 176	\$ 119
Adjustment to reconcile net income to net cash provided by operating activities:							
Equity in income from unconsolidated entities		(373)	(267)	(244)	(190)	(189)	(154)
Distributions and dividends from unconsolidated entities		236	227	213	185	182	176
Other		725	746	438	358	117	186
Operating cash flow from discontinued operations		(171)	(2)	(199)	99	7	3
Changes in working capital components		(792)	(119)	(3)	(68)	115	84
Net cash provided (used) by operating activities		(226)	821	442	620	408	414
Cash flows from financing activities:							
Debt issued		3,471	3,188	5,431	981	1,646	365
Debt repaid		(2,721)	(3,760)	(659)	(768)	(1,303)	(911)
Capital contributions from parent		51	(152)	1,502	—	—	—
Issuance of debt securities and guaranteed secured bonds		103	(125)	326	—	—	1,018
Other		(542)	—	(47)	(35)	(227)	(170)
Financing cash flow from discontinued operations		(1,239)	316	2,026	258	—	—
Net cash provided (used) by financing activities		(877)	(533)	8,579	436	116	302
Cash flows from investing activities:							
Investments		158	1,117	(6,726)	(1,067)	(240)	(259)
Other		(681)	(624)	(613)	192	(129)	(140)
Investing cash flow from discontinued operations		1,125	(89)	(1,698)	(354)	(6)	(3)
Net cash provided (used) by investing activities		602	404	(9,037)	(1,229)	(375)	(402)
Effect of exchange rate changes on cash		(37)	(32)	(3)	(3)	(21)	13
Net increase (decrease) in cash and equivalents		(538)	660	(19)	(176)	128	327
Cash and equivalents, beginning of period		1,135	475	494	670	542	215
Cash and equivalents, end of period		597	1,135	475	494	670	542
Cash and equivalents classified as part of discontinued operations		(63)	(369)	(133)	(5)	(1)	—
Cash and equivalents of continuing operations		\$ 534	\$ 766	\$ 342	\$ 489	\$ 669	\$ 542

Management Team

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Senior Vice President and Chief Information Officer

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Vice President, Investor Relations

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Vice President and Controller

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Beverly P. Ryder

Vice President, Community Involvement, and Secretary

Anthony L. Smith

Vice President, Tax

Southern California Edison

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Robert G. Foster

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Pamela A. Bass

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Vice President, Equal Opportunity

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Beverly P. Ryder

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Phillip Dandridge

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