



EDISON
INTERNATIONAL®

2005

*2005 Financial and
Statistical Report*

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Edison International (EIX)

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Corporate Profiles

Edison International

Edison International, through its subsidiaries, is a generator and distributor of electric power and an investor in infrastructure and energy assets, including renewable energy. The company operates in regulated and competitive markets with a power generation portfolio of approximately 15,000 megawatts. Headquartered in Rosemead, California, Edison International is the parent company of a regulated electric utility and a competitive power generation business with combined assets totaling about \$34.8 billion as of December 31, 2005.

Southern California Edison Company

Southern California Edison Company is one of the nation's largest investor-owned electric utilities, serving more than 13 million people in a 50,000 square-mile area of central, coastal and southern California excluding the City of Los Angeles and certain other cities. Based in Rosemead, California, the utility has been providing electric service in the region for 120 years.

Mission Energy Holding Company

Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of owning or leasing, operating and selling energy and capacity from electric power generation facilities. EME also conducts price risk management and energy trading activities in power markets open to competition. As of December 31, 2005, EME's continuing operations consisted of owned or leased interests in 20 operating power plants of which EME's capacity pro rata share was 9,098 MW.

Edison Capital

Edison Capital has investments worldwide in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, and telecommunications. Edison Capital also has investments in affordable housing projects located throughout the United States.

Edison Mission Group

In March 2005, the management structure of Edison Mission Energy and Edison Capital was reorganized. The independent power generation and capital and financial services businesses are now commonly managed in an integrated business platform and for convenience is referred to as the Edison Mission Group.

Edison International Consolidated Earnings

<i>Year Ended December 31,</i>	2005	2004	Change
Earnings (Loss) (In millions)			
Southern California Edison Company	\$ 725	\$ 915	\$ (190)
Mission Energy Holding Company	322	(666)	988
Edison Capital	91	60	31
Edison International (parent) and other	(30)	(83)	53
EIX Consolidated Earnings from Continuing Operations	1,108	226	882
Earnings from Discontinued Operations	30	690	(660)
Cumulative Effect of Accounting Change	(1)	—	(1)
Total EIX Consolidated Earnings	\$ 1,137	\$ 916	\$ 221
Earnings (Loss) Per Common Share			
Southern California Edison Company	\$ 2.22	\$ 2.81	\$ (0.59)
Mission Energy Holding Company	0.98	(2.05)	3.03
Edison Capital	0.28	0.18	0.10
Edison International (parent) and other	(0.10)	(0.25)	0.15
EIX Consolidated Earnings from Continuing Operations	3.38	0.69	2.69
Earnings from Discontinued Operations	0.09	2.12	(2.03)
Total EIX Consolidated Earnings	\$ 3.47	\$ 2.81	\$ 0.66
Core vs. Non-Core Presentation of Earnings (Loss) Per Common Share			
Southern California Edison Company	\$ 1.82	\$ 1.80	\$ 0.02
Mission Energy Holding Company	1.13	(0.27)	1.40
Edison Capital	0.28	0.18	0.10
Edison International (parent) and other	(0.10)	(0.21)	0.11
EIX Consolidated Core Earnings	3.13	1.50	1.63
Non-Core Items:			
SCE – regulatory and tax items	0.40	1.01	(0.61)
MEHC – Collins lease termination	—	(1.81)	1.81
MEHC – March Point impairment	(0.10)	—	(0.10)
MEHC – Net gain on sale of Four Star / BNY	—	0.08	(0.08)
MEHC – Peaker impairment	—	(0.05)	0.05
MEHC – Early debt retirements	(0.05)	—	(0.05)
MEHC – Discontinued operations	0.09	2.12	(2.03)
EIX – Early debt retirements	—	(0.04)	0.04
	0.34	1.31	(0.97)
Total EIX Consolidated Earnings	\$ 3.47	\$ 2.81	\$ 0.66

Security Credit Ratings

	Moody's			Standard & Poor's		
	12/31/04	12/31/05	4/15/06	12/31/04	12/31/05	4/15/06
SCE Senior Secured	A3	A3	A3	BBB	BBB+	BBB+
SCE Senior Unsecured	Baa1	Baa1	Baa1	BBB-	BBB	BBB
SCE Preferred Stock	Baa3	Baa3	Baa3	BB+	BBB-	BBB-
SCE Funding (RRB)	Aaa	Aaa	Aaa	AAA	AAA	AAA
SCE Commercial Paper	P-2	P-2	P-2	A-2	A-2	A-2
MEHC Senior Secured	B3	B2	B2	CCC	CCC+	CCC+
EME Senior Unsecured	B1	B1	B1	B	B+	B+
EME Mission Capital (Series A) (MIPS) ¹	B3	—	—	CCC	—	—
EME Funding Corp.	Ba3	Ba1	Ba1	B	B+	B+
MWG LLC Sr. Secured Term Loan (1st Priority)	Ba3	Ba3	Ba3	B+	BB-	BB-
MWG LLC Sr. Secured Notes (2nd Priority)	B1	B1	B1	B-	B	B
Homer City Funding LLC	Ba2	Ba2	Ba2	BB	BB	BB
EC Edison Funding Senior Unsecured	Ba1	Ba1	Ba1	BB+	BB+	BB+

MIPS = Monthly Income Preferred Securities

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

¹ Called for early redemption on January 25, 2005.

Highlights

As of December 31, or
Year Ended December 31,

	2005	2004	% Change from 2004	Five-Year Compound Annual Growth Rate %
Edison International				
Basic Earnings Per Share	\$ 3.47	\$ 2.81	23.5	N/M
Diluted Earnings Per Share	\$ 3.43	\$ 2.77	23.8	N/M
Net Income (millions)	\$1,137	\$ 916	24.1	N/M
Income from Continuing Operations	\$1,108	\$ 226	390.3	N/M
Book Value Per Share	\$20.30	\$ 18.56	9.4	22.3
Recourse Financial Capital Structure ¹ :				
Common Equity	41.1%	38.7%	—	—
Preferred Securities	4.5	0.8	—	—
Debt	54.4	60.5	—	—
Total	100.0%	100.0%	—	—
Southern California Edison				
Basic Earnings Per Edison International Common Share	\$ 2.22	\$ 2.81	(21.0)	N/M
Net Income Available for Common Stock (millions)	\$ 725	\$ 915	(20.8)	N/M
Ratemaking Rate of Return on Common Equity — Authorized	11.4%	11.6%	—	—
Kilowatt-Hour Sales (millions)	100,992	97,273	3.8	3.6
Peak Demand in Megawatts (MW) ²	21,934	20,762	5.6	2.1
Generating Capacity Resources (MW) ³	10,536	10,155	3.8	1.3
Customers (thousands)	4,741	4,669	1.5	1.4
Employees	14,041	13,454	4.4	2.2
Mission Energy Holding Company				
Basic Earnings Per Edison International Common Share	\$ 1.07	\$ 0.07	1428.6	6.3
Income (loss) from Continuing Operations	\$ 322	\$ (666)	148.3	47.6
Net Income (millions)	\$ 350	\$ 24	1358.3	22.9
Equity (millions)	\$1,048	\$ 912	14.9	(18.7)
Employees ⁴	1,745	1,819	(4.1)	(13.0)
Edison Capital				
Basic Earnings Per Edison International Common Share	\$ 0.28	\$ 0.18	55.6	(7.3)
Net Income (millions)	\$ 91	\$ 60	51.7	(7.6)
Equity (millions)	\$ 677	\$ 606	11.7	(0.1)

¹ The 2005 ratios include common equity and preferred securities as reflected on the EIX balance sheets. Debt includes the Powerton/Joliet lease termination value of \$1.5 billion, and short- and long-term debt. Debt excludes non-recourse debt from continuing operations totaling \$2.3 billion as outlined on pages 11-12 of this document. The comparable 2005 ratios, based on the same balance sheet classifications, including non-recourse debt and excluding the Powerton/Joliet lease termination value, for common equity, preferred securities and debt are 39.1%, 4.3%, and 56.6% respectively. 2004 ratios are calculated on the same basis as 2005, and include the Powerton/Joliet lease termination value of \$1.5 billion, and other preferred securities subject to mandatory redemption of \$148 million as a component of debt. Non-recourse debt of \$2.7 billion is excluded. The comparable 2004 ratios, including non-recourse amounts and excluding the Powerton/Joliet lease termination value, are 35.8%, 0.8% and 63.4% for common equity, preferred securities and debt, respectively.

² Includes all of the load on transmission and distribution systems.

³ Excludes CDWR allocated contracts starting in 2001 and transitional capacity contracts.

⁴ In December 2005, 41 Edison Capital employees were transferred to Edison Mission Energy (EME). The number of employees in 2004 includes 51 Edison Capital employees, making the measure comparable to 2005.

N/M = Not meaningful

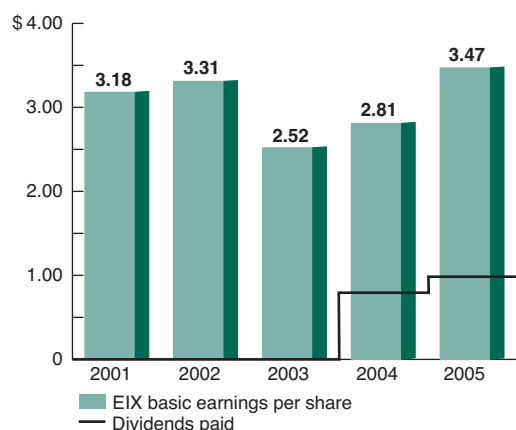
Edison International Consolidated Per-Share Data — Common Stock

<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Basic earnings (loss) per share	\$ 3.47	\$ 2.81	\$ 2.52	\$ 3.31	\$ 3.18	\$ (5.84)
Diluted earnings (loss) per share	\$ 3.43	\$ 2.77	\$ 2.50	\$ 3.28	\$ 3.17	\$ (5.84)
Dividends per share:						
Paid ¹	\$ 1.00	\$ 0.80	\$ —	\$ —	\$ —	\$ 1.11
Declared ¹	\$ 1.02	\$ 0.85	\$ 0.20	\$ —	\$ —	\$ 0.84
Year-ended data:						
Dividend rate ¹	\$ 1.08	\$ 1.00	—	—	—	NM
Dividend yield (paid) ¹	2.3%	2.5%	—	—	—	7.1%
Dividends payout ratio (paid) ¹	28.8%	28.5%	—	—	—	NM
Book value per share	\$ 20.30	\$ 18.56	\$ 16.52	\$ 13.62	\$ 10.04	\$ 7.43
Market price/book value ratio	2.1x	1.7x	1.3x	0.9x	1.5x	2.1x
Price/earnings ratio	12.6x	11.4x	8.7x	3.6x	4.7x	NM
Total Shareholder Return:						
Appreciation and dividends paid ^{1,2}	39.6%	50.7%	86.8%	(21.5)%	(3.4)%	(37.6)%
Price:						
High	\$ 49.16	\$ 32.52	\$ 22.07	\$ 19.60	\$ 16.12	\$ 30.00
Low	\$ 30.43	\$ 21.24	\$ 10.57	\$ 7.80	\$ 6.25	\$ 14 ¹ / ₈
Year-end	\$ 43.61	\$ 32.03	\$ 21.93	\$ 11.85	\$ 15.10	\$ 15 ³ / ₈
Common shares outstanding (thousands)	325,811	325,811	325,811	325,811	325,811	325,811
Weighted-average shares of common stock outstanding (thousands)	325,811	325,811	325,811	325,811	325,811	332,560

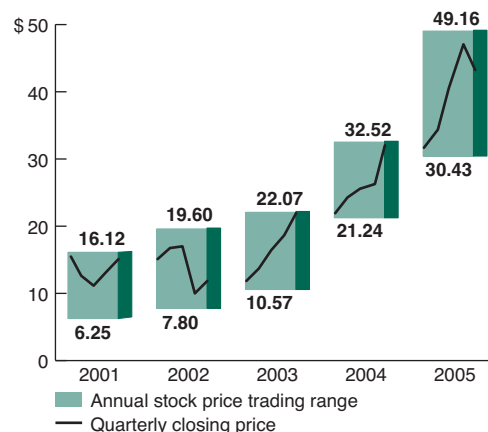
¹ The quarterly common stock dividends customarily paid on January 31, April 30, July 31, and October 31, were not declared for 2001, 2002 and 2003.

² The EIX Common Stock dividend of \$0.20 per share, declared in December 2003 and paid in January 2004, was included in the 2003 one-year total shareholder return calculation.
NM = Not meaningful.

**BASIC EARNINGS PER SHARE
AND DIVIDENDS PAID**



**EDISON INTERNATIONAL
COMMON STOCK PRICE RANGE**



Edison International Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Assets				
Cash and equivalents		\$ 1,893	\$ 2,688	\$ 1,988
Restricted cash		60	73	79
Margin and collateral deposits		739	108	—
Receivables, less allowances for uncollectible accounts		1,220	846	846
Accrued unbilled revenue		291	320	273
Fuel inventory		80	73	92
Materials and supplies		261	231	213
Accumulated deferred income taxes — net		218	288	563
Trading and price risk management assets		316	67	22
Regulatory assets		536	553	299
Other current assets		345	268	175
Total current assets		5,959	5,515	4,550
Nonutility property — less accumulated provision for depreciation		4,119	3,922	3,288
Nuclear decommissioning trusts		2,907	2,757	2,530
Investments in partnerships and unconsolidated subsidiaries		426	608	828
Investments in leveraged leases		2,447	2,424	2,361
Other investments		115	131	173
Total investments and other assets		10,014	9,842	9,180
Utility plant, at original cost:				
Transmission and distribution		16,760	15,685	14,861
Generation		1,370	1,356	1,388
Accumulated provision for depreciation		(4,763)	(4,506)	(4,386)
Construction work in progress		956	789	601
Nuclear fuel, at amortized cost		146	151	141
Total utility plant		14,469	13,475	12,605
Restricted cash		105	155	206
Margin and collateral deposits		137	—	—
Regulatory assets		3,013	3,285	3,725
Other long-term charges		1,083	875	753
Total deferred charges		4,338	4,315	4,684
Assets of discontinued operations		11	122	7,248
Total assets		\$ 34,791	\$ 33,269	\$ 38,267

Edison International Nonutility Property

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Furniture and equipment		\$ 102	\$ 117	\$ 108
Building, plant and equipment		3,663	3,154	2,326
Land (including easements)		78	74	68
Emission allowances		1,305	1,305	1,305
Leasehold improvements		90	81	64
Construction in progress		305	502	36
		5,543	5,233	3,907
Accumulated provision for depreciation		(1,424)	(1,311)	(619)
Nonutility Property — net		\$ 4,119	\$ 3,922	\$ 3,288

Edison International Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Liabilities and Shareholders' Equity				
Short-term debt		\$ —	\$ 88	\$ 201
Long-term debt due within one year		745	809	1,932
Preferred stock to be redeemed within one year		—	9	9
Accounts payable		961	749	548
Accrued taxes		262	226	495
Accrued interest		212	233	236
Counterparty collateral		183	—	—
Customer deposits		183	168	152
Book overdrafts		257	232	189
Trading and price risk management liabilities		418	31	36
Regulatory liabilities		681	490	659
Other current liabilities		1,057	1,002	1,261
Total current liabilities		4,959	4,037	5,718
Long-term debt		8,833	9,678	9,220
Accumulated deferred income taxes — net		5,256	5,233	5,334
Accumulated deferred investment tax credits		130	138	149
Customer advances and other deferred credits		1,179	1,109	903
Power-purchase contracts		165	130	213
Preferred stock subject to mandatory redemption		—	139	141
Accumulated provision for pensions and benefits		745	523	425
Asset retirement obligations		2,628	2,188	2,089
Regulatory liabilities		2,962	3,356	3,234
Other long-term liabilities		285	232	247
Total deferred credits and other liabilities		13,350	13,048	12,735
Liabilities of discontinued operations		14	15	4,565
Total liabilities		27,156	26,778	32,238
Minority Interest		301	313	517
Preferred and preference stock of utility not subject to mandatory redemption		719	129	129
Common stock, no par value (325,811,206 shares outstanding at each date)		2,043	1,975	1,970
Accumulated other comprehensive loss		(226)	(4)	(53)
Retained earnings		4,798	4,078	3,466
Total common shareholders' equity		6,615	6,049	5,383
Total liabilities and shareholders' equity		\$ 34,791	\$ 33,269	\$ 38,267

Edison International Estimated Commitments For 2006–2010

<i>In millions</i>	2006	2007	2008	2009	2010	Thereafter
Long-term debt maturities and sinking fund requirements ¹	\$ 1,364	\$ 1,091	\$ 2,170	\$ 1,032	\$ 684	\$ 9,658
Fuel supply contract payments	493	404	211	134	111	272
Gas and coal transportation payments	234	224	93	84	85	60
Purchased-power capacity payments	842	775	528	417	393	2,681
Operating lease obligations	554	661	628	566	548	2,988
Capital lease obligations	3	4	4	4	4	—
Turbine commitments	114	78	—	—	—	—
Other commitments	17	16	16	16	19	36
Employee benefit plans contributions ²	145	—	—	—	—	—

¹ Amount includes scheduled principal payments for debt outstanding as of December 31, 2005, assuming long-term debt held to maturity, except for EME's Midwest Generation senior secured notes which are assumed to be held until 2014, and related forecast interest payments over the applicable period of the debt.

² Amount includes estimated contributions to the pension plans and postretirement benefits other than pensions. The estimated contributions for MEHC and SCE are not available beyond 2006.

Edison International Consolidated Statements of Income

<i>In millions, except per-share data</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Electric utility		\$ 9,500	\$ 8,448	\$ 8,853
Nonutility power generation		2,248	1,639	1,778
Financial services and other		104	112	101
Total operating revenue		11,852	10,199	10,732
Fuel		1,810	1,429	905
Purchased power		2,622	2,332	2,786
Provisions for regulatory adjustment clauses — net		435	(201)	1,138
Other operation and maintenance		3,406	3,342	2,910
Asset impairment and loss on lease termination		12	989	304
Depreciation, decommissioning and amortization		1,061	1,022	1,047
Property and other taxes		203	186	192
Net gain on sale of utility property and plant		(10)	—	(5)
Total operating expenses		9,539	9,099	9,277
Operating income		2,313	1,100	1,455
Interest and dividend income		112	46	118
Equity in income from partnerships and unconsolidated subsidiaries — net		136	66	231
Other nonoperating income		136	135	86
Interest expense — net of amounts capitalized		(794)	(985)	(1,020)
Impairment loss on equity method investment		(55)	—	—
Other nonoperating deductions		(67)	(80)	(32)
Loss on early extinguishment of debt		(25)	—	—
Dividends on preferred securities subject to mandatory redemption		—	—	(52)
Income from continuing operations before tax and minority interest		1,756	282	786
Income tax (benefit)		457	(92)	124
Dividends on utility preferred and preference stock not subject to mandatory redemption		24	6	5
Minority Interest		167	142	2
Income from continuing operations		1,108	226	655
Income from discontinued operations (including gain on disposal) — net of tax		30	690	175
Income before accounting change		1,138	916	830
Cumulative effect of accounting change — net of tax		(1)	—	(9)
Net income		\$ 1,137	\$ 916	\$ 821
Weighted-average shares of common stock outstanding		326	326	326
Basic earnings (loss) per share:				
Continuing operations		\$ 3.38	\$ 0.69	\$ 2.01
Discontinued operations		0.09	2.12	0.54
Cumulative effect of accounting change		—	—	(0.03)
Total		\$ 3.47	\$ 2.81	\$ 2.52
Weighted-average shares, including effect of dilutive securities		332	331	329
Diluted earnings (loss) per share:				
Continuing operations		\$ 3.34	\$ 0.68	\$ 1.99
Discontinued operations		0.09	2.09	0.54
Cumulative effect of accounting change		—	—	(0.03)
Total		\$ 3.43	\$ 2.77	\$ 2.50
Dividends declared per common share		\$ 1.02	\$ 0.85	\$ 0.20

Edison International Business Segments¹

<i>In millions</i>	Electric Utility	Nonutility Power Generation	Financial Services	Corporate & Other ²	Edison International
2005					
Operating revenue	\$ 9,500	\$ 2,248	\$ 95	\$ 9	\$ 11,852
Depreciation, decommissioning, and amortization	915	123	23	—	1,061
Interest and dividend income	38	60	10	4	112
Equity in income from partnerships and unconsolidated subsidiaries — net	—	60	76	—	136
Interest expense — net of amounts capitalized	360	410	26	(2)	794
Income tax (benefit) — continuing operations	292	169	(3)	(1)	457
Income (loss) from continuing operations	725	322	91	(30)	1,108
Net income (loss)	725 ³	350	91	(29)	1,137
Total assets	24,703	6,638	3,609	(159)	34,791
Capital expenditures	1,808	57	3	—	1,868

¹ Includes the elimination of intercompany transactions.

² Includes amounts from nonutility subsidiaries, as well as Edison International (parent) that are not significant as a reportable segment.

³ Net income available for common stock.

Edison International Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Cash flows from operating activities:				
Net income		\$ 1,137	\$ 916	\$ 821
Less: income from discontinued operations		(30)	(690)	(175)
Income from continuing operations		1,107	226	646
Adjustments to reconcile to net cash provided by operating activities:				
Cumulative effect of accounting change, net of tax		1	—	9
Depreciation, decommissioning and amortization		1,061	1,022	1,047
Other amortization		107	98	108
Minority interest		167	142	2
Deferred income taxes and investment tax credits		160	557	106
Equity in income from partnerships and unconsolidated subsidiaries		(136)	(67)	(231)
Income from leveraged leases		(71)	(81)	(82)
Regulatory assets — long-term		387	442	535
Regulatory liabilities — long-term		(168)	(69)	(48)
Loss on early extinguishment for debt		25	—	—
Impairment losses		67	35	304
Levelized rent expense		(117)	(59)	(96)
Other assets		33	(35)	128
Other liabilities		143	66	(333)
Margin and collateral deposits - net of collateral received		(586)	(75)	5
Receivables and accrued unbilled revenue		(321)	47	(33)
Trading and price risk management assets		(233)	(27)	199
Inventory, prepayments and other current assets		(71)	42	(40)
Regulatory assets — short-term		17	(254)	13,268
Regulatory liabilities — short-term		192	(169)	(12,486)
Accrued interest and taxes		36	(273)	(211)
Accounts payable and other current liabilities		333	(52)	(111)
Distributions from unconsolidated entities		58	84	375
Operating cash flows from discontinued operations		22	(481)	191
Net cash provided by operating activities		2,213	1,119	3,252
Cash flows from financing activities:				
Long-term debt issued and issuance costs		1,300	3,508	766
Long-term debt repaid		(2,071)	(4,331)	(2,656)
Bonds remarketed — net		—	350	—
Issuance of preference stock		591	—	—
Redemption of preferred securities		(148)	(2)	(6)
Rate reduction notes repaid		(246)	(246)	(246)
Change in book overdrafts		25	43	65
Short-term debt financing — net		(88)	(112)	(17)
Shares purchased for stock-based compensation		(182)	(109)	(24)
Proceeds from stock option exercises		85	48	5
Dividends to minority shareholders		(174)	(146)	—
Dividends paid		(326)	(261)	—
Financing cash flows from discontinued operations		—	(144)	153
Net cash used by financing activities		(1,234)	(1,402)	(1,960)
Cash flows from investing activities:				
Capital expenditures		(1,868)	(1,733)	(1,234)
Acquisition costs related to nonutility generation plant		—	(285)	—
Purchase of common stock of acquired companies		(154)	—	(3)
Proceeds from sale of property and interests in projects		10	118	43
Proceeds from sale of discontinued operations		124	2,740	146
Proceeds from nuclear decommissioning trust sales		2,067	2,416	2,200
Purchase of nuclear decommissioning trust investments		(2,159)	(2,525)	(2,286)
Distributions from (investments in) partnerships and unconsolidated subsidiaries		132	(4)	(34)
Purchase of short-term investments		(183)	(301)	(318)
Sales of short-term investments		140	181	298
Restricted cash		49	31	3
Turbine deposits		(57)	—	—
Customer advances for construction and other investments		119	2	12
Investing cash flows from discontinued operations		5	58	(413)
Net cash provided (used) by investing activities		(1,775)	698	(1,586)
Effect of consolidation of variable interest entities on cash				
		3	79	—
Effect of deconsolidation of variable interest entities on cash				
		—	(34)	—
Effect of exchange rate changes on cash				
		(1)	50	5
Net increase (decrease) in cash and equivalents		(794)	510	(289)
Cash and equivalents, beginning of year		2,689	2,179	2,468
Cash and equivalents, end of year		1,895	2,689	2,179
Cash and equivalents — discontinued operations		(2)	(1)	(191)
Cash and equivalents — continuing operations		\$ 1,893	\$ 2,688	\$ 1,988

Edison International Consolidated Statements of Retained Earnings

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Balance at beginning of year		\$ 4,078	\$ 3,466	\$ 2,711	\$ 1,634	\$ 599	\$ 3,079
Net income (loss)		1,137	916	821	1,077	1,035	(1,943)
Dividends declared on common stock		(332)	(277)	(65)	—	—	(277)
Stock repurchases and other		(85)	(27)	(1)	—	—	(260)
Balance at end of year		\$ 4,798	\$4,078	\$ 3,466	\$ 2,711	\$ 1,634	\$ 599

Preferred and Preference Stock Not Subject To Mandatory Redemption

<i>In millions</i>	<i>Trading Exchanges</i>	<i>Trading Symbol</i>	<i>Shares Outstanding</i>	<i>Redemption Price Per Share</i>	<i>December 31,</i>	
					2005	2004
SCE:						
Cumulative preferred stock not subject to mandatory redemption:						
\$25 par value preferred stock: (Recourse securities)						
4.08% Series	American	SCEPrB	1,000,000	\$25.50	\$ 25	\$ 25
4.24	American	SCEPrC	1,200,000	25.80	30	30
4.32	American	SCEPrD	1,653,429	28.75	41	41
4.78	American	SCEPrE	1,296,769	25.80	33	33
Non-cumulative preference stock:						
\$100 stated value preference stock: (Recourse securities) ¹						
5.349% Series A	Unlisted	—	4,000,000	\$100.00	400	—
6.125% Series B	Unlisted	—	2,000,000	\$100.00	200	—
					729	129
Less issuance costs					(10)	—
Total					\$ 719	\$ 129

¹ In January 2006, SCE issued two million shares of 6.0% Series C preference stock (non-cumulative, \$100 liquidation value).

Preferred Securities Subject To Mandatory Redemption

<i>In millions</i>	<i>Trading Exchanges</i>	<i>Trading Symbol</i>	<i>Shares Outstanding</i>	<i>Redemption Price Per Share</i>	<i>December 31,</i>	
					2005	2004
SCE:						
Cumulative preferred stock subject to mandatory redemption:						
\$100 par value preferred stock: (Recourse securities)						
6.05% Series	Unlisted	—	673,800	\$100.00	\$ —	\$ 67
7.23% Series	Unlisted	—	807,000	\$100.00	\$ —	\$ 81
Subtotal					—	148
Less preferred stock to be redeemed within one year					—	9
Total ¹					\$ —	\$ 139

¹ Classified as Preferred stock subject to mandatory redemption" in the "Total deferred credits and other liabilities" section of EIX's balance sheets.

Edison International Consolidated Recourse Financial Capitalization

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004
Short-term debt		\$ —	\$ 88
Long-term debt due within one year		745	809
Preferred stock to be redeemed within one year		—	9
Long-term debt — detailed on pages 11-12		8,833	9,678
Powerton/Joliet lease termination value		1,451	1,484
Other preferred securities subject to mandatory redemption		—	139
Total debt¹		11,029	12,207
Total preferred securities		719	129
Common shareholders' equity		6,615	6,049
Total capitalization		18,363	18,385
Less non-recourse debt — detailed on pages 11-12		(2,264)	(2,739)
Recourse capitalization		\$16,099	\$15,646

¹Includes preferred securities subject to mandatory redemption and Powerton/Joliet lease termination value.

Edison International Available Credit Under Existing Lines at SCE, EME (parent) and MWG

<i>(In millions)</i>	December 31, 2005	December 31, 2004
Edison International	\$ 1,000	\$ —
Southern California Edison	1,520	602
Edison Mission Energy (parent) ¹	98	98
Midwest Generation (MWG)	325	197
Total	\$ 2,943	\$ 897

¹ As of December 31, 2005 and 2004, excludes \$74 million and \$87 million, respectively, under Midwest Generation EME, LLC's \$100 million letter of credit facility that requires a cash deposit to collateralize any letter of credit issued under it.

Edison International Consolidated Short-Term Debt

<i>(In millions)</i>	December 31, 2005	December 31, 2004
Southern California Edison	\$ —	\$ 88
Edison International total consolidated short-term debt	\$ —	\$ 88

EIX Five-Year Long-Term Debt Maturities and Sinking Funds Requirements¹

<i>In millions</i>	2006	2007	2008	2009	2010
Southern California Edison	\$ 596	\$ 396	\$ 385	\$ —	\$ 250
Mission Energy Holding Co. (consolidated)	50	129	1,216	610	11
Edison Capital	99 ²	108	—	—	—
Intercompany debt	—	(153)	(27)	—	—
Total	\$ 745	\$ 480	\$ 1,574	\$ 610	\$ 261

¹ Includes recourse and non-recourse long-term debt as of December 31, 2005.

² Includes \$21 million of non-recourse project debt related to Edison Capital's Storm Lake Energy Project due through 2011, but classified as due in 2006 as a result of an agreement with the lenders to reduce the project loan balances subject to recovering damages in Enron's bankruptcy.

Edison International Consolidated Long-Term Debt

In millions

Year	Series	Due Date	Interest Rate (%)	First Call Date	Dec. 31, 2005	Dec. 31, 2004	Year	Series	Due Date	Interest Rate (%)	First Call Date	Dec. 31, 2005	Dec. 31, 2004
Southern California Edison							Pollution control indebtedness:						
Recourse long-term debt:							Four Corners Generating Station						
First and refunding mortgage bonds:							1991	Series A ³	04/01/21	7.20	04/01/01	\$ — ⁴	\$ 49
2003	Series 2003 B	02/15/07	8.00	N/A	\$ — ¹	\$ 966	1993	Series A ³	06/01/23	5 ⁷ / ₈	06/01/03	— ⁵	155
2004	Series 2004 A	01/15/14	5.00	N/A	300	300	1999	Series A ⁶	04/01/29	5 ⁷ / ₈	04/01/09	55	55
2004	Series 2004 B	01/15/34	6.00	N/A	525	525	2005	Series A-B ^{6,7}	04/01/29	3.55 ⁸	04/01/10	204	—
2004	Series 2004 C	01/13/06	Variable	N/A	150	150	Huntington Beach Generating Station						
2004	Series 2004 F	04/01/15	4.65	N/A	300	300	1999	Series D ⁶	09/01/15	5.20	09/01/09	8	8
2004	Series 2004 G	04/01/35	5.75	N/A	350	350	Mohave Generating Station						
2004	Series 2004 H	12/13/07	Variable	06/13/06	150	150	2000	Series A	06/01/31	3.25 ⁸	03/02/09	40	40
2005	Series 2005 A	01/15/16	5.00	N/A	400	—	2000	Series B	06/01/31	3.25 ⁸	03/02/09	15	15
2004	Series 2005 B	01/15/36	5.55	N/A	250	—	2000	Series C	06/01/31	3.25 ⁸	03/02/09	20	20
2005	Series 2005 E	07/15/35	5.35	N/A	350	—	Palo Verde Nuclear Generating Station						
Subtotal					2,775	2,741	2000	Series A-B ³	06/01/35	2.90 ⁸	03/02/09	144	144
Other:							San Onofre Nuclear Generating Station						
1996	Notes	01/15/06	6 ³ / ₄	N/A	200	200	1985	Series A-D ³	03/01/08 ⁹	2.00 ^{8,9}	03/08/05	135	135
1999	Notes	04/01/29	6.65	N/A	300	300	1986	Series A-D ³	02/28/08 ¹⁰	2.00 ^{8,10}	03/08/05	196	196
2000	Notes	01/15/10	7.625	N/A	250	250	1991	Series ³	12/01/17	6.90	12/01/01	— ¹¹	29
Other obligation ²					7	8	1992	Series A ³	07/01/27	6.00	07/01/02	— ¹¹	30
Subtotal					\$ 757	\$ 758	1992	Series B ³	12/01/24	6.40	12/01/02	— ¹¹	190
							1999	Series A-B ⁶	09/01/29	5.45	09/01/09	100	100
							1999	Series C ⁶	09/01/31	5.55	09/01/09	30	30
							2005	Series A-C ^{6,7}	08/01/35	Variable	Variable	249	—
Subtotal							Subtotal					1,196	1,196
							Non-recourse long-term debt:						
							VIE	Debt ¹²	2008	5.0	N/A	54	54
							Rate reduction notes ¹³						
							1997	Various	Various	Various	N/A	493	739
Subtotal							Subtotal					547	793
							SCE principal amount outstanding					5,275	5,488
							Less current portion of long-term debt					(596)	(246)
							Less unamortized discount — net					(10)	(17)
SCE long-term debt							SCE long-term debt					\$ 4,669	\$ 5,225

¹ Redeemed in January and June 2005.

² Fort Irwin acquisition debt, not a publicly traded security.

³ Secured by first and refunding mortgage bonds.

⁴ Redeemed March 30, 2005.

⁵ Redeemed June 1, 2005.

⁶ Insured.

⁷ Secured by first and refunding mortgage bonds, but payment of interest and principles guaranteed by bond insurance.

⁸ Subject to remarketing.

⁹ Redeemed April 19, 2006. Refunded April 12, 2006 at 4.25%, due November 1, 2033.

¹⁰ Redeemed April 19, 2006. Refunded April 12, 2006 at 4.1%, due April 1, 2028.

¹¹ Redeemed September 8, 2005.

¹² Long-term debt of Variable Interest Entities (VIE). This debt is non-recourse to SCE and EIX. Includes \$27 million of intercompany debt, eliminated in EIX consolidation.

¹³ Also known as Rate Reduction Bonds. The notes are non-recourse to SCE and EIX.

Edison International Consolidated Long-Term Debt (continued)

In millions

Year	Series	Due Date	Interest Rate (%) ¹	First Call Date	Dec. 31, 2005	Dec. 31, 2004
Mission Energy Holding Company (consolidated)						
Recourse long-term debt:						
MEHC (parent only)						
2001	Senior Secured Notes	2008	13.5	N/A	\$ 800	\$ 800
2001	Term Loan	2006	LIBOR+7.50	N/A	—	285
EME (parent only)						
1999	Senior Notes	2009	7.730	N/A	600	600
2001	Senior Notes	2011	9.875	N/A	600	600
2001	Senior Notes	2008	10.0	N/A	400	400
Junior subordinated debentures series A/B ²		2024/2025	9.875 / 8.50	11/30/99 / 08/08/00	—	155
Long-term obligations—Affiliate		2007	LIBOR+0.275	N/A	78	78
EME Non-recourse long-term debt:						
1996	Due to EME Funding Corp.	2005-2008	7.330	N/A	92	139
Midwest Generation						
2004	Sr. Secured Term Loan (1st Priority)	2011	LIBOR+1.75	Anytime	333	667
2004	Sr. Secured Notes (2nd Priority) ³	2034	8.75	05/01/09	1,000	1,000
2005	Credit Revolver	2011	LIBOR+1.75	N/A	170	—
EME CP Holdings Co.						
2002	Note Purchase Agreement	2015	7.31	N/A	79	81
2005	Other long-term non-recourse debt	2006	17.0	N/A	3	—
MEHC total principal amount outstanding					4,155	4,805
Less current portion of long-term debt					(50)	(496)
Less unamortized debt discount — net					(10)	(16)
MEHC long-term debt					\$ 4,095	\$ 4,293
Edison Capital						
Recourse long-term debt:						
1996	Medium Term Notes	2006	6.79–7.2	N/A	\$ 75	\$ 75
2000	Medium Term Notes	2005	8.04	N/A	—	25
2000	Medium Term Notes	2007	7.61	N/A	33	37
2000	Medium Term Notes	2010	7.44	N/A	45	50
2000	Medium Term Notes	2015	7.25	N/A	52	59
1998	Affordable Housing Mortgage guarantee	2028	6.25	N/A	1	—
1996	Long-term obligation — Affiliate	2007	4.40	N/A	75	75
Non-recourse amortizing debt:						
1986-2000	Affordable Housing Mortgages	2016-2039	Various	N/A	16	22
1999	Buffalo Ridge Project Debt	2012-2013	8.5	N/A	16	17
1999	Storm Lake Pwr Ptnr I (Tranche A Loan)	2017	8.71	N/A	10	15
1999	Storm Lake Pwr Ptnr I (Tranche B Loan)	2011	LIBOR+1.45	N/A	11	25
2004	Westridge	Various	Various	N/A	5	7
2004	West Pipestone	2015	6.75	N/A	9	—
Edison Capital total principal amount outstanding					348	407
Less current portion of long-term debt					(99)	(67)
Edison Capital long-term debt					\$ 249	\$ 340
EIX (parent) Due to Affiliates					\$ 885 ⁴	\$ 812 ⁴
Elimination of intercompany debt					(1,065)	(992)
EIX total consolidated long-term debt					\$ 8,833	\$ 9,678

¹ Interest rates may vary based on debt agreements.

² Called for early redemption on January 25, 2005.

³ Holders of the notes may require Midwest Generation to repurchase the notes on May 1, 2014 and on each one-year anniversary thereafter at 100% of their principal amount, plus accrued and unpaid interest.

⁴ Not considered debt at the EIX consolidated level as intercompany debt eliminates in consolidation. Formerly presented as Other long-term liabilities on the EIX parent (only) condensed balance sheets.

Edison International Consolidated Income Tax Schedules

The components of income tax expense (benefit) by location of taxing jurisdiction are:

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Current:				
Federal		\$ 400	\$ (560)	\$ 186
State		103	(36)	100
Foreign		(1)	—	6
		502	(596)	292
Deferred:				
Federal		16	458	(103)
State		(61)	46	(67)
Foreign		—	—	2
		(45)	504	(168)
Total continuing operations		457	(92)	124
Discounted operations		(40)	47	123
Accounting change		(1)	—	(4)
Total		\$ 416	\$ (45)	\$ 243

The federal statutory income tax rate is reconciled to the effective tax rate from continuing operations as follows:

<i>Year Ended December 31,</i>	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%
Tax audit adjustments	(2.1)	(73.9)	(4.5)
Resolution of 1991-1993 audit cycle	(3.9)	—	—
Resolution of FERC rate case	—	—	(9.6)
Housing and production credits	(2.0)	(22.9)	(4.3)
Property-related	0.2	10.4	1.1
Amortization of ITC credits	(0.5)	(6.7)	(1.0)
State tax — net of federal deduction	3.3	3.0	5.3
ESOP dividend payment	(0.7)	(6.2)	—
Other	(0.1)	(7.4)	(6.0)
Effective tax rate	29.2%	(68.7)%	16.0%

Note: Edison International's composite federal and state statutory tax rate was approximately 40% for all years presented. The effective tax rate of 29.2% realized in 2005 was primarily due to the favorable resolution of the 1991-1993 Internal Revenue Service (IRS) audit, as well as adjustments made to the tax reserve to reflect the issuance of new IRS regulations, the favorable settlement of other federal and state tax audit issues at SCE & EME, and the benefits received from the low income housing and production tax credits at Edison Capital. The effective tax benefit rate of 68.7% realized in 2004 was primarily due to adjustments to tax liabilities relating to prior years at SCE and the benefits received from low income housing and production tax credits at Edison Capital, partially offset by property-related flow-through items and property-related adjustments at SCE. The effective tax rate of 16.0% realized in 2003 was primarily due to the resolution of a FERC rate case at SCE, recording the benefit of favorable settlements of IRS audit issues at SCE and the benefits received from low income housing and production tax credits at Edison Capital.

ESOP = Employee Stock Ownership Plan
 FERC = Federal Energy Regulatory Commission
 IRS = Internal Revenue Service
 ITC = Investment Tax Credits

SCE Consolidated Statements of Income

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Operating revenue		\$ 9,500	\$ 8,448	\$ 8,854
Fuel		1,193	810	235
Purchased power		2,622	2,332	2,786
Provisions for regulatory adjustment clauses — net		435	(201)	1,138
Other operation and maintenance		2,523	2,457	2,072
Depreciation, decommissioning and amortization		915	860	882
Property and other taxes		193	177	168
Net gain on sale of utility property and plant		(10)	—	(5)
Total operating expenses		7,871	6,435	7,276
Operating income		1,629	2,013	1,578
Interest and dividend income		44	20	100
Other nonoperating income		127	84	72
Interest expense — net of amounts capitalized		(360)	(409)	(457)
Other nonoperating deductions		(65)	(69)	(23)
Income from continuing operations before tax and minority interest		1,375	1,639	1,270
Income tax		292	438	388
Minority interest		334	280	—
Income from continuing operations		749	921	882
Income from discontinued operations — net of tax		—	—	50
Net income		749	921	932
Dividends on preferred stock subject to mandatory redemption		—	—	5
Dividends on preferred stock not subject to mandatory redemption		24	6	5
Net income available for common stock		\$ 725	\$ 915	\$ 922

SCE Changes in Operating Revenue

<i>In millions</i>	<i>Year Ended December 31,</i>	2005 vs. 2004	2004 vs. 2003
Operating revenue			
Rate changes (including unbilled)		\$ 517	\$ (677)
Sales volume changes (including unbilled)		410	(159)
Deferred revenue		(324)	(30)
Sales for resale		256	164
SCE's variable interest entities		177	285
Other (including intercompany transactions)		16	11
Total		\$ 1,052	\$ (406)

SCE Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Assets				
Cash and equivalents		\$ 143	\$ 122	\$ 95
Restricted cash		57	61	66
Margin and collateral deposits		178	66	—
Receivables, less allowances for uncollectible accounts		849	618	602
Accrued unbilled revenue		291	320	273
Inventory		220	196	178
Accumulated deferred income taxes — net		—	134	563
Trading and price risk management asset		237	26	—
Regulatory assets		536	553	299
Prepayments and other current assets		92	46	62
Total current assets		2,603	2,142	2,138
Nonutility property — less accumulated provision for depreciation		1,086	960	116
Nuclear decommissioning trusts		2,907	2,757	2,530
Other investments		80	104	150
Total investments and other assets		4,073	3,821	2,796
Utility plant, at original cost:				
Transmission and distribution		16,760	15,685	14,861
Generation		1,370	1,356	1,388
Accumulated provision for depreciation		(4,763)	(4,506)	(4,386)
Construction work in progress		956	789	601
Nuclear fuel, at amortized cost		146	151	141
Total utility plant		14,469	13,475	12,605
Regulatory assets		3,013	3,285	3,725
Other long-term assets		545	567	507
Total regulatory assets and other long-term assets		3,558	3,852	4,232
Total assets		\$24,703	\$23,290	\$21,771

SCE Operating and Financial Ratios

<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Percent of operating revenue:						
Fuel	12.6%	9.6%	2.6%	2.8%	2.7%	2.5%
Purchased power	27.6	27.6	31.5	23.1	47.4	60.5
Provisions for regulatory adjustment clauses	4.6	(2.4)	12.8	17.3	(40.2)	28.0
Other operating expenses and maintenance	26.5	29.1	23.2	22.1	22.2	22.8
Depreciation, decommissioning and amortization	9.6	10.2	10.0	9.0	8.5	19.0
Property and other taxes	2.0	2.1	1.9	1.3	1.4	1.6
Operating expenses (before income taxes)	82.9	76.2	82.0	75.6	42.0	134.4
Taxes on operating income	3.0	5.2	5.2	7.0	20.1	(13.0)
Operating income	14.1	18.6	12.8	17.4	37.9	(21.4)
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Regulatory embedded cost of capital (at year-end):						
Long-term debt	6.09%	7.03%	8.44%	8.20%	7.87%	7.87%
Preferred and preference stock	5.82%	6.17%	6.20%	6.53%	6.60%	6.60%
Other:						
Customers to employees ratio	338	347	362	374	351	351

SCE Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Liabilities and Shareholders' Equity				
Short-term debt		\$ —	\$ 88	\$ 200
Long-term debt due within one year		596	246	371
Preferred stock to be redeemed within one year		—	9	9
Accounts payable		898	700	497
Accrued taxes		242	357	476
Accrued interest		106	115	107
Counterparty collateral		183	—	—
Customer deposits		183	168	152
Book overdrafts		257	232	189
Accumulated deferred income taxes — net		5	—	—
Regulatory liabilities		681	490	659
Other current liabilities		810	643	972
Total current liabilities		3,961	3,048	3,632
Long-term debt		4,669	5,225	4,121
Accumulated deferred income taxes — net		2,815	2,865	2,726
Accumulated deferred investment tax credits		119	126	136
Customer advances and other deferred credits		550	510	428
Power-purchase contracts		165	130	213
Preferred stock subject to mandatory redemption		—	139	141
Accumulated provision for pensions and benefits		500	417	330
Asset retirement obligations		2,621	2,183	2,084
Regulatory liabilities		2,962	3,356	3,234
Other long-term liabilities		284	232	242
Total deferred credits and other liabilities		10,016	9,958	9,534
Total liabilities		18,646	18,231	17,287
Minority interest		398	409	—
Common stock (434,888,104 shares outstanding at each date)		2,168	2,168	2,168
Additional paid-in capital		361	350	338
Accumulated other comprehensive loss		(16)	(17)	(19)
Retained earnings		2,417	2,020	1,868
Total common shareholder's equity		4,930	4,521	4,355
Preferred and preference stock not subject to mandatory redemption		729	129	129
Total shareholder's equity		5,659	4,650	4,484
Total liabilities and shareholder's equity		\$24,703	\$23,290	\$21,771

SCE Estimated Commitments For 2006–2010

<i>In millions</i>	2006	2007	2008	2009	2010	Thereafter
Long-term debt maturities and sinking fund requirements ¹	\$ 823	\$ 622	\$ 596	\$ 210	\$ 442	\$ 7,044
Fuel supply contract payments	126	64	64	40	47	252
Purchased-power capacity payments	842	775	528	417	393	2,681
Unconditional purchase obligations	5	5	5	5	6	36
Operating lease obligations	192	301	271	213	208	5
Capital lease obligations	3	4	4	4	4	—
Employee benefit plans contributions ²	128	—	—	—	—	—

¹ Amount includes scheduled principal payments for debt outstanding as of December 31, 2005, assuming long-term debt is held to maturity, and related forecast interest payments over the applicable period of the debt.

² Amount includes estimated contributions to the pension plans and postretirement benefits other than pensions. The estimated contributions beyond 2006 are not available.

SCE Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Cash flows from operating activities:				
Net income		\$ 749	\$ 921	\$ 932
Less: income from discontinued operations		—	—	(50)
Income from continuing operations		749	921	882
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation, decommissioning and amortization		915	860	882
Other amortization		96	90	101
Minority interest		334	280	—
Deferred income taxes and investment tax credits		34	514	(104)
Regulatory assets — long-term		387	442	535
Regulatory liabilities — long-term		(168)	(69)	(48)
Other assets		46	(44)	117
Other liabilities		72	18	(364)
Margin and collateral deposits — net of collateral received		70	(33)	5
Receivables and accrued unbilled revenue		(202)	(9)	185
Trading and price risk management assets		(211)	(23)	113
Inventory, prepayments and other current assets		(66)	13	(35)
Regulatory assets — short-term		17	(254)	13,268
Regulatory liabilities — short-term		192	(169)	(12,486)
Accrued interest and taxes		(126)	(111)	(223)
Accounts payable and other current liabilities		251	(152)	(181)
Operating cash flows from discontinued operations		—	—	(34)
Net cash provided by operating activities		2,390	2,274	2,613
Cash flows from financing activities:				
Long-term debt issued and issuance costs		980	1,747	(11)
Long-term debt repaid		(1,040)	(966)	(1,263)
Bonds remarketed — net		—	350	—
Insurance of preference stock		591	—	—
Redemption of preferred stock		(148)	(2)	(6)
Rate reduction notes repaid		(246)	(246)	(246)
Short-term debt financing — net		(88)	(112)	(4)
Change in book overdrafts		25	43	65
Shares purchased for stock-based compensation		(115)	(60)	(13)
Proceeds from stock option exercises		53	29	3
Minority interest		(345)	(290)	—
Dividends paid		(234)	(756)	(955)
Net cash used by financing activities		(567)	(263)	(2,430)
Cash flows from investing activities:				
Capital expenditures		(1,808)	(1,678)	(1,153)
Acquisition costs related to nonutility generation plant		—	(285)	—
Proceeds from sale of discontinued operations		—	—	146
Proceeds from nuclear decommissioning trust sales		2,067	2,416	2,200
Purchases of nuclear decommissioning trust investments		(2,159)	(2,525)	(2,286)
Customer advances for construction and other investments		98	9	13
Net cash used by investing activities		(1,802)	(2,063)	(1,080)
Effect of consolidation of variable interest entities		—	79	—
Net increase (decrease) in cash and equivalents		21	27	(897)
Cash and equivalents, beginning of year		122	95	992
Cash and equivalents — end of year, continuing operations		\$ 143	\$ 122	\$ 95

SCE Consolidated Statements of Retained Earnings

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Balance at beginning of year		\$ 2,020	\$ 1,868	\$ 1,892	\$ 664	\$(1,722)	\$ 608
Net income (loss)		749	921	932	1,247	2,408	(2,028)
Dividends declared on common stock		(285)	(750)	(945)	—	—	(279)
Dividends declared on preferred and preference stock		(24)	(6)	(10)	(19)	(22)	(22)
Stock option appreciation		(42)	(14)	(1)	—	—	(1)
Reacquired capital stock expense and other		(1)	1	—	—	—	—
Balance at end of year		\$ 2,417	\$ 2,020	\$ 1,868	\$ 1,892	\$ 664	\$(1,722)

SCE Kilowatt-Hour Sales¹

<i>Year Ended December 31,</i>	2005	2004	2003
Class of service — millions of kWh:			
Residential	28,889	27,983	27,194
Commercial	39,451	38,180	36,979
Industrial	10,738	10,953	10,770
Public Authorities	6,037	6,106	6,084
Agricultural and other	1,150	1,272	1,161
Resale	14,727	12,779	10,575
Total kilowatt-hour sales	100,992	97,273	92,763
Class of service — percent:			
Residential	28.6%	28.7%	29.3%
Commercial	39.1	39.3	39.9
Industrial	10.6	11.3	11.6
Public Authorities	6.0	6.3	6.6
Agricultural	1.1	1.3	1.2
Resale	14.6	13.1	11.4
Total	100.0%	100.0%	100.0%

¹ Includes direct access customers.

SCE Customers

<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Customers:						
Residential	4,146,123	4,086,531	4,030,473	3,977,245	3,931,414	3,884,982
Commercial	510,626	495,584	481,509	467,976	450,102	433,855
Industrial	15,118	17,380	18,693	19,200	21,765	24,955
Agricultural	22,203	22,251	22,722	23,019	23,573	24,234
Public authorities	46,885	46,749	46,726	46,684	47,097	47,479
Railroads and railways	55	50	47	43	46	48
Interdepartmental	24	24	20	11	8	7
Total ultimate customers	4,741,034	4,668,569	4,600,190	4,534,178	4,474,005	4,415,560

SCE Operating Revenue¹

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Class of service:				
Residential		\$3,046	\$2,644	\$2,855
Commercial		3,596	3,187	3,609
Industrial		643	579	686
Public authorities		505	454	540
Agricultural		91	90	99
Other		7	5	6
Resale		832	577	413
Sales of electric energy		8,720	7,536	8,208
Other operating revenue		411	396	384
Deferred revenue ²		(93)	231	262
Revenue from variable interest entities		462	285	—
Total operating revenue		\$9,500	\$8,448	\$8,854
Class of service — percent:				
Residential		32.1%	31.3%	32.2%
Commercial		37.8	37.7	40.8
Industrial		6.8	6.8	7.8
Public authorities		5.3	5.4	6.1
Agricultural		1.0	1.1	1.1
Resale		0.1	0.1	0.1
Other		8.7	6.8	4.6
Sales of electric energy		91.8	89.2	92.7
Other electric revenue		4.3	4.7	4.3
Deferred revenue ²		(1.0)	2.7	3.0
Revenue from variable interest entities		4.9	3.4	—
Total		100.0%	100.0%	100.0%

¹ Does not include energy revenue from direct access customers.

² In accordance with accounting standards for rate-regulated enterprises, amounts currently authorized in rates for recovery of costs to be incurred in the future are not considered as revenue until the associated costs are incurred.

SCE Generating Capacity Resources as of December 31, 2005 (Summer Effective Rating)

<i>Plant</i>	<i>Location</i>	<i>No. of 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	7	1958–1995	100%	Diesel	9
Coal:						
Four Corners ¹	San Juan, NM	2	1969–1970	48%	Boiler	710
Mohave ²	Clark, NV	2	1971	56%	Boiler	885
Off-System Losses ³						(22)
Subtotal		4				1,573
Nuclear:						
San Onofre	San Diego, CA	2	1983, 1984	75%	PWR	1,614
Palo Verde ¹	Maricopa, AZ	3	1986–1988	16%	PWR	601
Subtotal		5				2,215
Gas-fired CCGT:						
Mountainview	San Bernardino, CA	14	2005	100%	CCGT	484 ⁴
Total thermal generation		17				4,281
Hydroelectric plants:						
Northern region:	Fresno, Madera, Tulare	23	1909–1987	100%	Storage and Run-of-the-River	1,000
Eastern region:	San Bernardino, Kern, Los Angeles, Riverside, Inyo, Mono ⁵	53	1893–1999	100%	Storage and Run-of-the-River	153
Subtotal		76				1,153
Total SCE-owned generation		93				5,434

¹ Operated by Arizona Public Service.

² On December 31, 2005, the Mohave plant ceased operation as scheduled, consistent with the provisions of a 1999 consent decree concerning air quality.

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

⁴ In January 2006, a second unit commenced operation bringing, Mountainview's total capacity to 969 MWs.

⁵ 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.

CCGT= Combined-cycle gas turbine PWR = Pressurized water reactor

<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				1,730
Biomass				179
Small hydro				34
Wind				231
Geothermal				901
Solar				360
Subtotal				3,435
Total purchases/exchanges				5,102
Total generation capacity resources⁶				10,536

⁶ Includes isolated resources.

SCE Operating Statistics

Year Ended December 31,	2005		2004		2003		2002		2001		2000	
	MW	%	MW	%	MW	%	MW	%	MW	%	MW	%
SCE generating capacity resources (MW):												
SCE owned:												
Oil and gas (Catalina)	9	0.1	9	0.1	9	0.1	9	0.1	9	0.1	9	0.1
Nuclear	2,215	21.0	2,215	22.2	2,204	22.6	2,204	22.6	2,204	22.5	2,204	21.8
Coal	1,573	14.9	1,573	15.4	1,573	16.1	1,573	16.1	1,573	16.0	1,573	15.5
Hydro	1,153	11.0	1,153	11.3	1,153	12.0	1,173	12.0	1,173	12.0	1,156	11.4
Gas-fired CCGT	484	4.6	—	—	—	—	—	—	—	—	—	—
Purchases:												
Other utilities ¹	1,667	15.8	1,667	16.3	1,667	17.0	1,667	17.0	1,667	17.0	1,752	19.6
Other power producers:												
Cogeneration	1,730	16.4	1,724	16.9	1,725	17.7	1,724	17.7	1,761	18.0	1,775	17.5
Biomass	179	1.7	203	2.0	185	1.9	188	1.9	188	1.9	188	1.9
Small hydro	34	0.3	42	0.4	25	0.3	25	0.3	25	0.2	25	0.3
Wind	231	2.2	270	2.7	67	1.8	173	1.8	173	1.8	173	1.7
Geothermal	901	8.6	939	9.2	900	6.9	677	6.9	675	6.9	677	6.7
Solar	360	3.4	360	3.5	353	3.6	354	3.6	354	3.6	354	3.5
Total	10,536	100%	10,155	100%	9,861	100%	9,767	100%	9,802	100%	9,886	100%
SCE Total Energy Requirement (Millions of kWh):												
SCE owned:												
Nuclear	17,886	22.7	15,724	20.0	18,255	23.7	18,421	25.7	15,916	19.1	18,425	22.3
Coal	11,237	14.3	10,789	13.7	10,984	14.2	10,345	14.5	11,164	13.4	11,271	13.7
Hydro	5,089	6.5	3,525	4.5	3,990	5.2	3,611	5.0	3,048	3.6	4,471	5.4
Oil (Catalina)	31	—	31	—	30	—	27	—	29	—	30	—
Gas	—	—	—	—	—	—	—	—	—	—	19	—
Gas-fired CCGT ²	327	0.4	—	—	—	—	—	—	—	—	—	—
Purchased power ³												
PX purchases — net ⁴	—	—	—	—	—	—	(51)	(0.1)	2,213	2.6	19,456	23.6
Firm ⁵	12,233	15.5	8,346	10.6	7,110	9.3	2,263	3.2	3,672	4.4	2,122	2.6
Economy/Other ⁶	(293)	(0.4)	(1,806)	(2.3)	(1,292)	(1.7)	(1,914)	(2.7)	(564)	(0.7)	1,157	1.4
Other power producers ³												
Biomass	1,371	1.7	1,467	1.9	1,391	1.8	1,482	2.1	1,658	2.0	1,560	1.9
Cogeneration	13,529	17.2	13,830	17.6	13,837	17.9	13,668	19.1	13,785	16.5	14,097	17.1
Geothermal	7,855	10.0	7,862	10.0	7,070	9.2	6,041	8.4	6,248	7.5	6,177	7.5
Small Hydro	320	0.4	243	0.3	239	0.3	229	0.3	247	0.3	303	0.4
Solar	610	0.8	741	0.9	759	1.0	881	1.2	832	1.0	858	1.0
Wind	2,229	2.8	2,376	3.0	2,341	3.0	2,624	3.7	2,472	3.0	2,557	3.1
CDWR/ISO ³ :	6,348	8.1	15,610	19.8	12,444	16.1	14,036	19.6	22,775	27.3	—	—
Total⁷	78,772	100%	78,738	100%	77,158	100%	71,663	100%	83,495	100%	82,503	100%
Area peak demand (MW)	21,934		20,762		20,136		18,821		17,890		19,757	
Annual area system load factor (%)	52.3		55.1		55.1		57.6		60.3		57.1	

¹ Includes system and unit purchases and net interchange. Excludes public power utilities.

² CCGT = Combined-cycle gas turbine

³ Calculated consistent with the accrual basis of accounting.

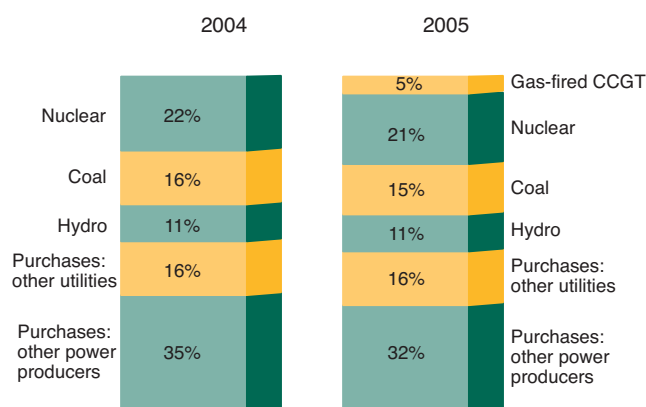
⁴ Net purchases represent energy purchases from the PX in excess of energy sales to the PX. Includes lagged PX/ISO settlement agreement.

⁵ Includes bilateral and long term contracts.

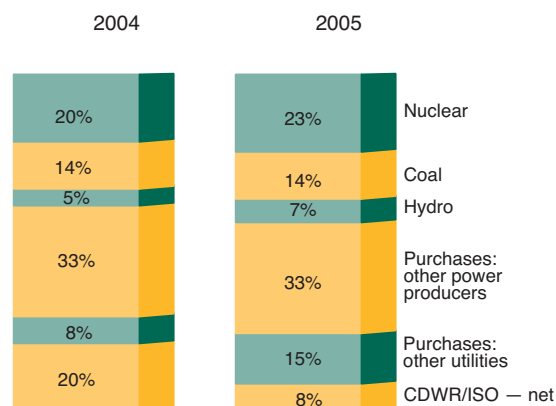
⁶ Includes economy energy, exchange energy, fringe energy and net interchange.

⁷ Excludes direct access and resale customer requirements. Includes generation line losses.

SCE GENERATING CAPACITY RESOURCES MIX



SCE TOTAL ENERGY REQUIREMENT



SCE Energy Costs

<i>Year Ended December 31,</i>	2005	2004	2003
Average annual fuel cost — unit of expense:			
Oil (\$/bbl) (Catalina)	\$ 97.06	\$ 75.14	\$ 51.25
Gas (\$/mcf) ¹	10.05	7.61	6.91
Coal (\$/ton)	29.30	26.21	24.26
Gas-fired CCGT (\$/mcf) ²	11.77²	—	—
Average cost (\$/m²Btu):			
Oil (Catalina)	\$ 16.96	\$ 12.93	\$ 8.87
Gas ¹	9.50	7.20	6.55
Nuclear	0.45	0.44	0.45
Coal	1.48	1.32	1.24
Gas-fired CCGT (\$/mcf) ²	11.51	—	—
Average cost — all sources	1.00²	0.83 ³	0.77 ³
Average cost (cents/kwh):			
Oil (Catalina)	18.78¢	14.07¢	10.63¢
Nuclear	0.47	0.47	0.46
Coal	1.50	1.35	1.26
Gas-fired CCGT ²	1.87²	—	—
Purchased power:			
Other power producers:			
Biomass	9.96	9.35	9.11
Cogeneration	10.65	9.14	8.43
Geothermal	7.27	7.24	7.64
Small Hydro	7.14	5.69	6.57
Solar	16.61	14.38	14.46
Wind	7.25	7.26	6.64
Average cost — other power producers	9.39	8.54	8.25
Average cost — all sources ⁴	6.15^{2,3}	6.09 ³	5.52 ³
Fuel consumption (in thousands):			
Oil (bbl)	60	57	63
Gas (mcf)	214	215	237
Coal (tons)	5,695	5,472	5,614
Gas-fired CCGT (mcf) ²	2,745²	—	—
Oil inventory — year end (bbl)	2	2	1

¹ Cost of gas used to start-up coal plants

² Includes energy costs incurred during initial testing of power plant.

³ Excludes miscellaneous prior period adjustments

⁴ Excludes ISO/other sales, includes firm purchased power

CCGT = Combined-cycle gas turbine

Line Items With Variable Interest Entities (VIE) Activity on SCE's Consolidated Balance Sheets

<i>In millions</i>	Electric Utility	VIEs	Eliminations	SCE
Balance Sheet Items as of December 31, 2005:				
Cash	\$ 23	\$ 120	\$ —	\$ 143
Accounts receivable-net	794	174	(119)	849
Inventory	202	18	—	220
Prepayments and other current assets	88	4	—	92
Nonutility property-net of depreciation	741	345	—	1,086
Other long-term assets	535	10	—	545
Total assets	24,151	671	(119)	24,703
Accounts payable	813	204	(119)	898
Other current liabilities	808	2	—	810
Long-term debt	4,615	54	—	4,669
Asset retirement obligations	2,608	13	—	2,621
Minority interest	—	398	—	398
Total liabilities and shareholder's equity	24,151	671	(119)	24,703
Balance Sheet Items as of December 31, 2004:				
Cash	\$ 32	\$ 90	\$ —	\$ 122
Accounts receivable-net	569	153	(104)	618
Inventory	181	15	—	196
Prepayments and other current assets	43	3	—	46
Nonutility property-net of depreciation	583	377	—	960
Other long-term assets	562	5	—	567
Total assets	22,751	643	(104)	23,290
Accounts payable	638	166	(104)	700
Other current liabilities	641	2	—	643
Long-term debt	5,171	54	—	5,225
Asset retirement obligations	498	12	—	510
Minority interest	—	409	—	409
Total liabilities and shareholder's equity	22,751	643	(104)	23,290

Line Items With Variable Interest Entities Activity on SCE's Consolidated Income Statements

<i>In millions</i>	Electric Utility	VIEs	Eliminations¹	SCE
Income Statement Items for the Year-Ended December 31, 2005				
Operating revenue	\$ 9,038	\$ 1,397	\$ (935)	\$ 9,500
Fuel	269	924	—	1,193
Purchased power	3,557	—	(935)	2,622
Other operation and maintenance	2,421	102	—	2,523
Depreciation, decommissioning and amortization	878	37	—	915
Total operating expenses	7,743	1,063	(935)	7,871
Operating income	1,295	334	—	1,629
Minority interest	—	334	—	334
Net Income	749	—	—	749

Income Statement Items for the Year-Ended December 31, 2004				
Operating revenue	\$ 8,163	\$ 954	\$ (669)	\$ 8,448
Fuel	232	578	—	810
Purchased power	3,001	—	(669)	2,332
Other operation and maintenance	2,389	68	—	2,457
Depreciation, decommissioning and amortization	832	28	—	860
Total operating expenses	6,430	674	(669)	6,435
Operating income	1,733	280	—	2,013
Minority interest	—	280	—	280
Net Income	921	—	—	921

¹ VIE segment revenue includes sales to the electric utility segment, which is eliminated in revenue and purchased power in the consolidated statements of income.

Regulatory Assets

<i>In millions</i>	<i>December 31,</i>	2005	2004
Current:			
Regulatory balancing accounts		\$ 355	\$ 371
Direct access procurement charges		113	109
Purchased-power settlements		53	62
Other		15	11
		536	553
Long-term:			
Flow-through taxes — net		1,066	1,018
Rate reduction notes — transition cost deferral		465	739
Unamortized nuclear investment — net		487	526
Nuclear-related Asset Retirement Obligation (ARO) investment — net		292	272
Unamortized coal plant investment — net		97	78
Unamortized loss on reacquired debt		323	250
Direct access procurement charges		40	141
Environmental remediation		56	55
Purchased-power settlements		39	91
Other		148	115
		3,013	3,285
Total Regulatory Assets		\$ 3,549	\$ 3,838

Regulatory Liabilities

<i>In millions</i>	<i>December 31,</i>	2005	2004
Current:			
Regulatory balancing accounts		\$ 370	\$ 357
Direct access procurement charges		113	109
Energy derivatives		136	—
Other		62	24
		681	490
Long-term:			
ARO		584	819
Costs of removal		2,110	2,112
Direct access procurement charges		39	141
Employee benefit plans		229	200
Other		—	84
		2,962	3,356
Total Regulatory Liabilities		\$ 3,643	\$ 3,846

SCE System Rate Base¹

<i>In millions</i>	<i>December 31,</i>	2005²	2004	2003	2002	2001	2000
Fixed capital:							
Plant in service		\$ 23,661	\$ 22,755	\$ 22,064	\$ 21,502	\$ 21,043	\$ 20,399
Property held for future use		4	4	3	5	3	5
Total fixed capital		23,665	22,759	22,067	21,507	21,046	20,404
Adjustments		(68)	(51)	(44)	35	40	41
Working capital		110	98	93	180	118	117
Reserves:							
Depreciation		(12,416)	(12,175)	(11,816)	(11,797)	(11,507)	(10,442)
Accumulated deferred income taxes		(1,413)	(1,128)	(1,050)	(574)	(611)	(837)
Other		(98)	(95)	(90)	(250)	(236)	(254)
Total reserves		(13,927)	(13,398)	(12,956)	(12,621)	(12,354)	(11,533)
System rate base²		\$ 9,780	\$ 9,408	\$ 9,160	\$ 9,101	\$ 8,850	\$ 9,029

¹ Weighted-average depreciated book costs, excluding amounts spent, but remaining in work-in-progress.

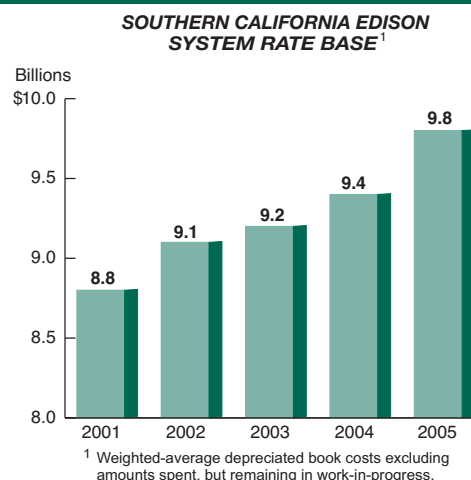
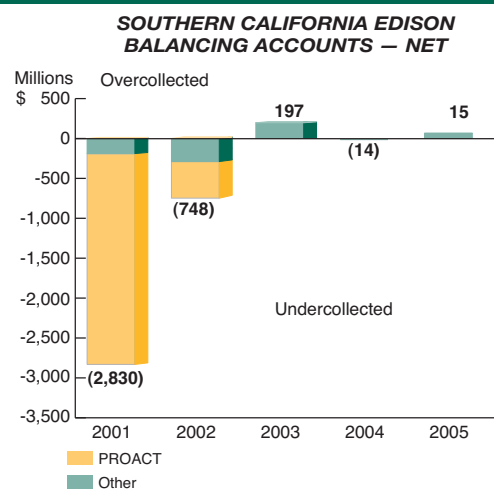
² Includes Mountainview.

Detail of SCE Utility Plant — Net

<i>In millions</i>	<i>December 31,</i>	2005	2004
Generation:			
Nuclear ¹		\$ 631	\$ 526
Hydro		466	462
Steam		100	122
Mohave regulatory asset		97	78
Generation general and intangible		49	52
Generation-related transmission		19	17
Other		26	19
Total generation		1,388	1,276
Distribution		8,417	7,891
Transmission		3,167	2,919
T&D general and intangible		971	1,046
Gas and water (Catalina)		8	7
Construction work in progress		956	789
Nuclear fuel		146	151
Total utility plant — net (unadjusted)		15,053	14,079
Less: amounts classified as regulatory assets ² :			
Nuclear regulatory asset		487	526
Mohave regulatory asset		97	78
Total utility plant — net — as shown in Annual Report		\$ 14,469	\$ 13,475

¹ Includes nuclear plant and regulatory asset.

² Nuclear plant assets and related depreciation were reclassified as regulatory assets in 1998. A portion of the Mohave plant and depreciation were reclassified as a regulatory asset in 2002. In 2005, all Mohave plant assets and related depreciation were reclassified as regulatory assets.



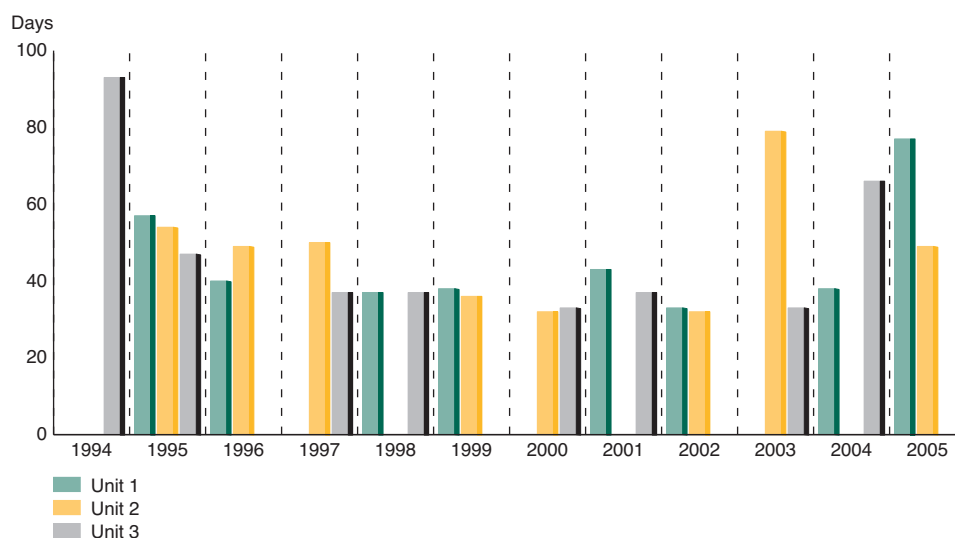
Palo Verde Plant Facts

	<i>Unit 1</i>	<i>Unit 2</i>	<i>Unit 3</i>
Commercial operation	02/01/86	09/19/86	01/20/88
Net plant capacity (MW) ¹	1,243	1,314 ²	1,247
2005 net generation (MWh) ¹	7,212,303	9,427,240	9,163,696
2005 capacity factor (CF) (%)	66.2	81.9	83.9
Lifetime net CF through 2005 (%)	76.3	80.2	83.4
Last refueling outage	10/08/05–12/24/05	04/02/05–05/20/05	10/02/04–12/07/04
Last refueling outage days	77	49	66

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

² The unit was rerated effective December 1, 2004, as a result of Unit 2 power uprate modifications and Steam Generator replacement.

Palo Verde Refueling History



Palo Verde Annual Capacity Factors

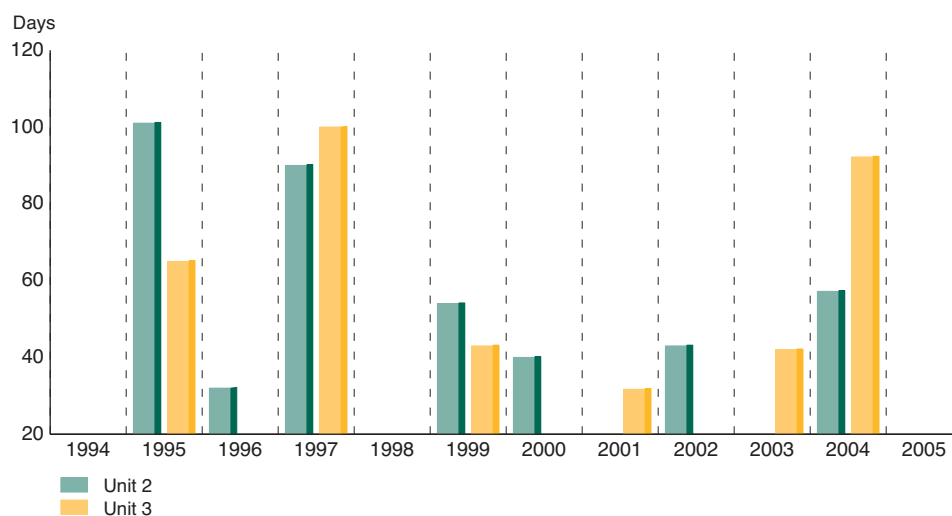
Year	Unit 1	Unit 2	Unit 3
1995	79%	84%	87%
1996	81%	87%	100%
1997	99%	86%	87%
1998	88%	102%	88%
1999	89%	90%	100%
2000	100%	87%	90%
2001	88%	93%	84%
2002	89%	92%	102%
2003	97%	78%	87%
2004	85%	91%	75%
2005	66%	82%	84%

San Onofre Plant Facts

	Unit 2	Unit 3
Commercial operation	08/08/83	04/01/84
Net plant capacity (MW) ¹	1,070	1,080
2005 net generation (MWh) ¹	8,931,732	9,468,278
2005 net capacity factor (CF) (%)	95.3	100.1
Lifetime net CF through 2005 (%)	81.5	80.6
Last refueling outage	02/09/04–04/06/04	09/27/04–12/28/04
Last refueling outage days	57	92

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

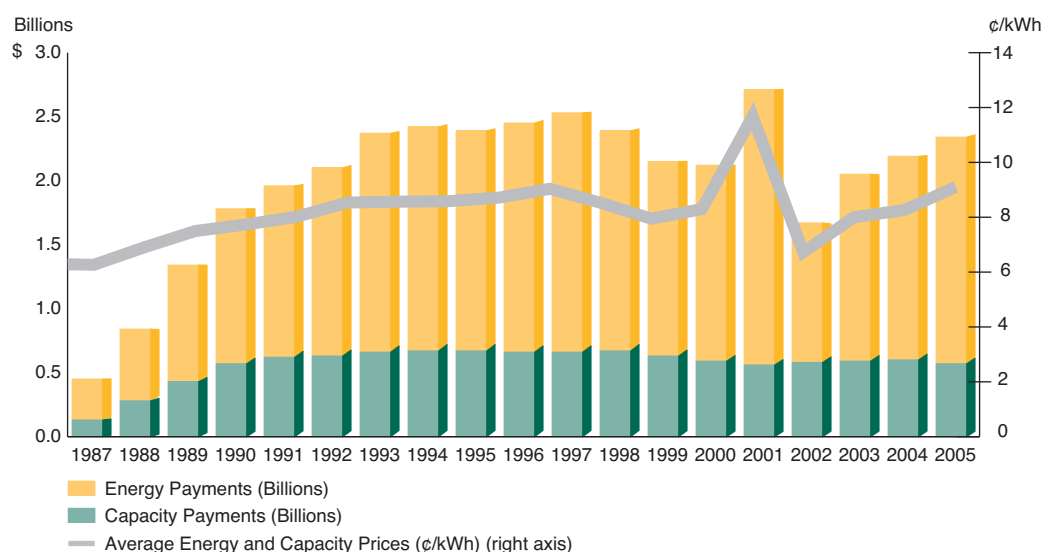
Year	Unit 2	Unit 3
1994	99%	97%
1995	69%	79%
1996	91%	93%
1997	71%	72%
1998	90%	96%
1999	88%	89%
2000	91%	102%
2001	101%	60%
2002	91%	101%
2003	104%	91%
2004	86%	74%
2005	95%	100%

Jointly Owned Utility Projects

As of December 31, 2005

<i>In millions</i>	<i>Investment in Facility</i>	<i>Accumulated Depreciation and Amortization</i>	<i>Ownership Interest</i>
Transmission systems:			
Eldorado	\$ 60	\$ 9	60 %
Pacific Intertie	306	80	50 %
Generating stations:			
Four Corners Units 4 and 5 (coal)	499	407	48 %
Mohave (coal)	350	269	56 %
Palo Verde (nuclear)	1,710	1,468	16 %
San Onofre (nuclear)	4,522	3,956	75 %
Total	\$ 7,447	\$ 6,189	

Cogeneration and Renewable Payments (1987–2005)



Cogeneration and Renewable Resources

Year Ended December 31, 2005

	<i>On-Line Projects</i>	<i>On-Line Dedicated Capacity¹ MW</i>	<i>Energy Deliveries GWh</i>	<i>Energy and Capacity Payments (Millions)</i>	<i>Average Prices for Energy and Capacity Payments ¢/kWh</i>
Biomass	31	221	1,391	\$ 120	8.63
Cogeneration	89	1,812	13,520	1,375	10.17
Geothermal	22	892	7,674	562	7.32
Small Hydro	35	95	325	23	7.08
Solar	12	354	622	102	16.40
Wind	67	1,021	2,276	164	7.21
Total	256	4,395	25,808	\$ 2,346	9.09

¹ On-Line Dedicated Capacity includes firm and estimated as-available capacity.

California Public Utilities Commission (CPUC) and Commissioners

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 composed of five members appointed by the Governor for staggered six-year terms.

CPUC Commissioners as of March 1, 2006:		Age	Appointed	Term Expires
Michael R. Peevey President	Democrat, economist and entrepreneur, former president of Southern California Edison (October 1990 to March 1993).	65	2003	December 31, 2008
Geoffrey F. Brown	Democrat, former Public Defender of the City and County of San Francisco.	60	2001	December 31, 2006
Dian M. Grueneich	Democrat, served on the Board of the American Council for Energy Efficient Economy and a past President of the Board of the California League of Conservation Voters (CLCV).	52	2005	January 1, 2011
John Bohn	Republican, a former Chairman of Global Net Venture Partners, former managing director of the public relations firm Burson-Marsteller; and a past president and chief executive officer of Moody's Investors Service.	67	2005	December 31, 2010
Rachelle Chong	Republican, a former Commissioner of the Federal Communications Commission and former communications regulatory lawyer and partner at the law firms of Graham & James and Coudert Brothers.	46	2006	January 1, 2009

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.	2006
A04-12-014	2006 General Rate Case	CPUC	12/21/2004	Sets distribution and generation base rates for 3 years.	2006

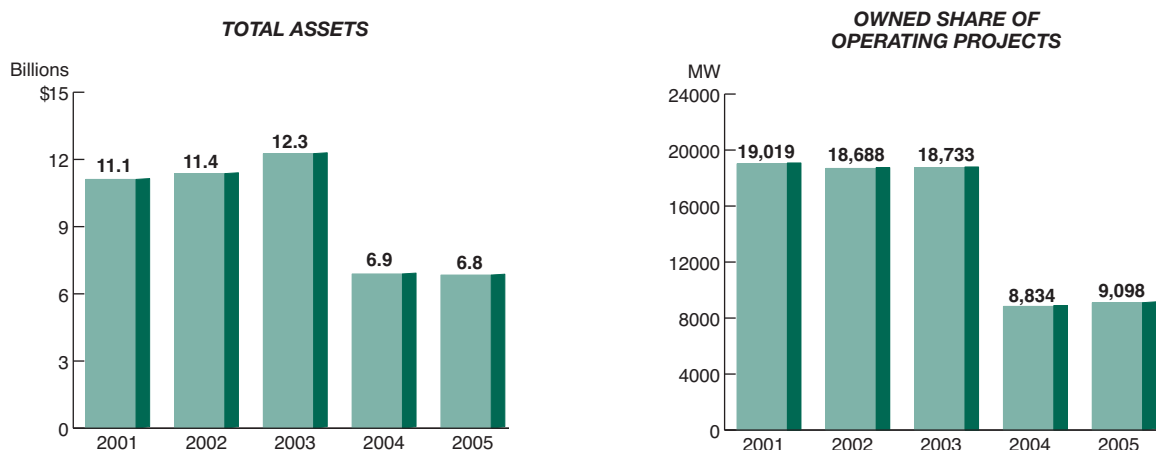
Note: Detailed discussions concerning SCE's regulatory environment are updated in the most recent reports filed with the Securities and Exchange Commission by Edison International and Southern California Edison on Forms 10-K, 10-Q and 8-K.

COMPETITIVE BUSINESSES

Mission Energy Holding Company

Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of owning or leasing, operating and selling energy and capacity from electric power generation facilities. EME also conducts price risk management and energy trading activities in power markets open to competition. As of December 31, 2005, EME's continuing operations consisted of owned or leased interests in 20 operating power plants with an aggregate net physical capacity of 10,214 MW of which EME's capacity pro rata share was 9,098 MW. During 2004 and early 2005, EME sold assets totaling 6,452 MW, which constituted most of its international assets. Based in Irvine, California, MEHC had \$6.8 billion in assets as of December 31, 2005.

Highlights



Quarterly Financial Data (Unaudited)

2005	First	Second	Third ¹	Fourth	Total
Operating revenues	\$ 511	\$ 417	\$ 677	\$ 643	\$ 2,248
Operating income	124	17	278	265	684
Income from continuing operations	25	—	154 ²	143	322
Discontinued operations, net	7	21	27	(26)	29
Income before accounting change	32	21	181	117	351
Net income	32	21	181	116	350
2004	First	Second	Third ¹	Fourth	Total
Operating revenues	\$ 389	\$ 359	\$ 509	\$ 382	\$ 1,639
Operating income (loss)	(16)	(976) ³	95 ⁴	(47) ⁵	(944)
Income (loss) from continuing operations	(39)	(636) ³	61 ⁴	(52) ⁵	(666)
Discontinued operations, net	46	26	498 ⁶	120 ⁶	690
Net income (loss)	7	(610)	559	68	24

¹ Reflects EME's seasonal pattern, in which the majority of earnings from domestic projects are earned and recorded in the third quarter of each year.

² Reflects a \$55 million pre-tax (\$34 million, after tax) impairment loss on equity method investment related to the March Point project.

³ Reflects a \$951 million pre-tax (\$585 million, after tax) loss on termination of the lease related to the Collins Station and the return of its ownership to EME.

⁴ Reflects asset impairment charge of \$29 million pre-tax (\$18 million, after tax) related to impairment of six of the eight remaining small peaking units in Illinois.

⁵ Reflects a \$56 million pre-tax (\$34 million, after tax) charge related to an estimate of possible future payments under a contract indemnity agreement related to asbestos claims with respect to activities at the Illinois Plants prior to their acquisition in 1999.

⁶ Reflects gain on sale of international projects.

Mission Energy Holding Company Plant List

EME Operating Power Plants

No.	Plant Name	Plant Type	Ownership Interest %	Megawatts		EME Operates ¹	Location	Commercial Operation/ Acquisition Date	Fuel Type	Primary Electric Purchaser ²
				Physical Capacity	EME's Pro Rata Share					
Merchant Power Plants										
1	Illinois Plants (6 plants)	E	100	5,876	5,876	x	Illinois	12/99	Coal, Oil, Gas	PJM
7	Homer City	E	100	1,884	1,884	x	Pennsylvania	3/99	Coal	PJM
Contracted Power Plants										
Big 4 Projects										
8	Kern River	Q	50	300	150	x	California	8/85	Natural Gas	SCE
9	Midway-Sunset	Q	50	225	113	x	California	5/89	Natural Gas	SCE
10	Sycamore	Q	50	300	150	x	California	1/88	Natural Gas	SCE
11	Watson	Q	49	385	189		California	4/88	Natural Gas	SCE
Westside Projects										
12	Coalinga	Q	50	38	19	x	California	11/91	Natural Gas	PG&E
13	Mid-Set	Q	50	38	19	x	California	5/89	Natural Gas	PG&E
14	Salinas River	Q	50	38	19	x	California	11/91	Natural Gas	PG&E
15	Sargent Canyon	Q	50	38	19	x	California	11/91	Natural Gas	PG&E
16	American Bituminous	Q	50	80	40	x	West Virginia	4/93	Waste Coal	Monongahela Power
17	March Point	Q	50	140	70		Washington	11/91, 1/93	Natural Gas	Puget Sound Energy
18	Sunrise	E	50	572	286	x	California	6/01, 6/03	Natural Gas	CDWR
19	San Juan Mesa	E	100 ³	120	120	x	New Mexico	12/05	Wind	SPS
Total Domestic Plants ⁴				10,034	8,954					
International										
20	Doga		80%	180	144	x	Turkey	5/99	Natural Gas	TEDAS
Total Operating Plants				10,214	9,098					

(E = Exempt Wholesale Generation Q = Qualifying Facilities)

¹ Plant is operated under contract by an EME operations and maintenance subsidiary (partially owned plants) or plant is operated directly by an EME subsidiary (wholly owned plants).

² Electric purchaser abbreviations are as follows

PJM	PJM Interconnection, LLC
SCE	Southern California Edison Company
PG&E	Pacific Gas & Electric Company
CDWR	California Department of Water Resources
SPS	Southwestern Public Service
TEDAS	Turkiye Elektrik Dagitim Anonim Sirketi

³ In March 2006, EME sold 25% of its ownership interest in the San Juan Mesa project to a third party.

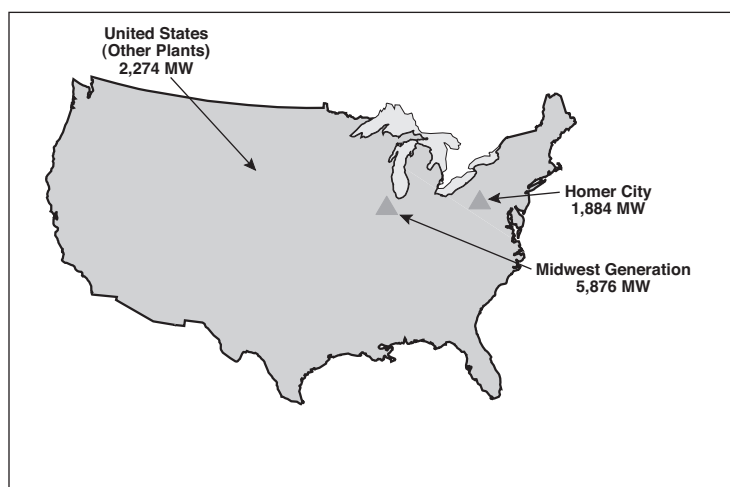
⁴ During the first half of 2006, EME expects to receive, as a capital contribution from its parent, a 196 MW portfolio of wind projects owned by EME's affiliate, Edison Capital.

Detail of Illinois Plants

Operating Plant or Site	Location	Leased/Owned	Fuel	Megawatts
Electric Generating Facilities				
Crawford Station	Chicago, Illinois	Owned	Coal	542
Fisk Station	Chicago, Illinois	Owned	Coal	326
Joliet Unit 6	Joliet, Illinois	Owned	Coal	290
Joliet Units 7 and 8	Joliet, Illinois	Leased	Coal	1,044
Powerton Station	Pekin, Illinois	Leased	Coal	1,538
Waukegan Station	Waukegan, Illinois	Owned	Coal	789
Will County Station	Romeoville, Illinois	Owned	Coal	1,092 ¹
Peaking Units				
Fisk	Chicago, Illinois	Owned	Oil/Gas	163
Waukegan	Waukegan, Illinois	Owned	Oil/Gas	92
Total				5,876

¹ Operation at Will County Station Units 1 and 2 (310 MW) were returned to service in late 2004 after being suspended since January 2003.

Mission Energy Holding Company Domestic Project Summary



Number of Plants	Megawatts	
	Net Physical Capacity	EME Pro Rata Share
19 Domestic Operating plants	10,034	8,954
Coal:	7,585 MW	
Natural gas:	2,329 MW	
Wind:	120 MW ¹	

¹ EME sold 25% of its ownership interest in the San Juan Mesa project to a third party in March 2006.

MEHC Income (Loss) Before Taxes and Minority Interest — by Project

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
(Earnings/Losses)¹				
Consolidated operations				
Illinois Plants		\$ 547	\$ (881)	\$ (112)
Homer City		74	77	137
Energy Trading ²		195	23	34
Doga		—	6	13
Other		(3)	2	3
Unconsolidated affiliates				
Big 4 projects		158	142	135
Four Star Oil & Gas		—	—	43
Sunrise		29	28	35
March Point		9	17	10
Impairment loss on equity method investment		(55)	—	—
Doga		7	1	—
Asset impairment charges		—	—	(59)
Other		12	11	—
		973	(574)	239
MEHC and EME corporate interest expense		(383)	(441)	(452)
MEHC and EME corporate and regional administrative and general		(126)	(149)	(138)
Gain on sale of assets		—	43	—
Loss on early extinguishment of debt		(24)	—	—
EME corporate depreciation and other expense, net		51	(7)	(16)
Income (Loss) from Continuing Operations Before Income Taxes and Minority Interest		\$ 491	\$ (1,128)	\$ (367)

¹ Income before taxes of Doga represents both EME's 80% ownership interest and the ownership interests of minority interest holders on a calendar year basis. The interests of minority shareholders in the after-tax earnings of Doga are reflected in a separate line item in the consolidated statements of income.

² Income from energy trading represents the gains recognized from price volatility associated with the purchase and sale of contracts for electricity, fuels and transmission. The indirect cost of energy trading is included in administrative and general expenses.

Mission Energy Holding Company Consolidated Statements of Income (Loss)

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Operating Revenues				
Electric revenues		\$ 2,133	\$ 1,604	\$ 1,700
Net gains from price risk management and energy trading		90	9	48
Operation and maintenance services		25	26	30
Total operating revenues		2,248	1,639	1,778
Operating Expenses				
Fuel		617	619	669
Plant operations		462	471	438
Plant operating leases		177	186	206
Operation and maintenance services		23	23	21
Depreciation and amortization		124	144	154
Loss on lease termination, asset impairment and other charges		7	989	304
Administrative and general		154	151	140
Total operating expenses		1,564	2,583	1,932
Operating income (loss)		684	(944)	(154)
Other Income (Expense)				
Equity in income from unconsolidated affiliates		227	215	245
Impairment loss on equity method investment		(55)	—	—
Interest and other income		69	9	4
Gain on sale of assets		—	43	—
Loss on early extinguishment of debt		(24)	—	—
Interest expense		(410)	(451)	(455)
Dividends on preferred securities		—	—	(7)
Total other income (expense)		(193)	(184)	(213)
Income (loss) from continuing operations before income taxes				
minority interest		491	(1,128)	(367)
Provision (benefit) for income taxes		169	(463)	(175)
Minority interest		—	(1)	(2)
Income (Loss) From Continuing Operations		322	(666)	(194)
Income from operations of discontinued subsidiaries (including gain on disposal), net of tax		29	690	124
Income (Loss) Before Accounting Change		351	24	(70)
Cumulative effect of change in accounting, net of tax		(1)	—	(9)
Net Income (Loss)		\$ 350	\$ 24	\$ (79)

Historical Distributions Received by Edison Mission Energy

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Distributions from Consolidated Operating Projects:				
Edison Mission Midwest Holdings (Illinois Plants)		\$ 330 ¹	\$ 88	\$ —
EME Homer City Generation L.P. (Homer City facilities)		86	61	128 ²
Holding companies of other consolidated operating projects		1	1	1
Distributions from Unconsolidated Operating Projects:				
Edison Mission Energy Funding Corp. (Big 4 Projects) ³		122	108	98
Four Star Oil & Gas Company		—	—	21
Sunrise Power Company		20	19	69 ⁴
Holding companies for Doga project		17	15	—
Holding companies for Westside projects		17	18	25
Holding companies of other unconsolidated operating projects		5	3	7
Total Distributions		\$ 598	\$ 313	\$ 349

¹ In April 2005, EME made a capital contribution of \$300 million which was used to repay debt. Subsequent to December 31, 2005, Edison Mission Midwest Holdings made an additional distribution of \$185 million.

² Excludes \$34 million distributed by EME Homer City from additional cash on hand due to accelerated payments received from EMMT.

³ The Big 4 projects are composed of investments in the Kern River project, Midway-Sunset project, Sycamore project and Watson project. Distributions reflect the amount received by EME after debt service payments by Edison Mission Energy Funding Corp.

⁴ Includes \$59 million of the \$151 million proceeds from the Sunrise project financing. EME has classified the remaining \$92 million as a return of capital.

Mission Energy Holding Company Consolidated Balance Sheets

<i>In millions</i>	<i>December 31,</i>	2005	2004	2003
Assets				
Current Assets				
Cash and cash equivalents		\$ 1,189	\$ 2,272	\$ 443
Short term investments		183	140	20
Accounts receivable–trade		335	152	150
Accounts receivable–affiliates		9	95	33
Inventory		120	107	127
Assets under price risk management and energy trading		78	41	22
Margin and collateral deposits		561	42	12
Deferred taxes		155	—	—
Prepaid expenses and other		69	88	80
Total current assets		2,699	2,937	887
Investments in Unconsolidated Affiliates		391	454	527
Property, Plant and Equipment		3,653	3,493	3,573
Less accumulated depreciation and amortization		798	709	564
Net property, plant and equipment		2,855	2,784	3,009
Other Assets				
Deferred financing costs		49	62	73
Long-term assets under price risk management and energy trading		90	90	96
Restricted cash		105	155	206
Rent payments in excess of levelized rent expense under plant operating leases		395	277	214
Long-term margin and collateral deposits		137	—	—
Other long-term assets		117	18	9
Total other assets		893	602	598
Assets of Discontinued Operations		1	111	7,238
Total Assets		\$ 6,839	\$ 6,888	\$ 12,259
Liabilities and Shareholder's Equity				
Current Liabilities				
Accounts payable–affiliates		\$ 32	\$ 26	\$ 3
Accounts payable and accrued liabilities		268	318	272
Liabilities under price risk management and energy trading		418	31	36
Interest payable		101	111	105
Current maturities of long-term obligations		50	496	785
Total current liabilities		869	982	1,201
Long-term obligations net of current maturities		4,095	4,293	4,085
Deferred taxes and tax credits		176	204	656
Long-term liabilities under price risk management and energy trading		83	—	—
Other long-term liabilities		540	492	401
Liabilities of discontinued operations		4	5	4,552
Total Liabilities		5,767	5,976	10,895
Minority interest		24	—	515
Shareholder's Equity				
Common stock, par value \$0.01 per share; 1,000 shares authorized, issued and outstanding as of December 31, 2005, 2004 and 2003		—	—	—
Additional paid-in capital		2,229	2,215	2,218
Retained deficit		(970)	(1,320)	(1,344)
Accumulated other comprehensive income (loss)		(211)	17	(25)
Total Shareholder's Equity		1,048	912	849
Total Liabilities and Shareholder's Equity		\$ 6,839	\$ 6,888	\$ 12,259

Mission Energy Holding Company Consolidated Statements of Cash Flows

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Cash Flows From Operating Activities				
Net income (loss)		\$ 350	\$ 24	\$ (79)
Less: Income from discontinued operations		(29)	(690)	(124)
Income (loss) from continuing operations, net		321	(666)	(203)
Adjustments to reconcile income to net cash provided by (used in) operating activities:				
Equity in income from unconsolidated affiliates		(227)	(215)	(245)
Distributions from unconsolidated affiliates		222	228	375
Depreciation and amortization		134	144	154
Amortization of discount on long-term obligations		3	6	4
Minority interest		—	1	2
Deferred taxes and tax credits		(60)	(21)	(20)
Gain on sale of assets		—	(43)	—
Loss on early extinguishment of debt		24	—	—
Impairment charges		62	35	304
Cumulative effect of change in accounting, net of tax		1	—	9
Changes in operating assets and liabilities:				
Increase in margin and collateral deposits		(656)	(30)	—
Increase in accounts receivable		(94)	(88)	(4)
Decrease (increase) in inventory		(13)	11	28
Decrease in prepaid expenses and other		10	3	41
Increase in rent payments in excess of levelized rent expense		(117)	(59)	(96)
Increase (decrease) in accounts payable and accrued liabilities		21	88	(35)
Increase (decrease) in interest payable		(11)	9	125
Decrease in net assets under risk management		41	13	1
Other operating—assets		(3)	23	2
Other operating—liabilities		52	54	28
		(290)	(507)	470
Operating cash flow from discontinued operations		20	(434)	243
Net cash provided by (used in) operating activities		(270)	(941)	713
Cash Flows From Financing Activities				
Borrowing on long-term debt and lease swap agreements		325	1,795	796
Payments on long-term debt agreements		(979)	(1,778)	(1,252)
Payments for price appreciation on stock options exercised		(18)	(5)	—
Financing costs		(17)	(34)	(19)
		(689)	(22)	(475)
Financing cash flow from discontinued operations		—	(144)	153
Net cash used in financing activities		(689)	(166)	(322)
Cash Flows From Investing Activities				
Investments in and loans to energy projects		—	—	(22)
Purchase of common stock of acquired companies		(154)	—	(3)
Capital expenditures		(57)	(55)	(81)
Proceeds from sale of interest in projects		—	118	36
Proceeds from sales of discontinued operations		124	2,740	—
Purchase of short-term investments		(183)	(301)	(318)
Sales of short-term investments		140	181	298
Decrease in restricted cash		41	31	3
Turbine deposits		(57)	—	—
Proceeds from (investments in) other assets		16	(1)	4
		(130)	2,713	(83)
Investing cash flow from discontinued operations		5	18	(413)
Net cash provided by (used in) investing activities		(125)	2,731	(496)
Effect of exchange rate changes on cash		—	50	5
Effect on cash from deconsolidation of subsidiary		—	(34)	—
Net increase (decrease) in cash and cash equivalents		(1,084)	1,640	(100)
Cash and cash equivalents at beginning of period		2,274	634	734
Cash and cash equivalents at end of period		1,190	2,274	634
Cash and cash equivalents classified as part of discontinued operations		(1)	(2)	(191)
Cash and cash equivalents of continuing operations		\$ 1,189	\$ 2,272	\$ 443

Mission Energy Holding Company Supplemental Statements of Cash Flows Information

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003
Cash paid				
Interest (net of amount capitalized)		\$ 422	\$ 452	\$ 427
Income taxes (receipts)		61	(16)	(163)
Cash payments under plant operating leases		293	240	271
Details of assets acquired				
Fair value of assets acquired		\$ 154	\$ —	\$ 3
Liabilities assumed		—	—	—
Net cash paid for acquisitions		\$ 154	\$ —	\$ 3
Non-cash activities from consolidation of variable interest entity				
Assets		\$ 37	\$ —	\$ —
Liabilities		27	—	—
Non-cash activities from de-consolidation of variable interest entities				
Assets		\$ —	\$ 220	\$ —
Liabilities		—	254	—

Note: During the year ended December 31, 2005, MEHC received a capital contribution of \$20 million from its parent for investments in an entity which was previously owned by EME's affiliate, Edison Capital. This entity holds interest in various wind projects.

During the year ended December 31, 2004, EME declared a dividend payable to MEHC totaling \$305 million.

Mission Energy Holding Company Contractual Obligations

<i>In millions</i>	<i>As of December 31, 2005</i>	Payments Due by Period				Total
		2006	2007-2008	2009-2010	Thereafter	
MEHC only long-term debt ¹		\$ 108	\$ 1,016	\$ —	\$ —	\$ 1,124
EME's long-term debt ¹		328	1,088	1,006	2,499	4,921
EME's operating lease obligations		362	717	693	2,983	4,755
EME's purchase obligations:						
Capital improvements		8	—	—	—	8
Turbine commitments		114	78	—	—	192
Fuel supply contracts		367	487	158	19	1,031
Gas transportation agreements		8	16	16	60	100
Coal transportation		226	301	153	—	680
Other contractual obligations		12	22	21	—	55
EME's employee benefit plan contribution ²		15	—	—	—	15
Total Contractual Obligations		\$ 1,548	\$ 3,725	\$ 2,047	\$ 5,561	\$ 12,881

¹ Table assumes long-term debt is held to maturity, except the Midwest Generation senior secured notes which are assumed to be held until 2014. Amount also includes interest payments over applicable period of the debt.

² Amount includes estimated contribution for pension plans and postretirement benefits other than pensions. The estimated contributions beyond 2006 are not available.

Key Ratios of MEHC's and EME's Principal Subsidiaries Affecting Dividends

Subsidiary	<i>Year Ended December 31, 2005</i>	Financial Ratio	Covenant	Actual
Mission Energy Holding Company		Interest Coverage Ratio	Greater than 2.0 to 1	2.79 to 1
Midwest Generation, LLC (Illinois Plants)		Interest Coverage Ratio	Greater than or equal to 1.40 to 1	6.40 to 1
Midwest Generation, LLC (Illinois Plants)		Secured Leverage Ratio	Less than or equal to 7.25 to 1	1.99 to 1
EME Homer City Generation L.P. (Homer City facilities)		Senior Rent Service Coverage Ratio	Greater than 1.7 to 1	2.59 to 1

Illinois Plants and Homer City Forward Month-End 24-Hour Energy Prices¹

Date	2006		2007	
	At Northern Illinois ²	At PJM West ³	At Northern Illinois ²	At PJM West ³
January 31, 2005	\$34.67	\$46.11	\$33.85	\$44.48
February 28, 2005	36.52	48.17	35.61	46.84
March 31, 2005	41.49	53.07	40.49	50.80
April 29, 2005	41.52	50.26	39.73	49.16
May 31, 2005	40.15	50.05	39.45	49.56
June 30, 2005	42.73	53.66	42.17	52.71
July 29, 2005	44.66	55.88	43.17	54.35
August 31, 2005	51.29	65.31	46.79	59.81
September 30, 2005	52.74	72.01	47.61	62.18
October 31, 2005	49.52	69.26	43.38	60.86
November 30, 2005	53.75	75.58	47.73	66.16
December 30, 2005	53.08	73.74	46.66	68.62

¹ This table sets forth the forward month-end market prices for energy per megawatt-hour for the calendar year 2006 and calendar year 2007 “strips,” which are defined as energy purchases for the entire calendar year, as quoted for sales into the Northern Illinois Hub and PJM West Hub during 2005. Forward market prices at the Northern Illinois Hub and the PJM West Hub fluctuate as a result of a number of factors, including natural gas prices, transmission congestion, changes in market rules, electricity demand (which in turn is affected by weather, economic growth and other factors), plant outages in the region, and the amount of existing and planned power plant capacity. The actual spot prices for electricity delivered by the Illinois Plants and the Homer City facilities into these markets may vary materially from the forward market prices set forth in this table.

² Source: Energy prices were determined by obtaining broker quotes and information from other public sources relating to the Northern Illinois Hub delivery point.

³ Source: Energy prices were determined by obtaining broker quotes and information from other public sources relating to the PJM West Hub delivery point. Forward prices at PJM West Hub are generally higher than the prices at the Homer City busbar.

Illinois Plants Operating Revenues

Year Ended December 31,	2005	2004	2003
Operating Revenues (in millions)			
Energy revenues	\$ 1,445	\$ 758	\$ 667
Capacity revenues	27	289	380
Other revenues	10	15	8
Net losses from price risk management	(53)	(4)	(3)
Total operating revenues	\$ 1,429	\$ 1,058	\$ 1,052

Illinois Plants Statistics — Coal-Fired Generation¹

Year Ended December 31,	2005	2004	2003
Generation (in GWh)			
Merchant	30,953	17,133	13,561
Power purchase agreement	—	13,435	13,949
Total coal-fired generation	30,953	30,568	27,510
Equivalent availability ²	79.6%	84.4%	82.7%
Forced outage rate ³	7.8%	5.4%	7.7%
Average energy price/MWh			
Merchant	\$ 46.68	\$ 31.11	\$ 26.57
Power purchase agreement	—	\$ 17.46	\$ 18.08
Total coal-fired generation ⁴	\$ 46.68	\$ 24.84	\$ 22.27
Average fuel costs/MWh	\$ 12.40	\$ 11.60	\$ 11.28

¹ This table summarizes key performance measures related to coal-fired generation, which represents the majority of the operations of the Illinois Plants.

² The availability factor is determined by the number of megawatt-hours the coal plants are available to generate electricity divided by the product of the capacity of the coal plants (in megawatts) and the number of hours in the period. Equivalent availability captures the impact of the unit's inability to achieve full load, referred to as derating, as well as outages which result in a complete unit shut down. The coal plants are not available during periods of planned and unplanned maintenance.

³ Midwest Generation refers to unplanned maintenance as a forced outage.

⁴ The average energy price in prior year periods represents an average, weighted by generation, of energy prices earned by the merchant coal plants and energy prices earned under the power purchase agreements with Exelon Generation. Due to the structure of the power purchase agreements with Exelon Generation (with higher capacity prices and lower energy prices), the composite data in 2004 and 2003 is not directly comparable to 2005 merchant energy prices.

Illinois December 31, 2005 Hedge Position

	2006	2007
Megawatt hours	15,047,414	11,004,000
Average price/MWh ¹	\$ 44.29	\$ 48.04

¹ The above hedge positions include forward contracts for the sale of power during different periods of the year and the day. Market prices tend to be higher during on-peak periods during the day and during summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge position at December 31, 2005 is not directly comparable to the 24-hour Northern Illinois Hub prices.

Illinois Coal Requirements Under Contract

<i>At December 31, 2005</i>	2006	2007	2008	2009	2010
Percent of coal requirements under contract	100%	91%	32%	32%	33%

Homer City Operating Revenues

<i>Year Ended December 31,</i>	2005	2004	2003
Operating Revenues (in millions)			
Energy	\$ 632	\$ 486	\$ 491
Capacity	18	28	30
Gain (loss) from price risk management	(58)	(17)	10
Total operating revenues	\$ 592	\$ 497	\$ 531

Homer City Statistics

<i>Year Ended December 31,</i>	2005	2004	2003
Generation (in GWh)	13,637	13,292	14,403
Equivalent availability ¹	85.2%	85.1%	88.7%
Forced outage rate ²	4.8%	5.3%	5.1%
Average energy price/MWh	\$ 46.29	\$ 36.20	\$ 34.02
Average fuel costs/MWh	\$ 21.08	\$ 16.15	\$ 13.79

¹ The availability factor is determined by the number of megawatt-hours the coal plants are available to generate electricity, divided by the product of the capacity of the coal plants (in megawatts) and the number of hours in the period. Equivalent availability reflects the impact of the unit's inability to achieve full load, referred to as derating, as well as outages which result in a complete unit shutdown. The coal plants are not available during periods of planned and unplanned maintenance.

² Homer City refers to unplanned maintenance as a forced outage.

Homer City December 31, 2005 Hedge Position

	2006	2007
Megawatt hours	8,526,000	5,280,000
Average price/MWh ¹	\$ 53.42	\$ 67.30

¹ The above hedge positions include forward contracts for the sale of power during different periods of the year and the day. Market prices tend to be higher during on-peak periods during the day and during summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge position at December 31, 2005 is not directly comparable to the 24-hour PJM West Hub prices.

Homer City Coal Requirements Under Contract

<i>At December 31, 2005</i>	2006	2007	2008	2009	2010
Percent of coal requirements under contract	101%	94%	39%	15%	—

Edison Capital

Edison Capital has investments worldwide in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, and telecommunications. Edison Capital also has investments in affordable housing projects located throughout the United States.

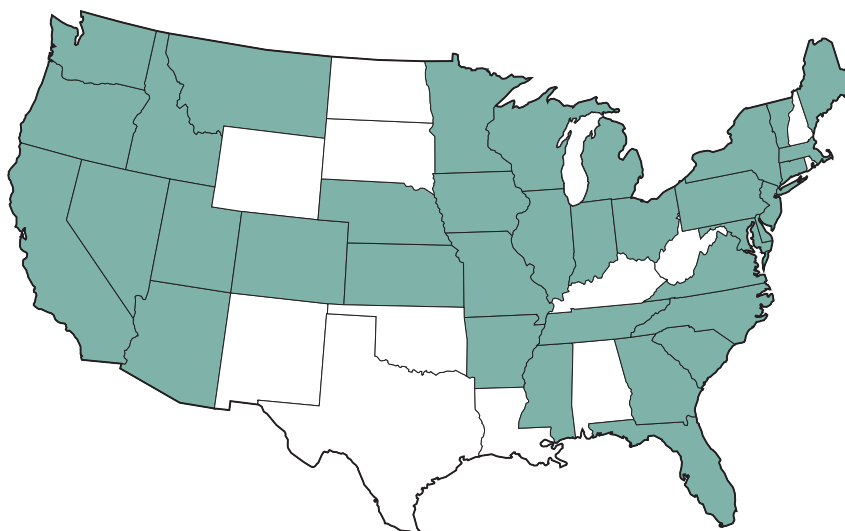
Energy/Infrastructure Projects

<i>Infrastructure Project Name</i>	<i>Country/Region</i>	<i>Project Type</i>	<i>Gen. Capacity (MW)</i>	<i>Lessor Interest/ Equity Interest</i>
ESKOM/Majuba	South Africa	Coal Power	4,110	100%
Swisscom AG	Switzerland	Telecommunications	—	100%
Midland Cogeneration Plant	U.S.	Gas Power	1,500	9%
EPON/Eems Power Station	Netherlands	Gas/Coal Power	1,675	60%
AIG - Asia II Fund	Asia	Infrastructure	—	6%
Beaver Valley Unit #2	U.S.	Nuclear Power	836	26%
EPZ/Amercentrale 9	Netherlands	Coal Power	580	26%
AIG/GE Latin American Fund	Latin America	Infrastructure	—	8%
ETSA	Australia	Transmission System	—	100%
Vidalia Hydroelectric	U.S.	Hydro Power	192	24%
AIG Emerging Europe Fund	Europe	Infrastructure	—	23%
Huntington Waste-to-Energy	U.S.	Biomass Power	26	38%
Storm Lake I	U.S.	Wind Power ¹	113	100%
Nederlandse Spoorwegen	Netherlands	Electric Rail	—	100%
Cablemas	Mexico	Cable Television	—	8%
Paz Holdings	Bolivia	Distribution Systems	—	11%
Woodstock Hills	U.S.	Wind Power ¹	10	75%
Shaokatan Hills	U.S.	Wind Power ¹	12	75%
Lakota Ridge	U.S.	Wind Power ¹	11	75%
Westridge	U.S.	Wind Power ¹	17	97%
West Pipestone	U.S.	Wind Power ¹	8	99%
Bingham Lake	U.S.	Wind Power ¹	15	50%
Eastridge	U.S.	Wind Power ¹	10	99%
Total			9,115	

¹ During the first half of 2006, Edison Capital expects to make a distribution to its parent of a 196 MW portfolio of wind projects located in Iowa and Minnesota.

Affordable Housing

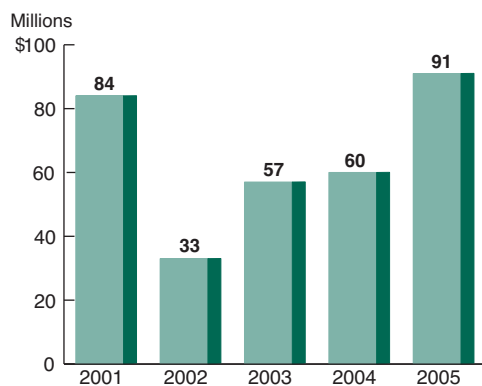
From inception to date, Edison Capital has invested in over 350 Affordable Housing projects in 36 states.



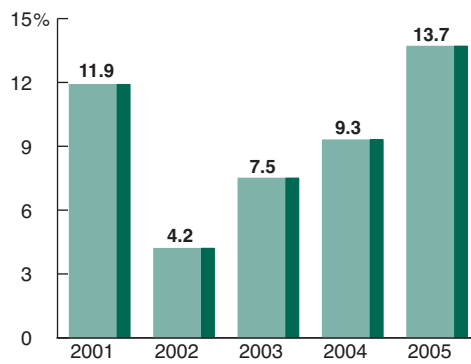
Edison Capital Financial Information

<i>In millions</i>	<i>Year Ended December 31,</i>	2005	2004	2003	2002	2001	2000
Condensed Consolidated Statements of Income							
Lease revenue		\$ 71	\$ 81	\$ 82	\$ 6	\$ 154	\$ 192
Other		24	21	6	1	71	78
Total operating revenue		95	102	88	7	225	270
Operating expenses		67	44	37	48	73	81
Operating income		28	58	51	(41)	152	189
Equity in income (loss) from unconsolidated entities		76	12	(14)	(34)	(32)	(17)
Interest expense		26	32	(26)	(35)	(64)	(57)
Other (expense) income		10	10	8	(3)	4	10
Income (loss) before income taxes		88	48	19	(113)	60	125
Income tax benefit		3	13	38	146	24	10
Cumulative effect of accounting change		—	(1)	—	—	—	—
Net income		\$ 91	\$ 60	\$ 57	\$ 33	\$ 84	\$ 135
Condensed Consolidated Balance Sheets							
Current assets		\$ 607	\$ 543	487	\$ 627	\$ 904	\$ 500
Investments		2,705	2,808	2,639	2,674	2,788	3,153
Property, plant, and equipment — net and other		299	186	292	178	44	60
Total assets		\$3,611	\$3,537	\$3,418	\$3,479	\$3,736	\$3,713
Current liabilities		\$ 123	\$ 105	\$ 193	\$ 46	\$ 382	\$ 530
Long-term liabilities		2,734	2,719	2,610	2,652	2,601	2,504
Total liabilities		2,857	2,824	2,803	2,698	2,983	3,034
Minority interest		77	107	—	—	—	—
Total Shareholder's equity		677	606	615	781	753	679
Total liabilities and shareholder's equity		\$3,611	\$3,537	\$3,418	\$3,479	\$3,736	\$3,713
Condensed Consolidated Statements of Cash Flows							
Cash flows from operating activities:							
Net income		\$ 91	\$ 60	\$ 57	\$ 33	\$ 84	\$ 135
Adjustment for non-cash income statement items		(67)	(7)	(6)	172	210	247
Changes in working capital components		260	(38)	91	444	(341)	(148)
Net cash provided (used) by operating activities		284	15	142	649	(47)	234
Cash flows from financing activities:							
Dividend paid to parent		—	(75)	(225)	—	—	—
Repayment of debt		(38)	(119)	(35)	—	—	—
Issuances of debt — net of discount		—	—	—	12	131	941
Other		—	—	—	(332)	(380)	(478)
Net cash (used) provided by financing activities		(38)	(194)	(260)	(320)	(249)	463
Cash flows from investing activities:							
Distributions from partnerships, net of investments		132	(14)	(21)	11	(45)	(634)
Restricted cash		9	—	—	—	—	—
Advance to parent		(75)	—	—	—	—	—
Other		(3)	9	(1)	10	319	35
Net cash provided by investing activities		63	(5)	(22)	21	274	(599)
Effects of exchange rate changes on cash		(1)	10	13	—	—	—
Effects of consolidation of subsidiaries and variable interest entities		2	—	—	—	—	—
Net increase (decrease) in cash and equivalents		310	(174)	(127)	350	(22)	98
Cash and equivalents, beginning of period		180	354	481	131	153	55
Cash and equivalents, end of period		\$ 490	\$ 180	\$ 354	\$ 481	\$ 131	\$ 153

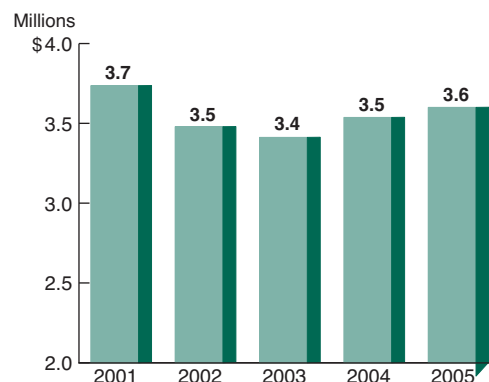
NET INCOME



RETURN ON COMMON EQUITY



TOTAL ASSETS



Management Team¹

Edison International

John E. Bryson

Chairman of the Board, President and Chief Executive Officer

J.A. (Lon) Bouknight

Executive Vice President and General Counsel

Thomas R. McDaniel

Executive Vice President, Chief Financial Officer and Treasurer

Polly L. Gault

Senior Vice President, Public Affairs

Mahvash Yazdi

Senior Vice President, Business Integration and Chief Information Officer

Michael U. Alvarez

Vice President, Strategic Planning

Diane L. Featherstone

Vice President and General Auditor

Frederick J. Grigsby, Jr.

Vice President, Human Resources and Labor Relations

Barbara E. Mathews

Vice President, Associate General Counsel, Chief Governance Officer and Corporate Secretary

Jo Ann Newton

Vice President, Investor Relations

Barbara J. Parsky

Vice President, Corporate Communications

Anthony L. Smith

Vice President, Tax

Kenneth S. Stewart

Vice President and Chief Ethics and Compliance Officer

Linda G. Sullivan

Vice President and Controller

Southern California Edison Company

John E. Bryson

Chairman of the Board

Alan J. Fohrer

Chief Executive Officer

John R. Fielder

President

Bruce Foster

Senior Vice President, Regulatory Operations

Polly Gault

Senior Vice President, Public Affairs

Ronald L. Litzinger

Senior Vice President, Transmission and Distribution

Thomas M. Noonan

Senior Vice President and Chief Financial Officer

Stephen E. Pickett

Senior Vice President and General Counsel

Pedro J. Pizarro

Senior Vice President, Power Procurement

Richard M. Rosenblum

Senior Vice President, Generation and Chief Nuclear Officer

Mahvash Yazdi

Senior Vice President, Business Integration and Chief Information Officer

Lynda L. Ziegler

Senior Vice President, Customer Service

Robert C. Boada

Vice President and Treasurer

William L. Bryan

Vice President, Business Customer Division

Ann P. Cohn

Vice President and Associate General Counsel

Jodi M. Collins

Vice President, Information Technology

Diane L. Featherstone

Vice President and General Auditor

Frederick J. Grigsby, Jr.

Vice President, Human Resources and Labor Relations

Harry B. Hutchinson

Vice President, Customer Service Operations

Akbar Jazayeri

Vice President, Revenue and Tariffs

Walter J. Johnston

Vice President, Power Delivery

Brian Katz

Vice President, Nuclear Oversight and Regulatory Affairs

James A. Kelly

Vice President, Engineering and Technical Services

R.W. (Russ) Krieger, Jr.

Vice President, Power Production

Barbara E. Mathews

Vice President, Associate General Counsel, Chief Governance Officer, and Corporate Secretary

Barbara J. Parsky

Vice President, Corporate Communications

Kevin M. Payne

Vice President, Enterprise Resource Planning

Frank J. Quevedo

Vice President, Equal Opportunity

James T. Reilly

Vice President, Nuclear Engineering and Technical Services

Anthony L. Smith

Vice President, Tax

Kenneth S. Stewart

Vice President and Chief Ethics and Compliance Officer

Linda G. Sullivan

Vice President and Controller

Raymond W. Waldo

Vice President, Nuclear Generation

Edison Mission Group²

Theodore F. Craver, Jr.

Chairman of the Board, President and Chief Executive Officer

Guy F. Gorney

Senior Vice President, Coal Generation

Paul Jacob

Senior Vice President, Marketing & Trading

W. James Scilacci

Senior Vice President and Chief Financial Officer

Raymond W. Vickers

Senior Vice President and General Counsel

John P. Finneran, Jr.

Vice President, Business Management

Gerard P. Loughman

Vice President, Development

Jenene J. Wilson

Vice President, Human Resources

¹ As of March 1, 2006.

² Parent company of Edison Mission Energy and Edison Capital.



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Media Listing

EdisonInt or EIX (Common Stock)
SoCalEd (Preferred Stock)

Stock Exchange Listing

New York
American

Stock Transfer Agent, Registrar of Stock, and Administrator of Dividend Reinvestment Plan

Wells Fargo Bank, N.A.
Shareowner Services Department
161 N. Concord Exchange Street
South St. Paul, MN 55075-1139
Telephone (800) 347-8625
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