



EDISON
INTERNATIONAL®

2008 Financial & Statistical Report

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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 power generation capacity of approximately 15,150 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 almost \$45 billion as of December 31, 2008.

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 123 years.

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 are referred to as the Edison Mission Group.

Mission Energy Holding Company / Edison Mission Energy

Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of developing, acquiring, owning or leasing, operating and selling energy and capacity from independent power production facilities. EME also conducts hedging and energy trading activities in power markets open to competition. As of December 31, 2008, EME's continuing operations consisted of owned or leased interests in 37 operating projects of which EME's capacity pro rata share was 9,849 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 International Consolidated Earnings

Year Ended December 31,	2008	2007	2006
GAAP Earnings (Loss) (in millions)			
Southern California Edison Company	\$ 683	\$ 707	\$ 776
Edison Mission Group	561	412	334
Edison International (parent) and other	(29)	(19)	(27)
EIX consolidated earnings from continuing operations	<u>1,215</u>	<u>1,100</u>	<u>1,083</u>
Income (loss) from discontinued operations	—	(2)	97
Cumulative effect of accounting change	—	—	1
Total EIX consolidated earnings	<u>\$ 1,215</u>	<u>\$ 1,098</u>	<u>\$ 1,181</u>
GAAP Earnings (Loss) per common share			
Southern California Edison Company	\$ 2.10	\$ 2.17	\$ 2.38
Edison Mission Group	1.72	1.27	1.02
Edison International (parent) and other	(0.13)	(0.10)	(0.12)
EIX consolidated earnings from continuing operations	<u>3.69</u>	<u>3.34</u>	<u>3.28</u>
Earnings (loss) from discontinued operations	—	(0.01)	0.30
Total EIX consolidated earnings	<u>\$ 3.69</u>	<u>\$ 3.33</u>	<u>\$ 3.58</u>
Core vs. non-core presentation of earnings (loss) per common share			
Southern California Edison Company	\$ 2.25	\$ 2.07	\$ 1.89
Edison Mission Group	1.72	1.72	1.30
Edison International (parent) and other	(0.13)	(0.10)	(0.12)
EIX consolidated core earnings	<u>3.84</u>	<u>3.69</u>	<u>3.07</u>
Non-core items:			
SCE – Regulatory and tax items	—	0.10	0.40
SCE – Generator settlement / refund incentive	—	—	0.09
SCE – Performance-based ratemaking mechanism	(0.15)	—	—
EMG – March Point impairment	—	—	—
EMG – Early debt retirements	—	(0.45)	(0.28)
EMG – Discontinued operations	—	(0.01)	0.30
Total non-core items	<u>(0.15)</u>	<u>(0.36)</u>	<u>0.51</u>
Total EIX consolidated earnings	<u>\$ 3.69</u>	<u>\$ 3.33</u>	<u>\$ 3.58</u>

Security Credit Ratings ¹

	Fitch			Moody's			Standard and Poors		
	12/31/06	12/31/07	12/31/08	12/31/06	12/31/07	12/31/08	12/31/06	12/31/07	12/31/08
SCE Senior Secured	A+	A+	A+	A2	A2	A2	BBB+	A	A
SCE Senior Unsecured	A	A	A	A3	A3	A3	BBB	BBB	BBB+
SCE Preferred Stock	A-	A-	A-	Baa2	Baa2	Baa2	BBB-	BBB-	BBB-
SCE Commercial Paper	F-1	F-1	F-1	P-2	P-2	P-2	A-2	A-2	A-2
EME Senior Unsecured	BB-	BB-	BB-	B1	B1	B1	BB-	BB-	BB-
MWG LLC Senior Secured	BBB-	BBB-	BBB-	Baa3	Baa3	Baa3	BB	BB+	BB+
Homer City Funding LLC	BBB-	BBB-	BBB-	Ba2	Ba2	Ba2	BB	BB	BB
EC Edison Funding Senior Unsec.	BB	NR	NR	Ba1	Ba1	Ba1	BB+	BB+	BB+

¹ EME Funding Corp. debt was retired in September 2008.

NR = not rated

Highlights

As of December 31, or
Year Ended December 31,

	2008	2007	2006
Edison International			
Basic earnings per share	\$ 3.69	\$ 3.33	\$ 3.58
Diluted earnings per share	\$ 3.68	\$ 3.31	\$ 3.57
Net income (millions)	\$ 1,215	\$ 1,098	\$ 1,181
Income from continuing operations	\$ 1,215	\$ 1,100	\$ 1,083
Book value per share	\$ 29.21	\$ 25.92	\$ 23.66
Recourse financial capital structure: ¹			
Common equity	39.2%	42.1%	43.3%
Preferred securities	3.8%	4.6%	5.1%
Debt	57.0%	53.3%	51.6%
Total	100.0%	100.0%	100.0%

Southern California Edison

Basic earnings per Edison International common share	\$ 2.10	\$ 2.17	\$ 2.38
Net income available for common stock (millions)	\$ 683	\$ 707	\$ 776
Ratemaking rate of return on common equity — authorized	11.5%	11.6%	11.6%
Kilowatt-hour sales (millions)	98,577	97,688	96,146
Peak demand in megawatts (MW) ²	22,020	23,303	22,889
Generating capacity resources (MW) ³	9,245	9,217	9,257
Energy efficiency savings (kilowatt-hours, in millions)	1,691	1,635	792
Customers (thousands)	4,866	4,851	4,812
Employees	16,344	15,442	14,362

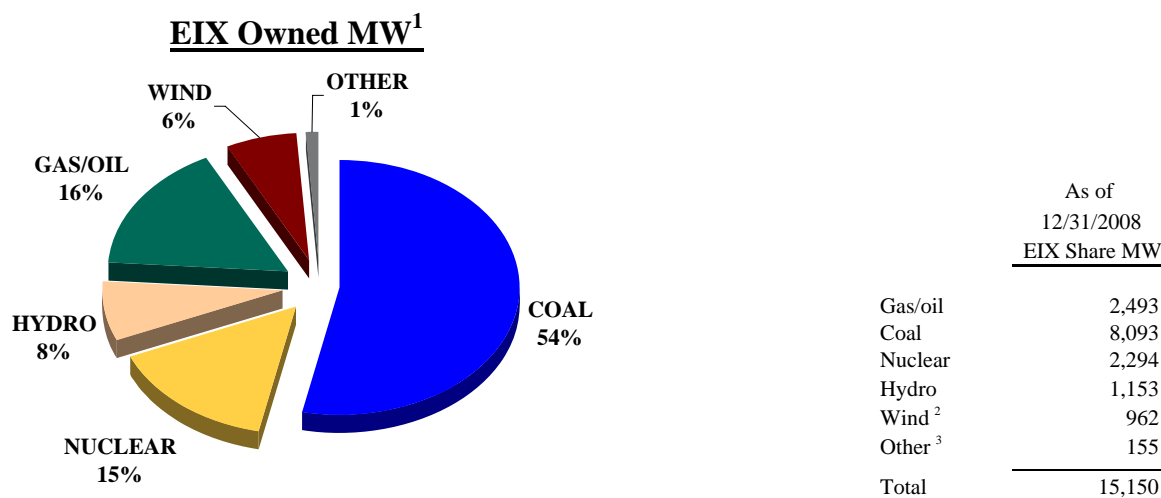
Edison Mission Group

Basic earnings per Edison International common share	\$ 1.72	\$ 1.26	\$ 1.32
Income from continuing operations (millions)	\$ 561	\$ 412	\$ 334
Net income (millions)	\$ 561	\$ 410	\$ 432
Equity (millions)	\$ 3,146	\$ 2,328	\$ 2,308
Generating capacity (MW)	9,849	9,453	9,303
Employees	1,889	1,793	1,751

¹ The 2008 ratios include common equity and preferred securities as reflected on the EIX balance sheets. Debt includes the Powerton/Joliet lease termination value of \$1.2 billion, and short and long-term debt. Debt excludes non-recourse debt from continuing operations totaling \$591 million as outlined on pages 11-12 of this document. The comparable 2008 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 40.2%, 3.8%, and 56.0% respectively. 2007 and 2006 ratios are calculated on the same basis as 2008, and include the Powerton/Joliet lease termination value of \$1.3 billion and \$1.4 billion respectively, as a component of debt. Non-recourse debt of \$126 million in 2007 and \$1.8 billion in 2006 is excluded. The comparable 2007 and 2006 ratios, including non-recourse amounts and excluding the Powerton/Joliet lease termination value, are 44.7%, 4.8% and 50.5% in 2007 and 42.3%, 5.0%, and 52.7% for common equity, preferred securities and debt, respectively.

² Includes all of the load on transmission and distribution systems. Peak demand is served by SCE's generating capacity resources, CDWR allocated contracts, transitional capacity contracts & spot market purchases.

³ Includes SCE owned resources and purchases/exchanges. Excludes CDWR allocated contracts starting in 2001 and transitional capacity contracts.



¹ EIX owned resources are comprised of SCE owned resources and EMG owned resources. They do not include SCE purchases/exchanges, CDWR contracts or transitional capacity contracts. SCE generating capacity is based on the summer effective rating.

² Excludes EMG's 223 MW wind projects under construction as of December 31, 2008.

³ Other represents EMG's share in a biomass plant located in New York (9 MW) and the Doga natural gas plant located in Turkey (144 MW) and SCE's Solar PV Program (2 MW).

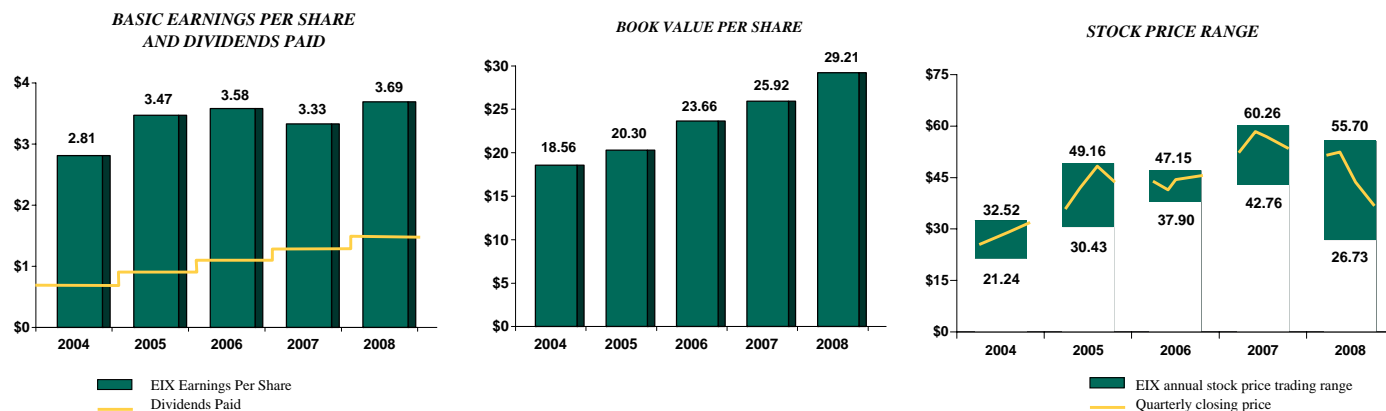
Edison International Consolidated Per-Share Data — Common Stock

Year Ended December 31,	2008	2007	2006	2005	2004	2003
Basic earnings per share	\$ 3.69	\$ 3.33	\$ 3.58	\$ 3.47	\$ 2.81	\$ 2.52
Diluted earnings per share	\$ 3.68	\$ 3.31	\$ 3.57	\$ 3.45	\$ 2.77	\$ 2.50
Dividends per share:						
Paid ¹	\$ 1.220	\$ 1.160	\$ 1.080	\$ 1.000	\$ 0.800	\$ —
Declared ¹	\$ 1.225	\$ 1.175	\$ 1.100	\$ 1.020	\$ 0.850	\$ 0.200
Year-ended data:						
Dividend rate ¹	\$ 1.24	\$ 1.22	\$ 1.16	\$ 1.08	\$ 1.00	\$ —
Dividend yield (paid) ¹	3.8%	2.2%	2.4%	2.3%	2.5%	—
Dividends payout ratio (paid) ¹	33.1%	34.8%	30.2%	28.8%	28.5%	—
Book value per share	\$ 29.21	\$ 25.92	\$ 23.66	\$ 20.30	\$ 18.56	\$ 16.52
Market price/book value ratio	1.1x	2.1x	1.9x	2.1x	1.7x	1.3x
Price/earnings ratio	8.7x	16.0x	12.7x	12.6x	11.4x	8.7x
Total shareholder return:						
Appreciation and dividends paid ^{1,2}	(38.0)%	19.9%	7.0%	39.6%	52.8%	69.0%
Price: ³						
High	\$ 55.70	\$ 60.26	\$ 47.15	\$ 49.16	\$ 32.52	\$ 22.07
Low	\$ 26.73	\$ 42.76	\$ 37.90	\$ 30.43	\$ 21.24	\$ 10.57
Year-end	\$ 32.12	\$ 53.37	\$ 45.48	\$ 43.61	\$ 32.03	\$ 21.93
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	325,811

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

3 Stock price high and low reflect daily trading activity.



Edison International Consolidated Balance Sheet

(In millions)

December 31,	2008	2007	2006
Assets			
Cash and equivalents	\$ 3,916	\$ 1,441	\$ 1,795
Short-term investments	7	81	558
Receivables, less allowances of \$39, \$34 and \$29 for uncollectible accounts at respective dates	1,006	1,033	1,014
Accrued unbilled revenue	328	370	303
Fuel inventory	163	116	122
Materials and supplies	390	316	270
Derivative assets	327	109	328
Restricted cash	3	3	59
Margin and collateral deposits	105	121	128
Regulatory assets	605	197	554
Accumulated deferred income taxes — net	104	167	203
Other current assets	399	290	152
Total current assets	7,353	4,244	5,486
Nonutility property — less accumulated provision for depreciation of \$2,019, \$1,765 and \$1,627 at respective dates	5,374	4,906	4,356
Nuclear decommissioning trusts	2,524	3,378	3,184
Investments in partnerships and unconsolidated subsidiaries	229	272	308
Investments in leveraged leases	2,467	2,473	2,495
Other investments	89	96	91
Total investments and other assets	10,683	11,125	10,434
Utility plant, at original cost:			
Transmission and distribution	20,006	18,940	17,606
Generation	1,819	1,767	1,465
Accumulated provision for depreciation	(5,570)	(5,174)	(4,821)
Construction work in progress	2,454	1,693	1,486
Nuclear fuel, at amortized cost	260	177	177
Total utility plant	18,969	17,403	15,913
Derivative assets	244	122	131
Restricted cash	43	48	91
Rent payments in excess of levelized rent expense under plant operating leases	878	716	556
Regulatory assets	5,414	2,721	2,818
Other long-term assets	1,031	1,144	832
Total long-term assets	7,610	4,751	4,428
Total assets	\$ 44,615	\$ 37,523	\$ 36,261

Edison International Nonutility Property

(In millions)

December 31,	2008	2007	2006
Furniture and equipment	\$ 82	\$ 90	\$ 107
Building, plant and equipment	5,250	4,490	4,026
Land (including easements)	80	85	78
Emission allowances	1,305	1,305	1,305
Leasehold improvements	132	110	100
Construction in progress	544	591	367
	7,393	6,671	5,983
Accumulated provision for depreciation	(2,019)	(1,765)	(1,627)
Nonutility property — net	\$ 5,374	\$ 4,906	\$ 4,356

Edison International Consolidated Balance Sheet

(In millions, except share amounts)

December 31,

	2008	2007	2006
Liabilities and shareholders' equity			
Short-term debt	\$ 2,143	\$ 500	\$ —
Long-term debt due within one year	174	18	488
Accounts payable	1,031	979	926
Accrued taxes	590	49	155
Accrued interest	187	160	196
Counterparty collateral	8	42	36
Customer deposits	228	219	198
Book overdrafts	224	212	140
Derivative liabilities	178	125	181
Regulatory liabilities	1,111	1,019	1,000
Other current liabilities	823	933	983
Total current liabilities	6,697	4,256	4,303
Long-term debt	10,950	9,016	9,101
Accumulated deferred income taxes — net	5,717	5,196	5,297
Accumulated deferred investment tax credits	109	114	122
Customer advances	137	155	160
Derivative liabilities	776	101	86
Accumulated provision for pensions and benefits	2,860	1,089	1,099
Asset retirement obligations	3,042	2,892	2,759
Regulatory liabilities	2,481	3,433	3,140
Other deferred credits and other long-term liabilities	1,137	1,617	1,299
Total deferred credits and other liabilities	16,259	14,597	13,962
Total liabilities	33,906	27,869	27,366
Minority interest	285	295	271
Preferred and preference stock of utility not subject to mandatory redemption	907	915	915
Common stock, no par value (325,811,206 shares outstanding at each date)	2,272	2,225	2,080
Accumulated other comprehensive income (loss)	167	(92)	78
Retained earnings	7,078	6,311	5,551
Total common shareholders' equity	9,517	8,444	7,709
Total liabilities and shareholders' equity	\$ 44,615	\$ 37,523	\$ 36,261

Edison International Estimated Commitments For 2009 - 2013 And Thereafter

(In millions)

As of December 31, 2008

	2009	2010	2011	2012	2013	Thereafter
Long-term debt maturities and interest ¹	\$ 824	\$ 930	\$ 641	\$ 1,479	\$ 1,095	\$ 15,368
Fuel supply contract payments	667	278	173	202	192	725
Gas and coal transportation payments	245	169	8	8	8	35
Purchased-power capacity payments	289	368	519	681	660	4,308
Operating lease obligations	1,051	1,023	832	718	701	4,161
Capital lease obligations	4	12	17	19	19	1,153
Turbine commitments	706	232	—	—	—	—
Capital improvements	150	—	—	—	—	—
Other commitments	67	85	74	63	33	24
Employee benefit plans contributions ²	179	—	—	—	—	—
Total³	\$ 4,182	\$ 3,097	\$ 2,264	\$ 3,170	\$ 2,708	\$ 25,774

¹ Amount includes scheduled principal payments for debt outstanding as of December 31, 2008 and related forecast interest payments over the applicable period of debt.

² Amount includes estimated contributions to the pension and PBOP plans. The estimated contributions for SCE and EME are not available beyond 2009.

³ At December 31, 2008, Edison International had a total net liability recorded for uncertain tax positions of \$450 million, which is excluded from the table. Edison International cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open issues with the IRS.

Edison International Consolidated Statement of Income

(In millions, except per-share data)

Year Ended December 31,

	2008	2007	2006
Electric utility	\$ 11,246	\$ 10,231	\$ 9,859
Nonutility power generation	2,808	2,575	2,228
Financial services and other	58	62	82
Total operating revenue	<u>14,112</u>	<u>12,868</u>	<u>12,169</u>
Fuel	2,147	1,875	1,757
Purchased power	3,845	3,235	3,099
Other operation and maintenance	4,288	4,065	3,721
Depreciation, decommissioning and amortization	1,313	1,181	1,105
Contract buyout/termination and other	(44)	3	(2)
Total operating expenses	<u>11,549</u>	<u>10,359</u>	<u>9,680</u>
Operating income	<u>2,563</u>	<u>2,509</u>	<u>2,489</u>
Interest and dividend income	62	154	169
Equity in income from partnerships and unconsolidated subsidiaries — net	31	79	79
Other nonoperating income	113	95	133
Interest expense — net of amounts capitalized	(700)	(752)	(806)
Other nonoperating deductions	(125)	(45)	(63)
Loss on early extinguishment of debt	—	(241)	(146)
Income from continuing operations before tax and minority interest	<u>1,944</u>	<u>1,799</u>	<u>1,855</u>
Income tax expense	596	492	582
Dividends on preferred and preference stock of utility not subject to mandatory redemption	51	51	51
Minority interest	82	156	139
Income from continuing operations	<u>1,215</u>	<u>1,100</u>	<u>1,083</u>
Income (loss) from discontinued operations — net of tax	—	(2)	97
Income before accounting change	<u>1,215</u>	<u>1,098</u>	<u>1,180</u>
Cumulative effect of accounting change — net of tax	—	—	1
Net income	<u>\$ 1,215</u>	<u>\$ 1,098</u>	<u>\$ 1,181</u>
Weighted-average shares of common stock outstanding	326	326	326
Basic earnings (loss) per share:			
Continuing operations	\$ 3.69	\$ 3.34	\$ 3.28
Discontinued operations	—	(0.01)	0.30
Total	<u>\$ 3.69</u>	<u>\$ 3.33</u>	<u>\$ 3.58</u>
Weighted-average shares, including effect of dilutive securities	329	331	330
Diluted earnings (loss) per share:			
Continuing operations	\$ 3.68	\$ 3.32	\$ 3.27
Discontinued operations	—	(0.01)	0.30
Total	<u>\$ 3.68</u>	<u>\$ 3.31</u>	<u>\$ 3.57</u>
Dividends declared per common share	\$ 1.225	\$ 1.175	\$ 1.100

Edison International Business Segments ¹

(In millions)	Electric Utility	Nonutility Power Generation	Financial Services and Other ¹	Parent & Other ²	Edison International
2008					
Operating revenue	\$ 11,248	\$ 2,811	\$ 54	\$ (1)	\$ 14,112
Depreciation, decommissioning, and amortization	1,114	194	4	1	1,313
Interest and dividend income	22	36	12	(8)	62
Equity in income (loss) from partnerships and unconsolidated subsidiaries — net	—	122	(3)	(88)	31
Interest expense — net of amounts capitalized	407	279	9	5	700
Income tax expense (benefit) — continuing operations	342	243	29	(18)	596
Income (loss) from continuing operations	683	500	60	(28)	1,215
Net income (loss) ³	683	501	60	(29)	1,215
Total assets	32,568	9,016	3,089	(58)	44,615
Capital expenditures	2,267	552	5	—	2,824

¹ Includes amounts from EMG nonutility subsidiaries that are not significant as a reportable segment.

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

³ Net income available for common stock.

Edison International Consolidated Statement of Cash Flows

(In millions)

Year Ended December 31,

	2008	2007	2006
Cash flows from operating activities:			
Net income	\$ 1,215	\$ 1,098	\$ 1,181
Less: income (loss) from discontinued operations	—	(2)	97
Income from continuing operations	<u>1,215</u>	<u>1,100</u>	<u>1,084</u>
Adjustments to reconcile to net cash provided by operating activities:			
Cumulative effect of accounting change — net of tax	—	—	(1)
Depreciation, decommissioning and amortization	1,313	1,181	1,105
Net earnings in nuclear ARO regulatory assets and liabilities	(10)	143	130
Other amortization	106	111	99
Contract buyout/termination and other	(44)	3	(2)
Stock-based compensation	34	37	47
Minority interest	82	156	139
Deferred income taxes and investment tax credits	207	(39)	(136)
Equity in income from partnerships and unconsolidated subsidiaries — net	(31)	(75)	(76)
Income from leveraged leases	(51)	(49)	(67)
Regulatory assets	(2,725)	503	74
Regulatory liabilities	(221)	176	336
Loss on early extinguishment for debt	—	241	146
Levelized rent expense	(162)	(160)	(161)
Derivative assets	41	(9)	260
Derivative liabilities	808	(184)	285
Other assets	224	(180)	(231)
Other liabilities	1,344	195	309
Margin and collateral deposits - net of collateral received	(19)	75	193
Receivables and accrued unbilled revenue	170	(59)	208
Inventory and other current assets	(204)	(121)	(68)
Book overdrafts	16	72	—
Accrued interest and taxes	367	12	(123)
Accounts payable and other current liabilities	(242)	33	(137)
Distributions and dividends from unconsolidated entities	(8)	33	61
Operating cash flows from discontinued operations	—	(2)	94
Net cash provided by operating activities	<u>2,210</u>	<u>3,193</u>	<u>3,568</u>
Cash flows from financing activities:			
Long-term debt issued	2,632	2,930	2,350
Premiums paid on extinguishment of debt and long-term debt issuance costs	(21)	(241)	(181)
Long-term debt repaid	(295)	(3,215)	(2,110)
Bonds repurchased	(212)	(37)	—
Issuance of preference stock	—	—	196
Preferred stock redeemed	(7)	—	—
Rate reduction notes repaid	—	(246)	(246)
Book overdrafts	—	—	(118)
Short-term debt financing — net	1,643	500	—
Contribution from minority shareholders	12	—	—
Shares purchased for stock-based compensation	(66)	(215)	(173)
Proceeds from stock option exercises	30	86	66
Excess tax benefits related to stock-based awards	10	45	27
Dividends to minority shareholders	(119)	(106)	(162)
Dividends paid	(397)	(378)	(352)
Net cash provided (used) by financing activities	<u>3,210</u>	<u>(877)</u>	<u>(703)</u>
Cash flows from investing activities:			
Capital expenditures	(2,824)	(2,826)	(2,536)
Purchase of interest of acquired companies	(19)	(33)	(18)
Proceeds from sale of property and interests in projects	113	2	89
Proceeds from nuclear decommissioning trust sales	3,130	3,697	3,010
Purchases of nuclear decommissioning trust investments and other	(3,137)	(3,830)	(3,150)
Proceeds from partnerships and unconsolidated subsidiaries, net of investment	65	42	25
Maturities and sales of short-term investments	96	9,953	7,128
Purchase of short-term investments	(22)	(9,476)	(7,474)
Restricted cash	4	99	13
Customer advances for construction and other investments	(351)	(298)	(50)
Net cash used by investing activities	<u>(2,945)</u>	<u>(2,670)</u>	<u>(2,963)</u>
Net increase (decrease) in cash and equivalents	<u>2,475</u>	<u>(354)</u>	<u>(98)</u>
Cash and equivalents, beginning of year	1,441	1,795	1,893
Cash and equivalents — end of year	<u>\$ 3,916</u>	<u>\$ 1,441</u>	<u>\$ 1,795</u>

Edison International Consolidated Income Tax Schedules

(In millions)

<i>Year Ended December 31,</i>	2008	2007	2006
The components of income tax expense (benefit) by location of taxing jurisdiction are:			
Current:			
Federal	\$ 183	\$ 359	\$ 652
State	80	95	149
Foreign	—	—	1
Subtotal Current	<u>263</u>	<u>454</u>	<u>802</u>
Deferred:			
Federal	307	57	(159)
State	26	(19)	(61)
Subtotal Deferred	<u>333</u>	<u>38</u>	<u>(220)</u>
Total continuing operations	596	492	582
Discontinued operations	5	5	22
Total	<u>\$ 601</u>	<u>\$ 497</u>	<u>\$ 604</u>

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

<i>Year Ended December 31,</i>	2008	2007	2006
Federal statutory rate	35.0%	35.0%	35.0%
State tax — net of federal benefit	4.2	4.1	3.7
Property-related	(3.2)	(0.2)	0.2
Housing and production credits	(3.1)	(2.9)	(2.1)
Tax reserve adjustments	0.7	(3.5)	2.5
Resolution of state audit issue	—	—	(3.0)
Other	(0.7)	(1.6)	(1.3)
Effective tax rate	<u>32.9%</u>	<u>30.9%</u>	<u>35.0%</u>

Edison International's composite federal and state statutory income tax rate was approximately 40% (net of the federal benefit for state income taxes) for all periods presented. The lower effective tax rate of 32.9% in 2008 as compared to the statutory rate was primarily due to production and low income housing credits at EMG and software and property related flow through deductions at SCE.

The lower effective tax rate of 30.9% in 2007 as compared to the statutory rate was primarily due to reductions made to the income tax reserve to reflect progress made in an administrative appeals process with the Internal Revenue Service related to SCE's income tax treatment of certain costs associated with environmental remediation, due to reductions made to the income tax reserve to reflect a settlement of state tax audit issues and due to production and low income housing credits at EMG.

The lower effective tax rate of 35.0% in 2006 as compared to the statutory rate was primarily due to a settlement reached with the California Franchise Tax Board regarding a state apportionment issue and from low income housing and wind production tax credits at EMG. These reductions were partially offset by tax reserve accruals at SCE.

Edison International and its subsidiaries had California net operating loss carryforwards with expirations dates beginning in 2012 of \$53 million and \$54 million at December 31, 2008 and 2007, respectively.

Edison International Consolidated Statement of Retained Earnings

(In millions)

Year Ended December 31,	2008	2007	2006	2005	2004	2003
Balance at beginning of year	\$ 6,311	\$ 5,551	\$ 4,798	\$ 4,078	\$ 3,466	\$ 2,711
Net income	1,215	1,098	1,181	1,137	916	821
FIN 48 adoption	—	250	—	—	—	—
Dividends declared on common stock	(399)	(383)	(358)	(332)	(277)	(65)
Shares purchased for stock-based compensation	(66)	(216)	(136)	(162)	(75)	—
Proceeds from stock option exercises and other	17	11	66	77	48	(1)
Balance at end of year	\$ 7,078	\$ 6,311	\$ 5,551	\$ 4,798	\$ 4,078	\$ 3,466

Preferred and Preference Stock Not Subject To Mandatory Redemption

(In millions, except per-share amounts)

	Trading Exchanges	Trading Symbol	Shares Outstanding	Redemption Price Per Share	December 31,	
					2008	2007
SCE:						
Cumulative preferred stock not subject to mandatory redemption:						
\$25 par value preferred stock (recourse securities):						
4.08% Series ¹	NYSE-Alt	SCEPrB	650,000	\$25.50	\$ 16	\$ 25
4.24% Series	NYSE-Alt	SCEPrC	1,200,000	25.80	30	30
4.32% Series	NYSE-Alt	SCEPrD	1,653,429	28.75	41	41
4.78% Series	NYSE-Alt	SCEPrE	1,296,769	25.80	33	33
Non-cumulative preference stock:						
\$100 stated value preference stock (recourse securities):						
5.349% Series A	Unlisted	—	4,000,000	100.00	400	400
6.125% Series B	Unlisted	—	2,000,000	100.00	200	200
6.000% Series C	Unlisted	—	2,000,000	100.00	200	200
Less issuance cost					(13)	(14)
Total					\$ 907	\$ 915

¹ In January 2008 SCE repurchased and retired 350,000 shares of 4.08% cumulative preferred stock at a price of \$19.50 per share.

Edison International Consolidated Recourse Financial Capitalization

(In millions)

December 31,	2008	2007	2006
Short-term debt	\$ 2,143	\$ 500	\$ —
Long-term debt due within one year	174	18	488
Long-term debt — detailed on pages 11-12	10,950	9,016	9,101
Powerton/Joliet lease termination value	1,163	1,269	1,365
Total debt ¹	<u>14,430</u>	<u>10,803</u>	<u>10,954</u>
Total preferred securities	907	915	915
Common shareholders' equity	9,517	8,444	7,709
Total capitalization	<u>24,854</u>	<u>20,162</u>	<u>19,578</u>
Less: non-recourse debt — detailed on pages 11-12	(591)	(126)	(1,779)
Recourse capitalization	\$ 24,263	\$ 20,036	\$ 17,799

¹ Excluding the Powerton/Joliet lease termination values, short-term debt, long-term debt and long-term debt due within one year, as reflected on the EIX balance sheets, total \$9,589, \$9,534, and \$13,267 million in 2006, 2007, and 2008 respectively.

Available Credit Lines ¹

(In millions)

December 31,	2008	2007	2006
Edison International (parent)	\$ 1,188	\$ 1,500	\$ 1,000
Southern California Edison	385	1,770	1,541
Edison Mission Energy	59	507	473
Midwest Generation (MWG) ²	20	497	495
Total	\$ 1,652	\$ 4,274	\$ 3,509

¹ Excludes the unused and/or unfunded commitments for subsidiaries of Lehman Brothers Holdings of \$81 million for SCE, \$38 million for EMG, and \$62 million for EIX. Current funded amounts from subsidiaries of Lehman Brothers Holdings are \$25 million for SCE, \$42 million for EMG and \$12 million for EIX.

² Midwest Generation available borrowing capacity reduced by \$2 million for Lehman Brothers Commercial Bank's share of the Midwest Generation working capital facility.

Edison International Consolidated Short-Term Debt (Unaudited)

(In millions)

December 31,	2008	2007	2006
Edison International	\$ 250	\$ —	\$ —
Southern California Edison	1,893	500	—
Edison International Total Consolidated Short-term Debt	<u>\$ 2,143</u>	<u>\$ 500</u>	<u>\$ —</u>

Five-Year Long-Term Debt Maturities and Sinking Funds Requirements (Unaudited) ¹

(In millions)

	2009	2010	2011	2012	2013
Southern California Edison	\$ 150	\$ 250	\$ —	\$ —	\$ —
Edison Mission Energy	24	12	14	867	517
Edison Capital	—	38	—	—	—
Edison International	—	—	—	—	—
Intercompany debt	—	—	—	—	—
Total	\$ 174	\$ 300	\$ 14	\$ 867	\$ 517

¹ Includes recourse and non-recourse long-term debt as of December 31, 2008.

Edison International Consolidated Long-Term Debt (Unaudited)

(In millions)

Year	Series	Due Date	Interest Rate	First Call Date	Dec. 31, 2008	Dec. 31, 2007	Year	Series	Due Date	Interest Rate	First Call Date	Dec. 31, 2008	Dec. 31, 2007		
Southern California Edison Company							Pollution control indebtedness:								
Recourse long-term debt:							Four Corners Generating Station								
<u>First and refunding mortgage bonds</u>							1999 Series A ²								
2004	Series 2004A	01/15/14	5.000%	N/A	\$ 300	\$ 300	2005	Series A-B ³	04/01/29	5.125%	04/01/09	\$ 56	\$ 56		
2004	Series 2004B	01/15/34	6.000%	N/A	525	525	2005	Series A-B ³	04/01/29	3.550% ⁴	04/01/10	203	203		
2004	Series 2004F	04/01/15	4.650%	N/A	300	300	<u>Huntington Beach Generating Station</u>								
2004	Series 2004G	04/01/35	5.750%	N/A	350	350	1999	Series D ²	09/01/15	5.200%	09/01/09	8	8		
2004	Series 2004H	12/13/07	Variable	06/01/07	—	—	<u>Mohave Generating Station</u>								
2005	Series 2005A	01/15/16	5.000%	N/A	400	400	2000	Series A-C	06/01/31	3.250% ⁴	03/02/09	75	75		
2005	Series 2005B	01/15/36	5.550%	N/A	250	250	<u>Palo Verde Nuclear Generating Station</u>								
2005	Series 2005E	07/15/35	5.350%	N/A	350	350	2000	Series A-B ⁵	06/01/35	2.900% ⁴	03/02/09	144	144		
2006	Series 2006A	02/01/36	5.625%	N/A	350	350	<u>San Onofre Nuclear Generating Station</u>								
2006	Series 2006B	02/02/09	Variable	N/A	150	150	1999	Series A-B ²	09/01/29	5.450%	09/01/09	100	100		
2006	Series 2006E	01/15/37	5.550%	N/A	400	400	1999	Series C ²	09/01/31	5.550%	09/01/09	30	30		
2008	Series 2008A	02/01/38	5.950%	N/A	600	—	2005	Series A-C	08/01/35	Variable ⁴	Variable	249	249		
2008	Series 2008B	08/15/08	5.500%	N/A	400	—	2006	Series A-B ³	04/01/28	4.100% ⁴	04/01/13	196	196		
2008	Series 2008C	03/15/14	5.750%	N/A	500	—	2006	Series C-D ³	11/01/33	4.250% ⁴	11/01/16	135	135		
Subtotal					\$ 4,875	\$ 3,375	Subtotal						\$ 1,196	\$ 1,196	
<u>Other</u>							Total SCE principal amount outstanding							6,628	5,128
1999	Notes	04/01/29	6.650%	N/A	300	300	Less: bonds repurchased ⁶							(249)	(37)
2000	Notes	01/15/10	7.625%	N/A	250	250	Less: current portion of long-term debt							(150)	—
N/A	Other obligation ¹	08/01/53	5.060%	N/A	7	7	Less: unamortized discount — net							(17)	(10)
Subtotal					\$ 557	\$ 557	SCE long-term debt						\$ 6,212	\$ 5,081	

¹ Fort Irwin acquisition debt, not a publicly traded security.

² Insured.

³ Secured by SCE's first and refunding mortgage bonds, but payment of interest and principal guaranteed by bond insurance.

⁴ Subject to remarketing.

⁵ Secured by first and refunding mortgage bonds.

⁶ Repurchase of Series 2005 A-C bonds.

Edison International Consolidated Long-Term Debt (Unaudited) (Continued)

(In millions)

Year	Series	Due Date	Interest Rate ¹	First Call Date	Dec. 31, 2008	Dec. 31, 2007
Edison Mission Energy						
Recourse long-term debt:						
<u>EME (parent only)</u>						
1999	Senior notes	2009	7.73%	N/A	\$ 13	\$ 13
2006	Senior notes	2013	7.50%	N/A	500	500
2006	Senior notes	2016	7.75%	N/A	500	500
2007	Senior notes	2017	7.00%	N/A	1,200	1,200
2007	Senior notes	2019	7.20%	N/A	800	800
2007	Senior notes	2027	7.63%	N/A	700	700
	Credit Agreement	2012	Various	N/A	376	—
Non-recourse long-term debt:						
1996	Due to EME Funding Corp.	2008	7.33%	N/A	—	8
<u>Midwest Generation</u>						
	Credit Facility	2012	Various	N/A	475	—
<u>EME CP Holdings Co.</u>						
2002	Note Purchase Agreement	2015	7.31%	N/A	67	72
<u>Other</u>						
	Other long-term non-recourse debt	Various	Various	N/A	31	30
	EME total principal amount outstanding				4,662	3,823
	Less current portion of long-term debt				24	17
	EME long-term debt				<u>\$ 4,638</u>	<u>\$ 3,806</u>
Edison Capital						
Recourse long-term debt:						
2000	Medium term notes	2010	7.44%	N/A	\$ 38	\$ 52
2000	Medium term notes	2015	7.25%	N/A	43	60
1998	Affordable housing mortgage guarantee	2028	6.27%	N/A	1	1
Non-recourse amortizing debt:						
1998-2000	Affordable housing mortgages	2016-2028	Various	N/A	18	16
	Edison Capital total principal amount outstanding				100	129
	Less current portion of long-term debt				—	—
	Edison Capital long-term debt				<u>\$ 100</u>	<u>\$ 129</u>
	EIX (parent) due to affiliates ²				\$ 24	\$ 19
	Elimination of intercompany debt				(24)	(19)
	EIX total consolidated long-term debt				<u>\$ 10,950</u>	<u>\$ 9,016</u>

¹ Interest rates may vary based on debt agreements.

² Not considered debt at the EIX consolidated level as intercompany debt eliminates in consolidation.

SCE Consolidated Balance Sheet

(In millions)

December 31,

	2008	2007	2006
Assets			
Cash and equivalents	\$ 1,611	\$ 252	\$ 83
Short-term investments	3	—	—
Receivables, less allowances of \$39, \$34 and \$29 for uncollectible accounts at respective dates	703	725	939
Accrued unbilled revenue	328	370	303
Inventory	365	283	232
Derivative assets	157	53	56
Restricted cash	—	—	56
Margin and collateral deposits	17	35	55
Regulatory assets	605	197	554
Accumulated deferred income taxes — net	147	146	250
Other current assets	266	188	54
Total current assets	<u>4,202</u>	<u>2,249</u>	<u>2,582</u>
Nonutility property — less accumulated provision for depreciation of \$765, \$701 and \$633 at respective dates	953	1,000	1,046
Nuclear decommissioning trusts	2,524	3,378	3,184
Other investments	68	69	62
Total investments and other assets	<u>3,545</u>	<u>4,447</u>	<u>4,292</u>
Utility plant, at original cost:			
Transmission and distribution	20,006	18,940	17,606
Generation	1,819	1,767	1,465
Accumulated provision for depreciation	(5,570)	(5,174)	(4,821)
Construction work in progress	2,454	1,693	1,486
Nuclear fuel, at amortized cost	260	177	177
Total utility plant	<u>18,969</u>	<u>17,403</u>	<u>15,913</u>
Derivative assets	74	28	17
Regulatory assets	5,414	2,721	2,818
Other long-term assets	364	629	488
Total long-term assets	<u>5,852</u>	<u>3,378</u>	<u>3,323</u>
Total assets	<u>\$ 32,568</u>	<u>\$ 27,477</u>	<u>\$ 26,110</u>

SCE Operating and Financial Ratios

Year Ended December 31,

	2008	2007	2006
Percent of operating revenue:			
Fuel	12.4%	11.7%	11.3%
Purchased power	34.2	31.6	31.4
Other operating expenses and maintenance	26.8	27.7	26.8
Depreciation, decommissioning and amortization	9.9	9.9	9.6
Property and other taxes	2.0	2.1	2.1
Operating expenses (before income taxes)	85.3	83.0	81.2
Taxes on operating income	3.0	3.3	4.4
Operating income	11.7	13.7	14.4
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Regulatory embedded cost of capital (at year-end):			
Long-term debt	6.14%	6.24%	6.15%
Preferred and preference stock	5.76%	5.80%	5.88%
Other:			
Customers to employees ratio	298	323	335

SCE Consolidated Balance Sheet

(In millions, except share amounts)

December 31,	2008	2007	2006
Liabilities and shareholders' equity			
Short-term debt	\$ 1,893	\$ 500	\$ —
Long-term debt due within one year	150	—	396
Accounts payable	948	914	856
Accrued taxes	340	42	193
Accrued interest	153	126	114
Counterparty collateral	8	42	36
Customer deposits	227	218	198
Book overdrafts	224	204	140
Derivative liabilities	156	97	99
Regulatory liabilities	1,111	1,019	1,000
Other current liabilities	564	548	624
Total current liabilities	<u>5,774</u>	<u>3,710</u>	<u>3,656</u>
Long-term debt	<u>6,212</u>	<u>5,081</u>	<u>5,171</u>
Accumulated deferred income taxes — net	2,918	2,556	2,675
Accumulated deferred investment tax credits	101	105	112
Customer advances	137	155	160
Derivative liabilities	738	13	77
Accumulated provision for pensions and benefits	2,485	786	809
Asset retirement obligations	3,007	2,877	2,749
Regulatory liabilities	2,481	3,433	3,140
Other deferred credits and other long-term liabilities	902	1,158	834
Total deferred credits and other liabilities	<u>12,769</u>	<u>11,083</u>	<u>10,556</u>
Total liabilities	<u>24,755</u>	<u>19,874</u>	<u>19,383</u>
Minority interest	<u>380</u>	<u>446</u>	<u>351</u>
Common stock, no par value (434,888,104 shares outstanding at each date)	2,168	2,168	2,168
Additional paid-in capital	532	507	383
Accumulated other comprehensive loss	(14)	(15)	(14)
Retained earnings	3,827	3,568	2,910
Total common shareholders' equity	<u>6,513</u>	<u>6,228</u>	<u>5,447</u>
Preferred and preference stock not subject to mandatory redemption	920	929	929
Total shareholders' equity	<u>7,433</u>	<u>7,157</u>	<u>6,376</u>
Total liabilities and shareholders' equity	<u>\$ 32,568</u>	<u>\$ 27,477</u>	<u>\$ 26,110</u>

SCE Estimated Commitments For 2009–2013 And Thereafter

(In millions)

As of December 31, 2008	2009	2010	2011	2012	2013	Thereafter
Long-term debt maturities and interest ¹	\$ 489	\$ 570	\$ 320	\$ 320	\$ 319	\$ 10,654
Fuel supply contract payments	207	117	158	198	192	725
Purchased-power capacity payments	289	368	519	681	660	4,308
Operating lease obligations	689	673	500	390	378	2,093
Capital lease obligations	4	12	17	19	19	1,153
Other commitments	7	7	7	7	8	24
Employee benefit plans contributions ²	164	—	—	—	—	—
Total ³	<u>\$ 1,849</u>	<u>\$ 1,747</u>	<u>\$ 1,521</u>	<u>\$ 1,615</u>	<u>\$ 1,576</u>	<u>\$ 18,957</u>

¹ Amount includes scheduled principal payments for debt outstanding as of December 31, 2008 and related forecast interest payments over the applicable period of the debt.

² Amount includes estimated contributions to the pension and PBOP plans. The estimated contributions for SCE are not available beyond 2009.

³ At December 31, 2008, SCE had a total net liability recorded for uncertain tax positions of \$324 million, which is excluded from the table. SCE cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open issues with the IRS.

SCE Consolidated Statement of Income

(In millions)

Year Ended December 31,

	2008	2007	2006
Operating revenue	\$ 11,248	\$ 10,233	\$ 9,859
Fuel	1,400	1,191	1,112
Purchased power	3,845	3,235	3,099
Other operation and maintenance	3,013	2,838	2,637
Depreciation, decommissioning and amortization	1,114	1,011	950
Property and other taxes	232	217	206
Gain on sale of assets	(9)	—	(1)
Total operating expenses	9,595	8,492	8,003
Operating income	1,653	1,741	1,856
Interest income	22	44	58
Other nonoperating income	101	89	85
Interest expense — net of amounts capitalized	(407)	(429)	(399)
Other nonoperating deductions	(123)	(45)	(60)
Income before tax and minority interest	1,246	1,400	1,540
Income tax expense	342	337	438
Minority interest	170	305	275
Net income	734	758	827
Dividends on preferred and preference stock not subject to mandatory redemption	51	51	51
Net income available for common stock	\$ 683	\$ 707	\$ 776

SCE Energy Costs

Year Ended December 31,

	2008	2007	2006
Average annual fuel cost — unit of expense:			
Oil (\$/bbl) (Catalina)	\$ 150.02	\$ 117.16	\$ 108.12
Gas (\$/mcf) ¹	16.12	9.28	10.91
Coal (\$/ton)	31.77	27.08	26.27
Gas-fired CCGT (\$/mcf)	8.45	7.09	6.86 ²
Peakers (\$/mcf)	9.21	7.41 ²	—
Average cost (\$/m²Btu):			
Oil (Catalina)	\$ 26.61	\$ 20.91	\$ 19.09
Gas ¹	14.93	8.59	10.10
Nuclear	0.50	0.48	0.44
Coal	1.78	1.53	1.48
Gas-fired CCGT	8.11	6.97	6.71 ²
Peakers	8.95	7.20 ²	—
Average cost — all sources ³	2.13	1.74 ²	1.63 ²
Average cost (cents/kwh):			
Oil (Catalina)	27.04	21.81	21.06
Peakers	10.44	7.99 ²	—
Nuclear	0.53	0.50	0.47
Coal	1.77	1.53	1.47
Gas-fired CCGT	5.91	4.89	4.82 ²
Purchased power:			
Other power producers:			
Cogeneration	9.83	9.60	9.62
Biomass	9.31	8.91	9.47
Small hydro	9.68	6.05	6.43
Wind	8.84	7.80	6.91
Geothermal	8.83	7.98	7.23
Solar	16.48	16.33	16.34
Average cost — other power producers	9.62	9.04	8.76
Average cost — all sources ^{3,4}	7.36	6.90 ²	6.93 ²
Fuel consumption (in thousands):			
Oil (bbl)	55	58	62
Gas (mcf)	111	95	109
Coal (ton)	2,703	2,750	3,132
Gas-fired CCGT (mcf)	46,816	43,765	34,670 ²
Peakers (mcf)	199	341 ²	—
Oil inventory — year end (bbl)	3	3	2

¹ Cost of gas used to start-up coal plants (years 2006 through 2008 exclude Mohave charges due to shutdown of plant).

² Includes energy incurred during initial testing of power plant.

³ Excludes miscellaneous prior period adjustments.

⁴ Excludes ISO/other sales. Includes firm purchased power and CDWR energy purchases (Years 2006, 2007 and 2008 cents per kwh, of 10.41, 9.49 and 8.87 respectively, for CWDR).

CCGT = Combined-cycle gas turbine

SCE Consolidated Statements of Cash Flows

(In millions)

Year Ended December 31,

	2008	2007	2006
Cash flows from operating activities:			
Net income	\$ 734	\$ 758	\$ 827
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation, decommissioning and amortization	1,114	1,011	950
Net earnings in nuclear ARO regulatory assets and liabilities	(10)	143	130
Other amortization	97	95	79
Stock-based compensation	18	18	27
Minority interest	170	305	275
Deferred income taxes and investment tax credits	131	(111)	(358)
Regulatory assets	(2,725)	503	74
Regulatory liabilities	(221)	176	336
Derivative assets	(150)	(19)	218
Derivative liabilities	784	(68)	(43)
Other assets	275	(156)	(119)
Other liabilities	1,343	195	325
Margin and collateral deposits — net of collateral received	(16)	6	(5)
Receivables and accrued unbilled revenue	56	147	51
Inventory and other current assets	(151)	(185)	(7)
Book overdrafts	20	64	—
Accrued interest and taxes	325	74	(41)
Accounts payable and other current liabilities	(172)	17	(138)
Net cash provided by operating activities	<u>1,622</u>	<u>2,973</u>	<u>2,581</u>
Cash flows from financing activities:			
Long-term debt issued	1,500	—	900
Long-term debt issuance costs	(20)	(1)	(24)
Long-term debt repaid	(3)	(207)	(352)
Bonds repurchased	(212)	(37)	—
Preference stock issued	—	—	196
Preferred stock redeemed	(7)	—	—
Rate reduction notes repaid	—	(246)	(246)
Short-term debt financing — net	1,393	500	—
Book overdrafts	—	—	(118)
Shares purchased for stock-based compensation	(36)	(135)	(107)
Proceeds from stock option exercises	17	56	45
Excess tax benefits related to stock-based awards	4	28	17
Minority interest	(236)	(210)	(322)
Dividends paid	(376)	(186)	(300)
Net cash provided (used) by financing activities	<u>2,024</u>	<u>(438)</u>	<u>(311)</u>
Cash flows from investing activities:			
Capital expenditures	(2,267)	(2,286)	(2,226)
Proceeds from nuclear decommissioning trust sales	3,130	3,697	3,010
Purchases of nuclear decommissioning trust investments and other	(3,137)	(3,830)	(3,150)
Sales of short-term investments	—	7,069	6,446
Purchases of short-term investments	(3)	(7,069)	(6,418)
Restricted cash	—	56	1
Customer advances for construction and other investments	(10)	(3)	7
Net cash used by investing activities	<u>(2,287)</u>	<u>(2,366)</u>	<u>(2,330)</u>
Net increase (decrease) in cash and equivalents	1,359	169	(60)
Cash and equivalents, beginning of year	252	83	143
Cash and equivalents, end of year	<u>\$ 1,611</u>	<u>\$ 252</u>	<u>\$ 83</u>

SCE Consolidated Statements of Retained Earnings

(In millions)

Year Ended December 31,

	2008	2007	2006	2005	2004	2003
Balance at beginning of year	\$ 3,568	\$ 2,910	\$ 2,417	\$ 2,020	\$ 1,868	\$ 1,892
Net income	734	758	827	749	921	932
FIN 48	—	213	—	—	—	—
Dividends declared on common stock	(400)	(100)	(240)	(285)	(750)	(945)
Dividends declared on preferred and preference stock not subject to mandatory redemption	(51)	(51)	(51)	(24)	(6)	(10)
Shares purchased for stock-based compensation	(36)	(135)	(88)	(95)	(43)	(4)
Proceeds from stock option exercises	17	56	45	52	30	3
Noncash stock-based compensation and other	(5)	(5)	—	—	—	—
Change in classification of shares purchased to settle performance shares	—	(78)	—	—	—	—
Balance at end of year	<u>\$ 3,827</u>	<u>\$ 3,568</u>	<u>\$ 2,910</u>	<u>\$ 2,417</u>	<u>\$ 2,020</u>	<u>\$ 1,868</u>

SCE Kilowatt-Hour Sales¹

Year Ended December 31,	2008	2007	2006
Class of service — millions of kWh:			
Residential	30,745	29,943	30,194
Commercial	41,978	41,447	40,865
Industrial	9,658	9,929	10,434
Public authorities	5,931	6,001	6,038
Agricultural and other	1,496	1,485	1,198
Resale	8,769	8,883	7,417
Total kilowatt-hour sales	98,577	97,688	96,146
Class of service — percent:			
Residential	31.2%	30.7%	31.4%
Commercial	42.6	42.4	42.5
Industrial	9.8	10.2	10.9
Public authorities	6.0	6.1	6.3
Agricultural and other	1.5	1.5	1.2
Resale	8.9	9.1	7.7
Total	100.0%	100.0%	100.0%

¹ Includes direct access customers.

SCE Customers

Year Ended December 31,	2008	2007	2006	2005	2004	2003
Customers:						
Residential	4,247,603	4,234,674	4,205,495	4,146,123	4,086,531	4,030,473
Commercial	535,790	532,734	523,304	510,626	495,584	481,509
Industrial	13,243	13,909	14,289	15,118	17,380	18,693
Public authorities	47,193	47,289	47,166	46,885	46,749	46,726
Agricultural	22,414	22,325	22,140	22,203	22,251	22,722
Railroads and railways	58	56	58	55	50	47
Interdepartmental	23	23	22	24	24	20
Total ultimate customers	4,866,324	4,851,010	4,812,474	4,741,034	4,668,569	4,600,190

SCE Operating Revenue¹

Year Ended December 31,	2008	2007	2006
Class of service (in millions):			
Residential	\$ 3,783	\$ 3,760	\$ 3,859
Commercial	4,203	4,143	4,228
Industrial	664	681	750
Public authorities	575	568	579
Agricultural	133	132	110
Other	7	7	7
Resale	580	489	370
Sales of electric energy	9,945	9,780	9,903
Other operating revenue	383	421	356
Deferred revenue ²	510	(347)	(786)
Revenue from variable interest entities	410	379	386
Total operating revenue	\$ 11,248	\$ 10,233	\$ 9,859
Class of service (in percents):			
Residential	33.6%	36.7%	39.1%
Commercial	37.4	40.5	42.9
Industrial	5.9	6.7	7.6
Public authorities	5.1	5.6	5.9
Agricultural	1.2	1.3	1.1
Other	0.1	0.1	0.1
Resale	5.2	4.8	3.8
Sales of electric energy	88.5	95.6	100.5
Other operating revenue	3.4	4.1	3.6
Deferred revenue ²	4.5	(3.4)	(8.0)
Revenue from variable interest entities	3.6	3.7	3.9
Total operating revenue	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 Changes in Operating Revenue

(In millions)

Year Ended December 31,

	2008 vs. 2007	2007 vs. 2006
Rate changes (including unbilled)	\$ 92	\$ (545)
Sales volume changes (including unbilled)	2	119
Balancing account (over)/under collections	838	621
Sales for resale	91	120
SCE's VIE's	30	(6)
Other (including intercompany transactions)	(38)	65
Total	\$ 1,015	\$ 374

SCE Generating Capacity Resources (Summer Effective Rating)

As of December 31, 2008

Plant	Location	No. of Units	Entered Operation	Ownership Interest	Type	SCE-Owned Total Capacity (Megawatts)
Thermal						
Gas and oil (isolated diesel/propane system on Catalina Island):						
Pebbly Beach	Los Angeles, CA	7	1958-1995	100%	Diesel	9
Nuclear:						
San Onofre	San Diego, CA	2	1983, 1984	78%	PWR	1,682
Palo Verde ¹	Maricopa, AZ	3	1986-1988	16%	PWR	612
Subtotal		<u>5</u>				<u>2,294</u>
Coal:						
Four Corners ¹	San Juan, NM	2	1969-1970	48%	Boiler	720
Off-System Losses ²						(22)
Subtotal		<u>2</u>				<u>698</u>
Gas-fired generation:						
Mountainview	San Bernardino, CA	2	2005	100%	CCGT	969
SCE peakers	Norwalk, Ontario, Rancho Cucamonga, Stanton (CA)	4	2007	100%	GT	176
Subtotal		<u>6</u>				<u>1,145</u>
Total thermal generation		<u>20</u>				<u>4,146</u>
Hydroelectric plants:						
Northern region:	Fresno, Madera (CA)	23	1913-1987	100%	Storage and Run-of-the-River	1,000
Eastern region:	Inyo, Kern, Los Angeles, Mono, San Bernardino, Tulare (CA) ³	53	1893-1999	100%	Storage and Run-of-the-River	153
Subtotal		<u>76</u>				<u>1,153</u>
Renewable generation:						
Solar PV Program	Fontana, CA	1	2008	100%		2
Total SCE-owned generation		<u>97</u>				<u>5,301</u>

¹ Operated by Arizona Public Service.

² Represents a constant value of line loss from Four Corners.

³ 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

GT= Gas turbine

PWR = Pressurized water reactor

Plant	Seller	Initial Year of Purchase Under Current Contract	Point of Delivery	Total Capacity (Megawatts)
Purchases (other utilities):				
System (firm purchase/interchange):				
Hoover — SCE	Western Area Power Admin.	1987	Mead substation	278
Off-System Losses				—
Subtotal				<u>278</u>
Other area resources:				
MWD, Hoover to SCE	MWD	1987	Hoover plant	248
MWD, Parker to SCE	MWD	1987	Hoover plant	60
USDOE, Parker/Davis	Department of Defense, Edwards AFB	2001	Blythe substation	18
USDOE, Parker/Davis	Department of Defense, March AFB	2004	Blythe substation	5
Subtotal				<u>331</u>
Total other utility purchases				<u>609</u>
Purchases (other power producers):				
Cogeneration				1,676
Biomass				152
Small hydro				45
Wind				206
Geothermal				903
Solar				355
Total other power producers				<u>3,337</u>
Total purchases/exchanges				<u>3,946</u>
Total generation capacity resources ¹				<u>9,247</u>

¹ Includes isolated resources.

SCE Operating Statistics

Year Ended December 31,

	2008		2007		2006		2005		2004		2003	
	MW	%	MW	%	MW	%	MW	%	MW	%	MW	%
SCE generating capacity resources (MW) — summer effective rating:												
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	2,294	24.8	2,294	24.9	2,294	24.8	2,215	21.0	2,215	22.2	2,204	22.6
Coal	698	7.6	698	7.6	688	7.4	1,573	14.9	1,573	15.4	1,573	16.1
Hydro	1,153	12.5	1,153	12.5	1,153	12.4	1,153	11.0	1,153	11.3	1,153	12.0
Gas-fired CCGT / GT ¹	1,145	12.4	1,145	12.4	969	10.5	484	4.6	—	—	—	—
Purchases:												
Other utilities ²	609	6.6	609	6.7	820	8.9	1,667	15.8	1,667	16.3	1,667	17.0
Other power producers:												
Cogeneration	1,676	18.1	1,682	18.2	1,720	18.6	1,730	16.4	1,724	16.9	1,725	17.7
Biomass	152	1.6	152	1.6	156	1.7	179	1.7	203	2.0	185	1.9
Small hydro	45	0.5	45	0.5	40	0.4	34	0.3	42	0.4	25	0.3
Wind	206	2.2	197	2.1	184	2.0	231	2.2	270	2.7	67	1.8
Geothermal	903	9.8	878	9.5	869	9.4	901	8.6	939	9.2	900	6.9
Solar	355	3.8	355	3.9	355	3.8	360	3.4	360	3.5	353	3.6
Total	9,245	100.0%	9,217	100.0%	9,257	100.0%	10,536	100.0%	10,155	100.0%	9,861	100.0%
SCE total energy requirement (millions of kWh):												
SCE owned:												
Nuclear	16,659	19.4%	17,687	21.0%	13,979	16.9%	17,886	22.7%	15,724	20.0%	18,255	23.7%
Coal	4,959	5.8	4,914	5.8	5,631	6.8	11,237	14.3	10,789	13.7	10,984	14.2
Hydro	2,424	2.8	2,278	2.7	5,038	6.1	5,089	6.5	3,525	4.5	3,990	5.2
Oil (Catalina)	31	—	31	—	32	—	31	—	31	—	30	—
Peakers GT ¹	18	—	31	—	—	—	—	—	—	—	—	—
Gas-fired CCGT ¹	6,698	7.8	6,347	7.5	4,933	6.0	327	0.4	—	—	—	—
Purchased power: ³												
Firm ⁴	16,135	18.8	13,975	16.6	13,108	15.8	12,234	15.5	8,346	10.6	7,110	9.3
Economy/other ⁵	(249)	(0.3)	(550)	(0.7)	(95)	(0.1)	(293)	(0.4)	(1,806)	(2.3)	(1,292)	(1.7)
Other power producers: ³												
Cogeneration	11,805	13.7	12,435	14.8	12,486	15.1	13,529	17.2	13,830	17.6	13,837	17.9
Biomass	1,204	1.4	1,253	1.6	1,428	1.7	1,371	1.7	1,467	1.9	1,391	1.8
Small hydro	182	0.2	197	0.2	352	0.4	320	0.4	243	0.3	239	0.3
Wind	2,359	2.7	2,385	2.8	2,226	2.7	2,229	2.8	2,376	3.0	2,341	3.0
Geothermal	7,758	9.0	7,570	9.0	7,484	9.0	7,855	10.0	7,862	10.0	7,070	9.2
Solar	715	0.8	663	0.8	612	0.7	610	0.8	741	0.9	759	1.0
CDWR - ISO ³	15,350	17.9	15,065	17.9	15,614	18.9	6,347	8.1	15,610	19.8	12,444	16.1
Total ⁶	86,048	100.0%	84,281	100.0%	82,828	100.0%	78,772	100.0%	78,738	100.0%	77,158	100.0%
Area peak demand (MW)	22,020		23,303		22,889		21,934		20,762		20,136	
Annual area system load factor (%)	55.6		52.2		52.7		52.3		55.1		55.1	

¹ CCGT = Combined-cycle gas turbine; GT = Gas turbine

² Includes system and unit purchases and net interchange. Excludes public power utilities.

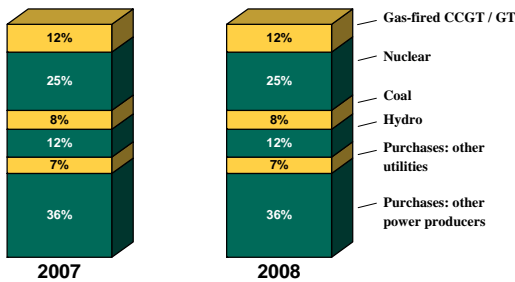
³ Calculated consistent with the accrual basis of accounting.

⁴ Includes bilateral and long term contracts.

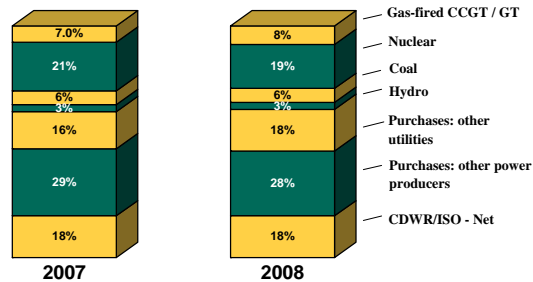
⁵ Includes economy energy, exchange energy, fringe energy and net interchange.

⁶ Excludes direct access and resale customer requirements. Includes generation line losses.

**SOUTHERN CALIFORNIA EDISON
GENERATING CAPACITY RESOURCE MIX**



**SOUTHERN CALIFORNIA EDISON
TOTAL ENERGY REQUIREMENT**



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

(In millions)	Electric Utility	VIEs	Eliminations	SCE
Balance sheet items as of December 31, 2008:				
Cash and equivalents	\$ 1,522	\$ 89	\$ —	\$ 1,611
Accounts receivable — net	679	63	(39)	703
Inventory	346	19	—	365
Other current assets	262	4	—	266
Nonutility property — net of depreciation	671	282	—	953
Other long-term assets	363	1	—	364
Total assets	\$ 32,149	\$ 458	\$ (39)	\$ 32,568
Accounts payable	926	61	(39)	948
Other current liabilities	562	2	—	564
Asset retirement obligations	2,992	15	—	3,007
Minority interest	—	380	—	380
Total liabilities and shareholders' equity	\$ 32,149	\$ 458	\$ (39)	\$ 32,568
Balance sheet items as of December 31, 2007:				
Cash and equivalents	\$ 142	\$ 110	\$ —	\$ 252
Accounts receivable — net	684	110	(69)	725
Inventory	265	18	—	283
Other current assets	184	4	—	188
Nonutility property — net of depreciation	700	300	—	1,000
Other long-term assets	627	2	—	629
Total assets	\$ 27,002	\$ 544	\$ (69)	\$ 27,477
Accounts payable	902	81	(69)	914
Other current liabilities	545	3	—	548
Asset retirement obligations	2,862	15	—	2,877
Minority interest	1	445	—	446
Total liabilities and shareholders' equity	\$ 27,002	\$ 544	\$ (69)	\$ 27,477

Line Items With Variable Interest Entities (VIE) Activity on SCE's Consolidated Income Statement

(In millions)	Electric Utility	VIEs	Eliminations ¹	SCE
Income statement items for the Year-Ended December 31, 2008:				
Operating revenue	\$ 10,838	\$ 1,102	\$ (692)	\$ 11,248
Fuel	587	813	—	1,400
Purchased power	4,537	—	(692)	3,845
Other operation and maintenance	2,923	90	—	3,013
Depreciation, decommissioning and amortization	1,080	34	—	1,114
Property and other taxes	232	—	—	232
Gain on sale of assets	(9)	—	—	(9)
Total operating expenses	9,350	937	(692)	9,595
Operating income	1,488	165	—	1,653
Interest income	19	3	—	22
Other nonoperating income	99	2	—	101
Interest expense — net of amounts capitalized	(407)	—	—	(407)
Other non operating deductions	(123)	—	—	(123)
Income tax expense	(342)	—	—	(342)
Minority interest	—	(170)	—	(170)
Net income	\$ 734	\$ —	\$ —	\$ 734
Income statement items for the Year-Ended December 31, 2007:				
Operating revenue	\$ 9,854	\$ 1,129	\$ (750)	\$ 10,233
Fuel	482	709	—	1,191
Purchased power	3,985	—	(750)	3,235
Other operation and maintenance	2,742	96	—	2,838
Depreciation, decommissioning and amortization	975	36	—	1,011
Property and other taxes	217	—	—	217
Total operating expenses	8,401	841	(750)	8,492
Operating income	1,453	288	—	1,741
Interest income	41	3	—	44
Other nonoperating income	75	14	—	89
Interest expense — net of amounts capitalized	(429)	—	—	(429)
Other nonoperating deductions	(45)	—	—	(45)
Income tax expense	(337)	—	—	(337)
Minority interest	—	(305)	—	(305)
Net income	\$ 758	\$ —	\$ —	\$ 758

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

Regulatory Assets

(In millions)

December 31,	2008	2007	2006
Current:			
Regulatory balancing accounts	\$ 455	\$ 99	\$ 128
Rate reduction — transition cost deferral	—	—	219
Direct access procurement charges	—	—	63
Energy derivatives	138	71	88
Purchased-power settlements	—	8	31
Deferred FTR proceeds	9	15	14
Other	3	4	11
	<u>605</u>	<u>197</u>	<u>554</u>
Long-term:			
Regulatory balancing accounts	29	15	—
Flow-through taxes — net	1,337	1,110	1,023
Asset Retirement Obligation (ARO)	224	—	—
Unamortized nuclear investment — net	375	405	435
Nuclear-related ARO investment — net	278	297	317
Unamortized coal plant investment — net	79	94	102
Unamortized loss on reacquired debt	309	331	318
SFAS No. 158 pensions and other postretirement benefits	1,882	231	303
Energy derivatives	723	70	145
Environmental remediation	40	64	77
Other	138	104	98
	<u>5,414</u>	<u>2,721</u>	<u>2,818</u>
Total Regulatory Assets	<u>\$ 6,019</u>	<u>\$ 2,918</u>	<u>\$ 3,372</u>

Regulatory Liabilities

(In millions)

December 31,	2008	2007	2006
Current:			
Regulatory balancing accounts	\$ 1,068	\$ 967	\$ 912
Rate reduction notes — transition cost overcollection	20	20	—
Direct access procurement charges	—	—	63
Energy derivatives	6	10	7
Deferred FTR costs	13	19	11
Other	4	3	7
	<u>1,111</u>	<u>1,019</u>	<u>1,000</u>
Long-term:			
Regulatory balancing accounts	43	—	—
ARO	—	793	732
Costs of removal	2,368	2,230	2,158
SFAS No. 158 pensions and other postretirement benefits	—	308	145
Energy derivatives	—	27	27
Employee benefits plan	70	75	78
	<u>2,481</u>	<u>3,433</u>	<u>3,140</u>
Total Regulatory Liabilities	<u>\$ 3,592</u>	<u>\$ 4,452</u>	<u>\$ 4,140</u>

Balancing Accounts (Unaudited) ¹

(In millions)

December 31,	2008	2007	2006
Assets			
Current:			
Base rate performance	\$ 54	\$ 77	\$ 73
Energy resource recovery account	406	—	—
Catastrophic event	8	53	48
Reliability service	—	—	24
Transmission - related	21	33	55
Generation - related	(14)	—	—
Distribution-related	5	—	—
Other — net	(25)	(64)	(72)
	<u>455</u>	<u>99</u>	<u>128</u>
Long-term:			
Catastrophic event	29	14	—
Other — net	—	1	—
	<u>29</u>	<u>15</u>	<u>—</u>
Total balancing account — assets	<u>484</u>	<u>114</u>	<u>128</u>
Liabilities			
Current:			
Base revenue requirement	642	295	105
Energy resource recovery account	—	433	526
Public purpose program adjustment	313	192	207
Generation - related	—	3	71
Transmission - related	90	31	—
Reliability service	19	21	—
Other — net	4	(8)	3
	<u>1,068</u>	<u>967</u>	<u>912</u>
Long-term:			
Generation - related	33	—	—
Transmission - related	10	—	—
	<u>43</u>	<u>—</u>	<u>—</u>
Total balancing account — liabilities	<u>1,111</u>	<u>967</u>	<u>912</u>
Total balancing account — net	<u>\$ 627</u>	<u>\$ 853</u>	<u>\$ 784</u>

¹ Includes interest.

SCE System Rate Base ¹

(In millions)

Year Ended December 31,

	2008	2007	2006	2005	2004	2003
Fixed capital:						
Plant in service	\$ 27,834	\$ 26,487	\$ 25,252	\$ 23,661	\$ 22,755	\$ 22,064
Property held for future use	26	16	11	4	4	3
Total fixed capital	27,860	26,503	25,263	23,665	22,759	22,067
Adjustments	(98)	(102)	(87)	(68)	(51)	(44)
Working capital	(83)	(98)	(101)	110	98	93
Reserves:						
Depreciation	(13,488)	(12,950)	(12,640)	(12,416)	(12,175)	(11,816)
Accumulated deferred income taxes	(1,641)	(1,533)	(1,496)	(1,413)	(1,128)	(1,050)
Other	(111)	(101)	(103)	(98)	(95)	(90)
Total reserves	(15,240)	(14,584)	(14,239)	(13,927)	(13,398)	(12,956)
System rate base ²	\$ 12,439	\$ 11,719	\$ 10,836	\$ 9,780	\$ 9,408	\$ 9,160

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

² System rate base for 2005-2008 includes Mountainview generation facility, which was constructed and in-service beginning 2005.

Detail of SCE Utility Plant — Net

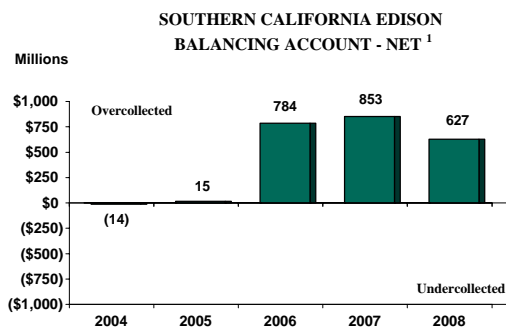
(In millions)

December 31,

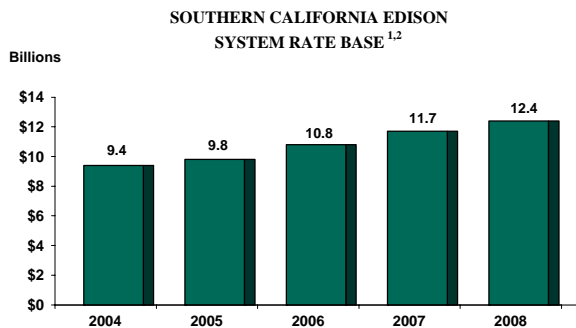
	2008	2007	2006
Generation:			
Nuclear ¹	\$ 741	\$ 716	\$ 643
Hydro	486	492	479
Steam	97	96	73
Mohave regulatory asset	75	93	102
Generation general and intangible	57	59	54
Generation-related transmission	62	54	54
Other	286	263	30
Total generation	1,804	1,773	1,435
Distribution	10,001	9,612	9,002
Transmission	3,649	3,628	3,410
T&D general and intangible	1,229	1,003	910
Gas and water (Catalina)	22	15	15
Construction work in progress ¹	2,454	1,693	1,501
Nuclear fuel	260	177	177
Total utility plant — net (unadjusted)	19,419	17,901	16,450
Less: amounts classified as regulatory assets ²			
Nuclear regulatory asset	375	405	435
Mohave regulatory asset	75	93	102
Total utility plant — net — as shown in Annual Report	\$ 18,969	\$ 17,403	\$ 15,913

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 assets and related depreciation were reclassified as a regulatory asset in 2002. In 2005, all Mohave plant assets and related depreciation were reclassified as regulatory assets.



¹ Includes interest and other current and long-term regulatory assets/liabilities and balancing accounts, net.



¹ Weighted-average depreciated book costs excluding amounts spent, but remaining in work-in-progress.
² Years 2005-2008 include Mountainview generating facility.

Palo Verde Plant Facts

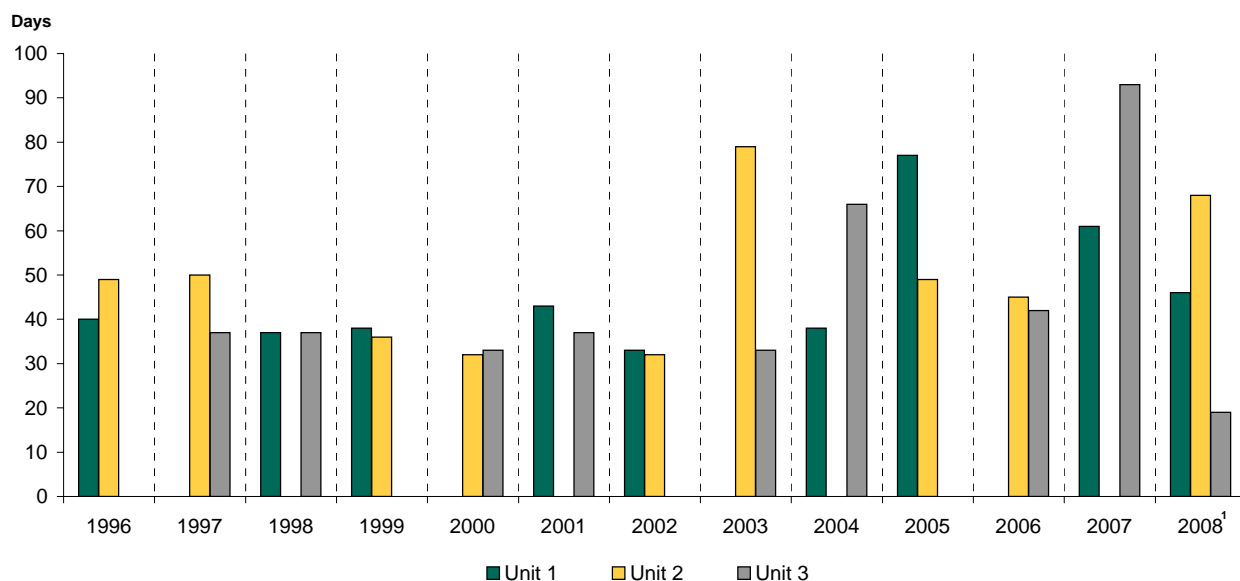
	Unit 1	Unit 2	Unit 3
Commercial operation	02/01/86	09/19/86	01/20/88
Net plant capacity (MW) ¹	1,311	1,314	1,312 ²
2008 net generation (MWh) ¹	9,953,180	8,624,117	10,663,207
2008 capacity factor (CF) (%)	86.4	74.7	92.2
Lifetime net CF through 2008 (%)	75.9	81.7	83.5
Last refueling outage	10/04/08-11/19/08	03/29/08-06/05/08	09/29/07-01/19/08 ³
Last refueling outage days	46	68	112 ³

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

² The unit was rerated effective January 1, 2009, as a result of Unit 3's power uprate modifications and Steam Generator replacement.

³ Unit 3's refueling and Steam Generator Replacement outage began in 2007 (93 days) and ended in 2008 (19 days).

Palo Verde Refueling History



¹ Unit 3's 2007 refueling outage began in 2007 (93 days) and ended in 2008 (19 days), only 2008 outage days are reflected in the Unit 3 bar for 2008.

Palo Verde Annual Capacity Factors

Year	Unit 1	Unit 2	Unit 3
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%
2006	42%	85%	86%
2007	77%	95%	64%
2008	86%	75%	92%

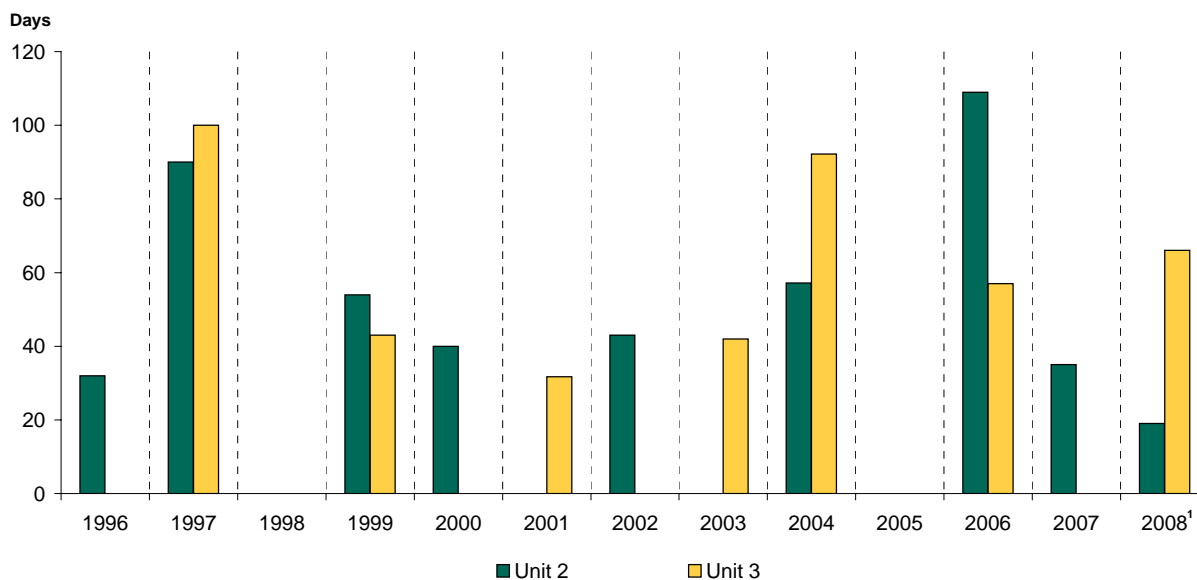
San Onofre Plant Facts

	Unit 2	Unit 3
Commercial operation	08/08/83	04/01/84
Net plant capacity (MW) ¹	1,070	1,080
2008 net generation (MWh) ¹	8,856,814	6,535,010
2008 net capacity factor (CF) (%)	94.2	68.9
Lifetime net CF through 2008 (%)	81.8	80.3
Last refueling outage	11/26/07 - 01/19/08 ²	10/12/08-12/18/08
Last refueling outage days	54 ²	66

¹ Capacity and generation are reported at the 100% level for each unit. Effective December 29, 2006, SCE's share increased to 78.21%.

² Unit 2's refueling outage began in 2007 (35 days) and ended in 2008 (19 days).

San Onofre Refueling History



¹ Unit 2's refueling outage began in 2007 (35 days) and ended in 2008 (19 days), only 2008 outage days are reflected in the Unit 2 bar for 2008.

San Onofre Annual Capacity Factors

Year	Unit 2	Unit 3
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%
2006	72%	72%
2007	89%	94%
2008	94%	69%

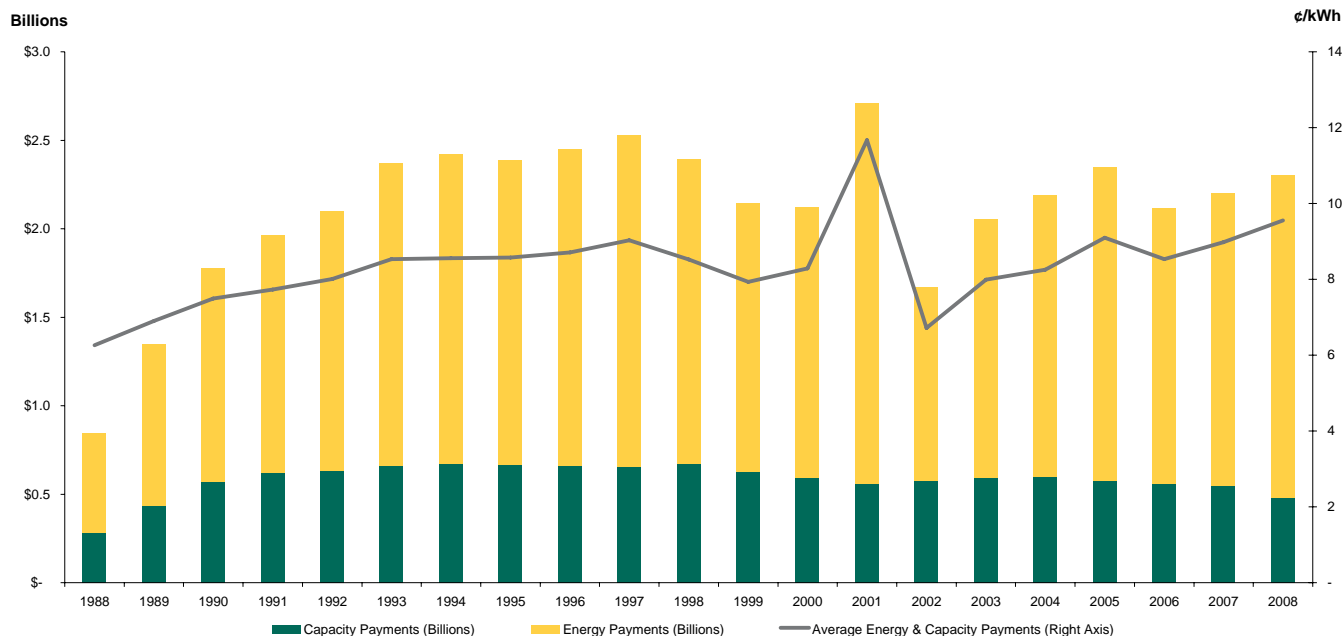
Jointly Owned Utility Projects

(In millions)

As of December 31, 2008

	Investment in Facility	Accumulated Depreciation and Amortization Interest	Ownership
Transmission systems:			
Eldorado	\$ 71	\$ 13	60%
Pacific Intertie	310	103	50%
Generating stations:			
Four Corners Units 4 and 5 (coal)	554	454	48%
Mohave (coal)	345	294	56%
Palo Verde (nuclear)	1,824	1,501	16%
San Onofre (nuclear)	4,833	4,024	78%
Total	\$ 7,937	\$ 6,389	

Cogeneration and Renewable Payments (1988-2008)



Cogeneration and Renewable Resources

Year Ended December 31, 2008

On-Line Projects	On-Line Dedicated Capacity ¹ (MW)	Energy Deliveries (GWh)	Energy and Capacity Payments (\$ in Millions)	Average Prices for Energy and Capacity Payments (¢/kWh)
BioMass	18	1,204	\$ 113	9.39
Cogeneration	56	11,802	1,154	9.78
Geothermal	20	7,739	683	8.83
Small Hydro	36	183	17	9.29
Solar	9	730	118	16.16
Wind	61	2,377	210	8.83
Total	200	24,035	\$ 2,295	9.55

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 December 31, 2008:	<i>Appointed</i>	<i>Term Expires</i>
Michael R. Peevey - Democrat, economist and entrepreneur, former President of Southern California Edison (October 1990 to March 1993).	2009	December 31, 2014
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).	2005	January 1, 2011
John Bohn - Republican, former Chairman of GlobalNet 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.	2005	December 31, 2010
Rachelle Chong - Republican, former Commissioner of the Federal Communications Commission and former communications regulatory lawyer and partner at the law firms of Graham & James and Coudert Brothers.	2008	December 31, 2014
Timothy Alan Simon - Republican, served in the Office of the Governor. Former General Counsel for Global Crown Capital, LLC. (2002 to 2005), Vice President and Chief Compliance Officer for Preferred Trade, Inc., and a consultant to Barclays Global Investors.	2007	February 15, 2013

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.

Competitive Businesses

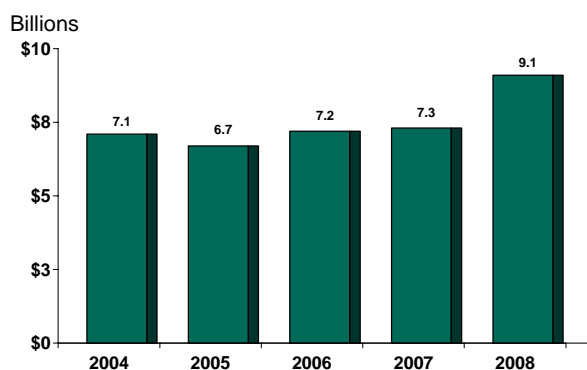


Edison Mission Energy

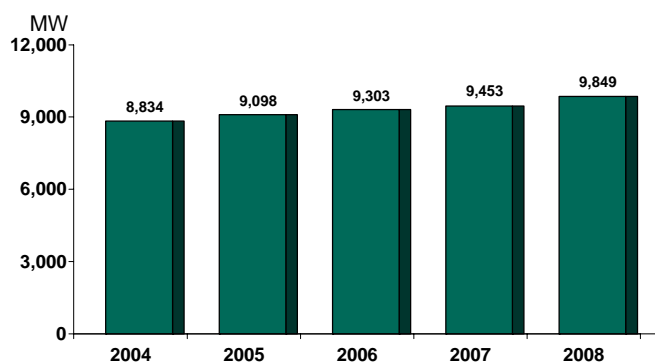
Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of developing, acquiring, owning or leasing, operating and selling energy and capacity from independent power production facilities. EME also conducts hedging and energy trading activities in power markets open to competition. As of December 31, 2008, EME's subsidiaries and affiliates owned or leased interests in 37 operating projects with an aggregate net physical capacity of 11,019 MW of which EME's capacity pro rata share was 9,849 MW. At December 31, 2008, three wind projects with an EME capacity pro rata share totaling 223 MW of net generating capacity were under construction.

Highlights

*EDISON MISSION ENERGY
TOTAL ASSETS*



*OWNED SHARES OF
OPERATING PROJECTS ¹*



¹ Not restated for discontinued operations or wind transfer.

Quarterly Financial Data (Unaudited)

(In millions)

	First	Second	Third ¹	Fourth	Total
2008					
Operating revenues	\$ 719	\$ 613	\$ 814	\$ 665	\$ 2,811
Operating income	276	121	308	147	852
Income from continuing operations	150	73	203	74	500
Discontinued operations, net	(5)	(1)	6	1	1
Net income	145	72	209	75	501
2007					
Operating revenues	\$ 673	\$ 570	\$ 712	\$ 625	\$ 2,580
Operating income	247	107	261	149	764
Income (loss) from continuing operations	153	(19) ²	194	88	416
Discontinued operations, net	3	2	(4)	(3)	(2)
Net income (loss)	156	(17)	190	85	414

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

² Reflects a \$160 million pre-tax (\$98 million, after tax) loss on early extinguishment of debt related to the early repayment of EME's 7.73% senior secured notes due June 15, 2009 and Midwest Generation's 8.75% second priority senior notes due May 1, 2034.

Edison Mission Energy Project List

EME POWER PLANTS

No.	Project Name	Plant Type	Fuel Type	Commercial Operation/ Acquisition Date	Ownership Interest	Megawatts		Location
						Total	EME Share	
Power Plants ¹								
MERCHANT POWER PLANTS								
1	Illinois Plants (6 plants, see below)	E	Coal, Oil, Gas	12/1999	100%	5,776	5,776	Illinois
2	Homer City	E	Coal	03/1999	100%	1,884	1,884	Pennsylvania
3	Goat Wind (Phase I)	E	Wind	04/2008	99.9% ²	80	80	Texas
4	Lookout	E	Wind	10/2008	100%	38	38	Pennsylvania
CONTRACTED POWER PLANTS-Domestic								
<i>Natural Gas</i>								
Big 4 Projects								
5	Kern River	Q	Natural Gas	08/1985	50%	300	150	California
6	Midway-Sunset	Q	Natural Gas	05/1989	50%	225	113	California
7	Sycamore	Q	Natural Gas	01/1988	50%	300	150	California
8	Watson	Q	Natural Gas	04/1988	49%	385	189	California
Westside Projects								
9	Coalinga	Q	Natural Gas	11/1991	50%	38	19	California
10	Mid-Set	Q	Natural Gas	05/1989	50%	38	19	California
11	Salinas River	Q	Natural Gas	11/1991	50%	38	19	California
12	Sargent Canyon	Q	Natural Gas	11/1991	50%	38	19	California
13	March Point	Q	Natural Gas	11/1991, 01/1993	50%	140	70	Washington
14	Sunrise	E	Natural Gas	06/2001, 06/2003	50%	572	286	California
<i>Wind</i>								
15	Buffalo Bear	Q	Wind	12/2008	100%	19	19	Oklahoma
16	Crosswinds	Q	Wind	06/2007	99% ²	21	21	Iowa
17	Forward	E	Wind	04/2008	100%	29	29	Pennsylvania
18	Hardin	Q	Wind	05/2007	99% ²	15	15	Iowa
19	Jeffers	E	Wind	10/2008	99.9% ²	50	50	Minnesota
20-26	Minnesota Wind projects ³	Q/E	Wind	04/2006	75-99% ²	83	75	Minnesota
27	Mountain Wind I	Q	Wind	07/2008	100%	61	61	Wyoming
28	Mountain Wind II	Q	Wind	09/2008	100%	80	80	Wyoming
29	Odin	Q	Wind	05/2008	99.9% ²	20	20	Minnesota
30	San Juan Mesa	E	Wind	12/2005	75%	120	90	New Mexico
31	Sleeping Bear	E	Wind	10/2007	100%	95	95	Oklahoma
32	Spanish Fork	Q/E	Wind	07/2008	100%	19	19	Utah
33	Storm Lake	E	Wind	04/2006	100%	109	109	Iowa
34	Wildorado	E	Wind	04/2007	99.9% ²	161	161	Texas
<i>Coal and Other</i>								
35	American Bituminous	Q	Waste Coal	04/1993	50%	80	40	West Virginia
36	Huntington Waste-to-Energy	Q	Biomass	04/2006	38%	25	9	New York
Total Domestic Plants						10,839	9,705	
CONTRACTED POWER PLANTS-International								
37	Doga		Natural Gas	05/1999	80%	180	144	Turkey
Total Operating Projects						11,019	9,849	

E = Exempt Wholesale Generation, Q=Qualifying facility

¹ Except for the Watson project, March Point project, Minnesota Wind projects, and the Huntington Waste-to-Energy project, each plant is operated under contract by an EME operations and maintenance subsidiary or plant is operated or managed directly by an EME subsidiary.

² Represents EME's current ownership interest. If the project achieves a specified rate of return, EME's interest will decrease.

³ Comprised of seven individual wind projects.

ILLINOIS PLANTS INCLUDE THE FOLLOWING:

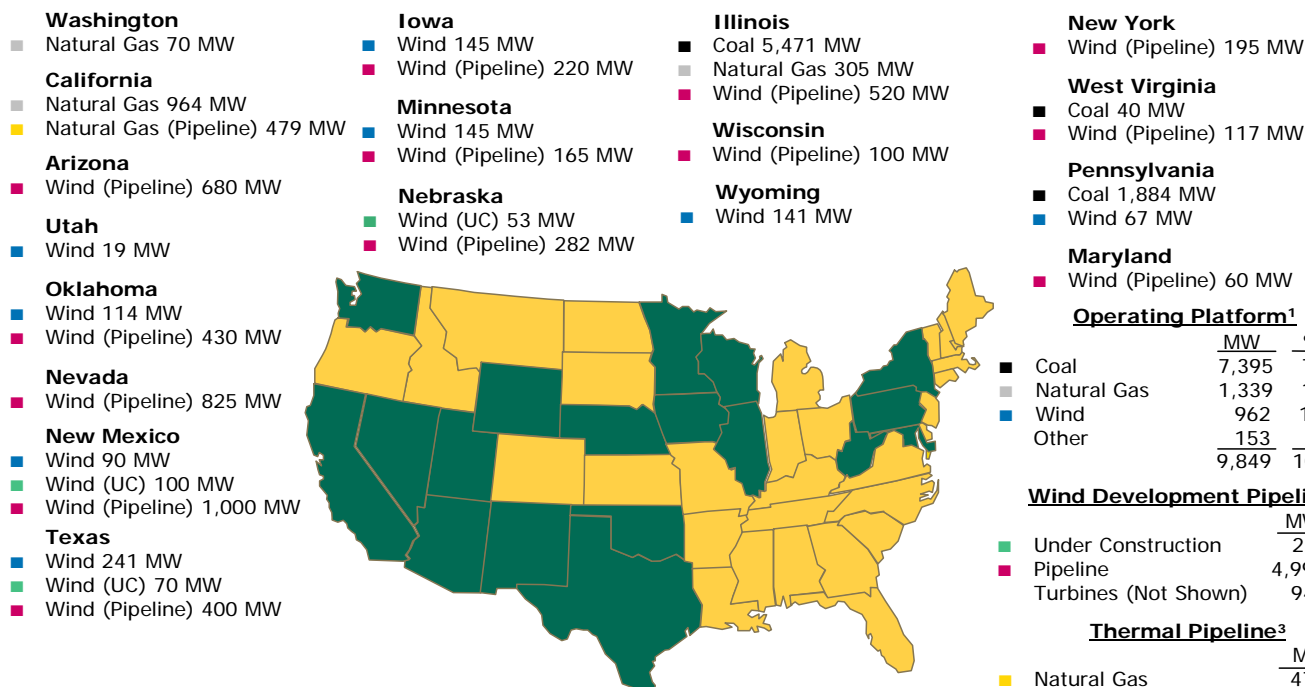
Operating Plant or Site	Location	Leased/Owned	Fuel	Megawatts
Electric Generating Facilities				
Crawford Station	Chicago, Illinois	Owned	Coal	532
Fisk Station	Chicago, Illinois	Owned	Coal	326
Joliet Unit 6	Joliet, Illinois	Owned	Coal	290
Joliet Units 7 and 8	Joliet, Illinois	Leased	Coal	1,036
Powerton Station	Pekin, Illinois	Leased	Coal	1,538
Waukegan Station ¹	Waukegan, Illinois	Owned	Coal	689
Will County Station ²	Romeoville, Illinois	Owned	Coal	1,060
Peaking Units				
Fisk	Chicago, Illinois	Owned	Oil/gas	197
Waukegan	Waukegan, Illinois	Owned	Oil/gas	108
Total				5,776

¹ The Waukegan Station is comprised of Units 7 and 8. Midwest Generation shut down permanently Waukegan Station Unit 6 (100 MW) on December 21, 2007.

² The Will County Station is comprised of Units 1, 2, 3, and 4. Operations at Will County Station Units 1 and 2 (totaling 299 MW) were returned to service in late 2004 after being suspended in January 2003. Midwest Generation has agreed with the Illinois EPA to shut down permanently Will County Station Units 1 and 2 on or before December 31, 2010.

Edison Mission Energy Project Summary

As of December 31, 2008



1 Natural gas includes oil-fired; other includes Doga in Turkey (144 MW) and Huntington biomass (9 MW) which are not shown. All data as of December 31, 2008.

2 Owned or under exclusive agreement. Wind turbines purchased or committed to support development pipeline.

3 Deliveries under the power sales agreement are scheduled to commence in 2013. EME plans to purchase natural gas turbines subject to resolution of uncertainty regarding the availability of required emission credits.

EME Adjusted Operating Income — by Project

(In millions)

Year Ended December 31,

	2008	2007	2006
Illinois Plants	\$ 688	\$ 583	\$ 463
Homer City	202	221	150
Renewable energy projects	59	30	19
Energy trading	164	142	130
Big 4 projects	87	147	136
Sunrise	24	33	34
Westside projects	9	11	11
Doga	8	14	—
Other non-wind projects	14	14	6
Other	(31)	(7)	11
	<u>1,224</u>	<u>1,188</u>	<u>960</u>
Corporate administrative and general	(172)	(169)	(108)
Corporate depreciation and amortization	(12)	(8)	(4)
Adjusted Operating Income¹	1,040	1,011	848
Less:			
Equity in earnings of unconsolidated affiliates	122	200	186
Dividend income from projects	10	12	2
Production tax credits	44	29	16
Other income (expense), net	12	6	21
Operating Income	\$ 852	\$ 764	\$ 623

1 Adjusted operating income is equal to operating income under GAAP, plus equity in earnings of unconsolidated affiliates, dividend income from projects, production tax credits and other income and expenses. Production tax credits are recognized as wind energy is generated based on a per-kilowatt-hour rate prescribed in applicable federal and state statutes. Adjusted operating income is a non-GAAP performance measure and may not be comparable to those of other companies. Management believes that inclusion of earnings of unconsolidated affiliates, dividend income from projects, production tax credits and other income and expenses in adjusted operating income is more meaningful for investors as these components are integral to the operating results of EME.

Edison Mission Energy Consolidated Statements of Income

(In millions)

Year Ended December 31,

	2008	2007	2006
Operating revenues	\$ 2,811	\$ 2,580	\$ 2,239
Operating expenses:			
Fuel	747	684	645
Plant operations	621	584	511
Plant operating leases	176	176	176
Depreciation and amortization	194	162	144
Gain on buyout of contract, loss on termination of contract, asset write-down and other charges and credits, net	14	6	—
Administrative and general	207	204	140
Total operating expenses	1,959	1,816	1,616
Operating income	852	764	623
Other income (expense):			
Equity in income from unconsolidated affiliates	122	200	186
Dividend income	10	12	2
Interest income	26	85	97
Interest expense	(279)	(273)	(279)
Loss on early extinguishment of debt	—	(160)	(146)
Other income (expense), net	12	6	21
Total other income (expense)	(109)	(130)	(119)
Income from continuing operations before income taxes and minority interest	743	634	504
Provision for income taxes	243	219	189
Minority interest	—	1	1
Income from continuing operations	500	416	316
Income (loss) from operations of discontinued subsidiaries, net of tax	1	(2)	98
Net income	\$ 501	\$ 414	\$ 414

Historical Distributions, Tax Payments and Cash Received by Edison Mission Energy

(In millions)

Year Ended December 31,

	2008	2007	2006
Distribution and Tax Payments from Midwest Generation			
Equity distributions	\$ 206	\$ 660	\$ 542
Tax payments (receipts) under tax-allocation agreements	349	(3)	—
Total payments	\$ 555	\$ 657	\$ 542
Distributions and Tax Payments from EME Homer City ¹			
Payment of interest	\$ 31	\$ 69	\$ —
Payment of principal	79	118	—
Subordinated revolving loan payments	110	187	—
Tax payments under tax-allocation agreements	15	—	—
Total payments	\$ 125	\$ 187	\$ —
Cash Received from Unconsolidated Affiliates			
Big 4 projects	117	131	160
Westside project	15	12	28
Sunrise project	13	24	23
Doga project	8	23	—
Other	2	4	1
Total	\$ 155	\$ 194	\$ 212

¹ In 2006, EME made an equity contribution of \$8.8 million for working capital purposes. Subsequently, EME Homer City made a permitted distribution to EME of \$8.8 million through a payment of interest on the subordinated revolving loan.

Edison Mission Energy Consolidated Balance Sheets

(In millions)

December 31,

	2008	2007	2006
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,807	\$ 994	\$ 1,213
Short-term investments	4	81	558
Accounts receivable — trade	241	224	178
Receivables from affiliates	18	35	51
Inventory	189	149	158
Derivative assets	170	56	187
Margin and collateral deposits	88	85	153
Deferred taxes	—	21	—
Prepaid expenses and other	144	89	96
Total current assets	2,661	1,734	2,594
Investments in Unconsolidated Affiliates	362	387	367
Property, plant and equipment	5,643	4,942	4,272
Less accumulated depreciation and amortization	1,241	1,053	981
Net property, plant and equipment	4,402	3,889	3,291
Other Assets			
Deferred financing costs	36	41	45
Long-term derivative assets	170	91	104
Restricted cash	43	48	91
Rent payments in excess of levelized rent expense under plant operating leases	878	716	556
Other long-term assets	528	366	187
Total other assets	1,655	1,262	983
Total Assets	\$ 9,080	\$ 7,272	\$ 7,235
 Liabilities and Shareholder's Equity			
Current Liabilities			
Accounts payable	\$ 95	\$ 73	\$ 69
Payables to affiliates	18	17	6
Accrued liabilities	380	289	255
Derivative liabilities	22	28	82
Interest payable	30	30	28
Deferred taxes	66	—	59
Current maturities of long-term obligations	24	17	132
Total current liabilities	635	454	631
Long-term obligations net of current maturities	4,638	3,806	3,035
Deferred taxes and tax credits	541	351	347
Deferred revenues	63	65	61
Long-term derivative liabilities	5	88	9
Other long-term liabilities	434	543	523
Total Liabilities	6,316	5,307	4,606
Minority interest	80	42	47
Shareholder's Equity			
Common stock, par value \$0.01 per share; 10,000 shares authorized; 100 shares issued and outstanding as of December 31, 2008, 2007 and 2006	64	64	64
Additional paid-in capital	1,335	1,326	2,174
Retained earnings	1,085	596	243
Accumulated other comprehensive income (loss)	200	(63)	101
Total Shareholder's Equity	2,684	1,923	2,582
Total Liabilities and Shareholder's Equity	\$ 9,080	\$ 7,272	\$ 7,235

Edison Mission Energy Consolidated Statements of Cash Flows

(In millions)

Year Ended December 31,

	2008	2007	2006
Cash Flows From Operating Activities			
Net income	\$ 501	\$ 414	\$ 414
Less: (Income) loss from discontinued operations	(1)	2	(98)
Income from continuing operations, net	<u>500</u>	<u>416</u>	<u>316</u>
Adjustments to reconcile income to net cash provided by (used in) operating activities:			
Equity in income from unconsolidated affiliates	(121)	(199)	(183)
Distributions from unconsolidated affiliates	108	137	170
Depreciation and amortization	202	172	158
Minority interest	—	(1)	—
Deferred taxes and tax credits	104	41	100
Gain on buyout contract, loss on termination of contract, asset write-down and other charges and credits	14	1	—
Loss on early extinguishment of debt	—	160	146
Changes in operating assets and liabilities:			
Decrease (increase) in margin and collateral deposits	(3)	69	198
Decrease (increase) in accounts receivables	(1)	(29)	125
Decrease (increase) in inventory	(40)	9	(38)
Decrease (increase) in prepaid expenses and other	(9)	6	(26)
Increase in rent payments in excess of levelized rent expense	(162)	(160)	(161)
Increase (decrease) in accounts payable and other current liabilities	(7)	6	(15)
Increase (decrease) in interest payable	—	2	(23)
Decrease (increase) in derivative assets and liabilities	215	(106)	370
Other operating — assets	(53)	(18)	(1)
Other operating — liabilities	(19)	13	(5)
Operating cash flow from continuing operations	<u>728</u>	<u>519</u>	<u>1,131</u>
Operating cash flow from discontinued operations	<u>1</u>	<u>(2)</u>	<u>94</u>
Net cash provided by operating activities	<u>729</u>	<u>517</u>	<u>1,225</u>
Cash Flows From Financing Activities			
Borrowings on long-term debt	1,130	2,930	1,450
Payments on long-term debt agreements	(292)	(2,276)	(1,683)
Cash contributions from minority shareholders	12	—	—
Cash contributions from parent	—	36	—
Cash dividends to parent	—	(925)	(51)
Payments to affiliates related to stock-based awards	(8)	(34)	(27)
Excess tax benefits related to stock-based awards	3	14	7
Premium paid on extinguishment of debt and financing costs	(1)	(162)	(157)
Net cash provided by (used in) financing activities	<u>844</u>	<u>(417)</u>	<u>(461)</u>
Cash Flows From Investing Activities			
Capital expenditures	(552)	(540)	(310)
Proceeds from return of capital and loan repayments and sale of assets	39	32	41
Proceeds from sale of membership interest	28	—	—
Purchase of interest of acquired companies	(19)	(33)	(18)
Proceeds from sale of interest in projects	—	—	43
Purchase of short-term investments	(19)	(20)	(512)
Maturities of short-term investments	96	497	137
Decrease in restricted cash	4	43	14
Investments in other assets	(337)	(298)	(101)
Net cash used in investing activities	<u>(760)</u>	<u>(319)</u>	<u>(706)</u>
Net increase (decrease) in cash and cash equivalents	813	(219)	58
Cash and cash equivalents at beginning of period	<u>994</u>	<u>1,213</u>	<u>1,155</u>
Cash and cash equivalents at the end period	<u>\$ 1,807</u>	<u>\$ 994</u>	<u>\$ 1,213</u>

EME's Supplemental Cash Flows Information

(In millions)

Year Ended December 31,

	2008	2007	2006
Cash paid			
Interest (net of amount capitalized) ¹	\$ 325	\$ 320	\$ 297
Income taxes	120	120	172
Cash payments under plant operating leases	337	336	337
Details of assets acquired			
Fair value of assets acquired	\$ —	\$ 41	\$ 29
Liabilities assumed	—	—	—
Net assets acquired	<u>\$ —</u>	<u>\$ 41</u>	<u>\$ 29</u>
Non-cash activities from consolidation of variable interest entities			
Assets	\$ 3	\$ 12	\$ 18
Liabilities	\$ 4	\$ 5	\$ 4

¹ Interest capitalized for the years ended December 31, 2008, 2007 and 2006 was \$32 million, \$24 million and \$8 million, respectively.

Note: In connection with certain wind projects acquired during the past three years, the purchase price included payments that were due upon the start and/or completion of construction. Accordingly, EME accrued for estimated payments or made payments that were due upon commencement of construction and/or completion of construction scheduled during 2007 through 2009. During the year ended December 31, 2006, EME received a capital contribution of \$76 million in the form of ownership interests in a portfolio of wind projects and a small biomass project.

EME's Energy Contractual Obligations

(In millions)

As of December 31, 2008	Payments Due by Period				Total
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
Long-term debt ¹	\$ 328	\$ 631	\$ 1,925	\$ 4,633	\$ 7,517
Operating lease obligations	361	682	652	2,067	3,762
Purchase obligations:					
Capital improvements	150	—	—	—	150
Turbine commitments	706	232	—	—	938
Fuel supply contracts	460	174	4	—	638
Gas transportation agreements	8	16	16	35	75
Coal transportation	236	160	—	—	396
Other contractual obligations	59	145	82	—	286
Employee benefit plan contribution ²	11	—	—	—	11
Total contractual obligations³	<u>\$ 2,319</u>	<u>\$ 2,040</u>	<u>\$ 2,679</u>	<u>\$ 6,735</u>	<u>\$ 13,773</u>

¹ Amount also includes interest payments totaling \$2.9 billion over applicable period of the debt.

² Amount includes estimated contribution for pension plans and postretirement benefits other than pensions. The estimated contributions beyond 2009 are not available.

³ At December 31, 2008, EME had a total net liability recorded for uncertain tax positions of \$104 million, which is excluded from the table. EME cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open tax issues with the Internal Revenue Service.

EME's Dividend Restrictions in Major Financings

At December 31, 2008 or

for 12 months ended December 31, 2008

Subsidiary	Financial Ratio	Covenant	Actual
<i>Key Ratios of EME's Principal Subsidiaries Affecting Dividends:</i>			
Midwest Generation, LLC (Illinois Plants)	Debt to Capitalization Ratio	Less than or equal to 0.60 to 1	0.28 to 1
EME Homer City Generation L.P. (Homer City facilities)	Senior Rent Service Coverage Ratio	Greater than 1.7 to 1	2.05 to 1
<i>EME's Credit Facility Financial Ratios:</i>			
Interest Coverage Ratio		Not less than 1.2 to 1	1.98 to 1
Corporate Debt to Corporate Capital Ratio		Not more than 0.75 to 1	0.60 to 1

Illinois Plants and Homer City Forward Month-End 24-Hour Energy Prices ¹

Date	2009		2010	
	Northern Illinois ²	PJM West ³	Northern Illinois ²	PJM West ³
January 31, 2008	\$ 52.30	\$ 69.06	\$ 53.14	\$ 68.43
February 29, 2008	57.29	75.03	56.45	72.59
March 31, 2008	55.48	75.55	55.50	71.76
April 30, 2008	56.80	79.64	49.14	74.91
May 31, 2008	57.03	83.91	52.10	78.42
June 30, 2008	62.17	94.90	56.08	87.10
July 31, 2008	52.48	75.89	50.94	73.66
August 31, 2008	50.49	70.49	49.30	70.44
September 30, 2008	48.03	66.23	48.52	68.31
October 31, 2008	42.03	59.32	43.10	62.97
November 30, 2008	41.43	58.17	42.45	62.39
December 31, 2008	38.59	54.66	39.55	59.21

¹ This table sets forth the forward month-end market prices for energy per megawatt-hour for the calendar year 2009 and calendar year 2010 "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 2008. Forward market prices at the Northern Illinois Hub and the PJM West Hub fluctuate as a result of a number of factors, including existing 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 Energy prices were determined by obtaining broker quotes and information from other public sources relating to the Northern Illinois Hub delivery point.

³ 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 Statistics — Coal-Fired Generation

(In millions)

Year Ended December 31,	2008	2007	2006
Generation (in GWh)			
Energy only contracts	26,010	22,503	28,898
Load requirements services contracts ¹	5,090	7,458	—
Total	31,100	29,961	28,898
Aggregate plant performance:			
Equivalent availability ²	81.0%	75.8%	79.3%
Capacity factor ³	64.8%	60.9%	58.8%
Load factor ⁴	80.0%	80.4%	74.1%
Forced outage rate ⁵	8.3%	9.7%	7.9%
Average realized energy price/MWh			
Energy only contracts ⁶	\$ 51.82	\$ 48.79	\$ 46.19
Load requirements services contracts ⁷	\$ 62.64	\$ 63.43	\$ —
Capacity revenue only (in millions)	\$ 111	\$ 27	\$ 24
Average fuel costs/MWh	\$ 15.49	\$ 13.36	\$ 13.19

¹ Represents two load requirements services contracts, awarded as part of an Illinois auction, with Commonwealth Edison that commenced on January 1, 2007, one of which expired in May 2008 and the remaining contract is scheduled to expire in May 2009.

² The equivalent availability factor is defined as the number of MWh the coal plants are available to generate electricity divided by the product of the capacity of the coal plants (in MW) 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.

³ The capacity factor is defined as the actual number of MWh generated by the coal plants divided by the product of the capacity of the coal plants (in MW) and the number of hours in the period.

⁴ The load factor is determined by dividing capacity factor by the equivalent availability factor.

⁵ Midwest Generation refers to unplanned maintenance as a forced outage.

⁶ The average realized energy price reflects the average price at which energy is sold into the market including the effects of hedges, real-time and day-ahead sales and PJM fees and ancillary services. It is determined by dividing (i) operating revenue less unrealized SFAS No. 133 gains (losses) and other nonenergy related revenue by (ii) generation. Revenue related to capacity sales are excluded from the calculation of average realized energy price.

⁷ The average realized price reflects the contract price for sales to Commonwealth Edison under load requirements services contracts that include energy, capacity and ancillary services. It is determined by dividing (i) contract revenue less PJM operating and ancillary charges by (ii) generation.

Illinois Coal Requirements Under Contract

As of December 31, 2008	2009	2010	2011
Amount of coal under contract in millions of equivalent tons ¹	17.7	11.7	—

¹ The amount of coal under contract in tons is calculated based on contracted tons and applying an 8,800 Btu equivalent for the Illinois Plants.

Illinois December 31, 2008 Hedge Position

	2009	2010	2011
Energy only contracts ¹			
Northern Illinois & AEP/Dayton Hubs (GWh)	9,945	6,555	612
Average price/MWh	\$ 65.44	\$ 68.61	\$ 76.40
Load requirements services contracts ^{2,3}			
Northern Illinois Hub (Estimated GWh)	1,571	—	—
Average price/MWh	\$ 63.65	\$ —	\$ —
Total estimated gigawatt-hours	11,516	6,555	612

¹ The energy only contracts include forward contracts for the sale of power and futures contracts during different periods of the year and the day. Market prices tend to be higher during on-peak periods and during summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge positions at December 31, 2008 are not directly comparable to the 24-hour Northern Illinois Hub prices.

² Under a load requirements services contract, the amount of power sold is a portion of the retail load of the purchasing utility and thus can vary significantly with variations in that retail load. Retail load depends upon a number of factors, including the time of day, the time of the year and the utility's number of new and continuing customers. Estimated GWh have been forecast based on historical patterns and on assumptions regarding the factors that may affect retail loads in the future. The actual load will vary from that used for the above estimate, and the amount of variation may be material.

³ The average price per MWh under a load requirements services contract (which is subject to a seasonal price adjustment) represents the sale of a bundled product that includes, but is not limited to, energy, capacity and ancillary services. Furthermore, as a supplier of a portion of a utility's load, Midwest Generation will incur charges from PJM as a load-serving entity. For these reasons, the average price per MWh under a load requirements services contract is not comparable to the sale of power under an energy only contract. The average price per MWh under a load requirements services contract represents the sale of the bundled product based on an estimated customer load profile.

Homer City Statistics

(In millions)

Year Ended December 31,	2008	2007	2006
Generation (in GWh)	11,334	13,649	12,286
Equivalent availability ¹	80.7%	89.4%	81.9%
Capacity factor ²	68.3%	82.5%	74.3%
Load factor ³	84.6%	92.4%	90.7%
Forced outage rate ⁴	9.8%	4.1%	13.5%
Average realized energy price/MWh ⁵	\$ 56.24	\$ 54.40	\$ 48.02
Capacity revenue only (in millions)	\$ 46	\$ 30	\$ 16
Average fuel costs/MWh	\$ 23.35	\$ 22.45	\$ 23.05

¹ The equivalent availability factor is defined as the number of MWh the coal plants are available to generate electricity divided by the product of the capacity of the coal plants (in MW) 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 The capacity factor is defined as the actual number of MWh generated by the coal plants divided by the product of the capacity of the coal plants (in MW) and the number of hours in the period.

³ The load factor is determined by dividing capacity factor by the equivalent availability factor.

⁴ Homer City refers to unplanned maintenance as a forced outage.

⁵ The average realized energy price reflects the average price at which energy is sold into the market including the effects of hedges, real-time and day-ahead sales and PJM fees and ancillary services. It is determined by dividing (i) operating revenue less unrealized SFAS No. 133 gains (losses) and other non-energy related revenue by (ii) total generation.

Homer City Coal Requirements Under Contract

As of December 31, 2008	2009	2010	2011
Amount of coal under contract in millions of equivalent tons ¹	5.1	0.6	0.3

¹ The amount of coal under contract in tons is calculated based on contracted tons and applying an 13,000 Btu equivalent for the Homer City facilities. At December 31, 2008, there are options to purchase additional coal of 0.7 million tons in 2010, 0.6 million tons in 2011, 0.5 million tons in 2012, and 0.1 million tons in 2013. Options to purchase 1.2 million tons in 2010 and 2011 are the subject of a dispute with the supplier. Pending dispute resolution, EME is expected to price risk related to these volumes at December 31, 2008.

Homer City December 31, 2008 Hedge Position

	2009	2010	2011
Gigawatt-hours	4,096	2,662	—
Average price/MWh ¹	\$ 82.94	\$ 90.53	—

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 summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge position at December 31, 2008 is not directly comparable to the 24-hour PJM West Hub prices.

Edison Capital

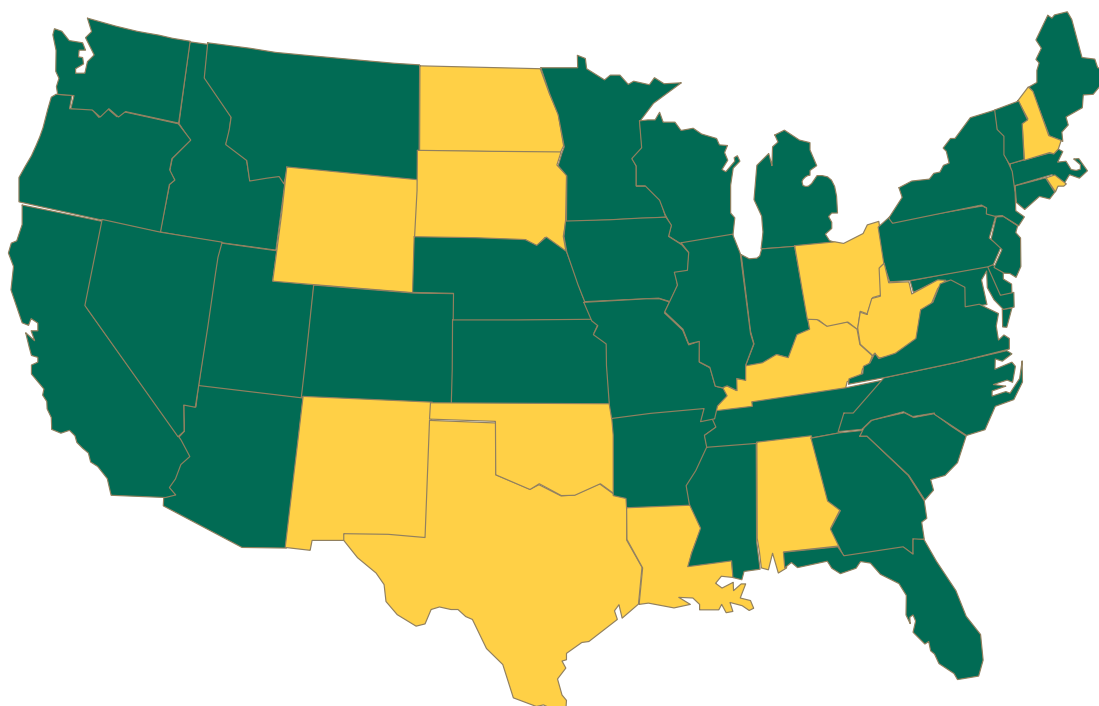
Edison Capital has investments worldwide in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, and telecommunications. Edison Capital also has investments in affordable housing projects located throughout the United States.

Energy/Infrastructure Projects

Infrastructure Project Name	Country/Region	Project Type	Generation Capacity (MW)	Lessor Interest/Equity Interest
ESKOM/Majuba	South Africa	Coal Power	4,110	50%
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	80%
AIG - Asia II Fund	Asia	Infrastructure	—	6%
Beaver Valley Unit #2	U.S.	Nuclear Power	836	11%
EPZ/Amercentrale 9	Netherlands	Coal Power	580	26%
AIG/GE Latin American Fund	Latin America	Infrastructure	—	8%
ETSA	South Australia	Transmission System	—	100%
Vidalia Hydroelectric	U.S.	Hydro Power	192	24%
AIG Emerging Europe Fund	Europe	Infrastructure	—	23%
Nederlandse Spoorwegen	Netherlands	Electric Rail	—	100%
Paz Holdings	Bolivia	Distribution Systems	—	11%
Total			8,893	

Affordable Housing

Edison Capital is currently invested in over 313 Affordable Housing projects in 35 states.



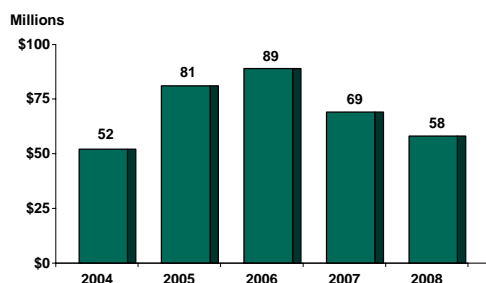
Edison Capital Financial Information

(In millions)

Year Ended December 31,

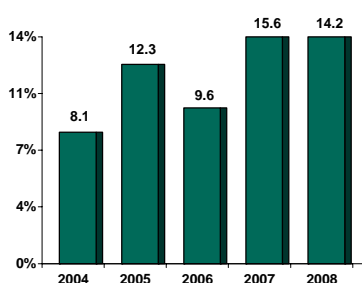
	2008	2007	2006
Condensed consolidated statements of income			
Lease revenue	\$ 51	\$ 50	\$ 67
Other	6	6	6
Total operating revenue	57	56	73
Operating expenses	17	17	26
Operating income	40	39	47
Equity in income (loss) from unconsolidated entities	(4)	28	30
Interest expense	(9)	(10)	(16)
Other income	61	17	39
Income before income taxes	88	74	100
Income tax expense	30	5	11
Net income	\$ 58	\$ 69	\$ 89
Condensed consolidated balance sheets			
Current assets	\$ 377	\$ 269	\$ 431
Investments	2,524	2,576	2,638
Property, plant, and equipment — net and other	132	132	130
Total assets	\$ 3,033	\$ 2,977	\$ 3,199
Current liabilities	\$ 96	\$ 38	\$ 96
Long-term liabilities	2,487	2,533	2,526
Total liabilities	2,583	2,571	2,622
Minority interest	14	26	46
Total shareholder's equity	436	380	531
Total liabilities and shareholder's equity	\$ 3,033	\$ 2,977	\$ 3,199
Condensed consolidated statements of cash flows			
Cash flows from operating activities:			
Net income	\$ 58	\$ 69	\$ 89
Adjustment for non-cash income statement items	(102)	(35)	(90)
Changes in working capital components	77	(31)	63
Net cash provided by operating activities	33	3	62
Cash flows from financing activities:			
Dividend paid to parent	—	(238)	(108)
Repayment of debt, net of borrowings	2	(36)	(75)
Intercompany note receivable	(120)	—	—
Advances to parents	—	—	(50)
Other	1	(2)	(3)
Net cash used by financing activities	(117)	(276)	(236)
Cash flows from investing activities:			
Distributions from partnerships, net of investments	27	37	68
Capital expenditures	(4)	—	—
Proceeds from sales of investments	74	—	—
Restricted cash	—	3	—
Net cash provided by investing activities	97	40	68
Net increase (decrease) in cash and equivalents	13	(233)	(106)
Cash and equivalents, beginning of period	142	375	481
Cash and equivalents, end of period	\$ 155	\$ 142	\$ 375

EDISON CAPITAL
NET INCOME ¹



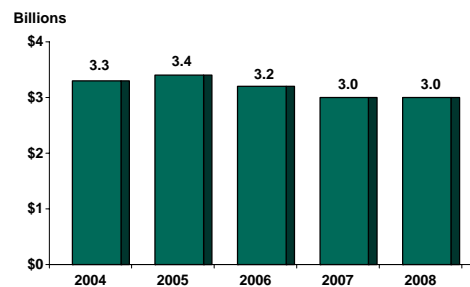
¹ Restated for transfer of wind assets

EDISON CAPITAL
RETURN ON COMMON EQUITY ¹



¹ Restated for transfer of wind assets

EDISON CAPITAL
TOTAL ASSETS ¹



¹ Restated for transfer of wind assets

Leadership Team ¹

Edison International

Theodore F. Craver, Jr.

Chairman of the Board, President and Chief Executive Officer

W. James Scilacci

Executive Vice President, Chief Financial Officer and Treasurer

Robert L. Adler

Executive Vice President and General Counsel

Polly L. Gault

Executive Vice President, Public Affairs

Diane L. Featherstone

Senior Vice President, Human Resources

Barbara J. Parsky

Senior Vice President, Corporate Communications

Barbara E. Mathews

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

Megan Scott-Kakures

Vice President and General Auditor

Linda G. Sullivan

Vice President and Controller

Jeffrey L. Barnett

Vice President, Tax

Kenneth S. Stewart

Vice President and Chief Ethics and Compliance Officer

Scott S. Cunningham

Vice President, Investor Relations

Andrew J. Hertneky

Vice President, Strategy

Southern California Edison Company

Alan J. Fohrer

Chairman of the Board, Chief Executive Officer

John Fielder

President

Pedro J. Pizarro

Executive Vice President, Power Operations

Cecil R. House

Senior Vice President, Safety and Operations Support and Chief Procurement Officer

James A. Kelly

Vice President, Transmission & Distribution

Thomas M. Noonan

Senior Vice President and Chief Financial Officer

Stephen E. Pickett

Senior Vice President and General Counsel

Bruce Foster

Senior Vice President, Regulatory Affairs

Ross Ridenoure

Senior Vice President and Chief Nuclear Officer, San Onofre Nuclear Generation Station

Lynda L. Ziegler

Senior Vice President, Customer Service

Mahvash Yazdi

Senior Vice President, Business Integration and Chief Information Officer

Robert C. Boada

Vice President and Treasurer

Paul De Martini

Vice President, Edison SmartConnect™

Lisa Cagnolatti

Vice President, Business Customer Division

Barbara E. Mathews

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

Megan Scott-Kakures

Vice President and General Auditor

Kevin R. Cini

Vice President, Energy Supply and Management

Harry B. Hutchinson

Vice President, Customer Service Operations

Akbar Jazayeri

Vice President, Regulatory Operations

Michael P. Short

Vice President, Nuclear Engineering and Technical Services

Walter J. Johnston

Vice President, Power Delivery

Stuart R. Hemphill

Vice President, Renewable and Alternative Power

R.W. (Russ) Krieger, Jr.

Vice President, Power Production

Kevin M. Payne

Vice President, Enterprise Resource Planning

Frank J. Quevedo

Vice President, Equal Opportunity

Ann P. Cohn

Vice President and Associate General Counsel

Erwin Furkawa

Vice President, Customer Programs and Services

David Mead

Vice President, Engineering and Technical Services

Linda G. Sullivan

Vice President and Controller

Leslie Starck

Vice President, Local Public Affairs

Kenneth S. Stewart

Vice President and Chief Ethics and Compliance Officer

Edison Mission Group ²

Ronald L. Litzinger

Chairman of the Board, President and Chief Executive Officer

Guy F. Gorney

Senior Vice President, Coal Generation

Gerard P. Loughman

Senior Vice President, Development

John P. Finneran, Jr.

Senior Vice President and Chief Financial Officer

Steven D. Eisenberg

Senior Vice President and General Counsel

Paul Jacob

Senior Vice President, Marketing & Trading

Douglas McFarlan

Senior Vice President Public Affairs and Communications

Jenene J. Wilson

Vice President, Human Resources

¹ As of December 31, 2008.

² Parent company of Edison Capital.



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<http://www.edison.com>

Stock Exchange Listing

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