EDISON INTERNATIONAL®

# 2002 Financial and Statistical Report

2002

# Contents



## Corporate Profiles

### *Edison International*

Edison International, through its subsidiaries, is an international electric power generator, distributor and structured finance provider. The company operates in privatized, deregulated and regulated markets with a power generation portfolio of approximately 24,000 megawatts. Headquartered in Rosemead, California, Edison International is the parent company of a regulated electric utility and three non-utility businesses with combined assets totaling more than $33 billion.

### *Southern California Edison*

Southern California Edison is one of the nation's largest investor-owned electric utilities, serving more than 12 million people in a 50,000-square-mile area of central, coastal and southern California. Based in Rosemead, California, the regulated utility has been providing electric service in the region for 117 years.

### *Mission Energy Holding Company*

Mission Energy Holding Company was formed in June 2001, to hold the common stock of EME; incur indebtedness under senior secured notes and a term loan; and use a portion of the proceeds from the senior secured notes and the term loan to pay a dividend which was loaned to EIX to retire a portion of its debt obligations.

### *Edison Mission Energy*

Edison Mission Energy is an independent power producer. The company owns or leases and operates power projects worldwide. Based in Irvine, California, EME has nearly $11 billion in assets and owns interests in 84 projects totaling 18,996 megawatts.

### *Edison Capital*

Edison Capital is a global provider of capital and financial services for energy, affordable housing and infrastructure projects focusing primarily on investments related to the production and delivery of electricity. Since its formation in 1987, Edison Capital has participated in and still retains an ownership interest in approximately $21 billion of infrastructure and housing transactions. With headquarters in Irvine, California, the company has assets of approximately $3 billion.

# Edison International Consolidated Earnings

| *Year Ended December 31,* | **2002** | 2001 | Change |
|---|---|---|---|
| **Earnings (Loss) Per Share** | | | |
| Southern California Edison | **$ 2.30** | $ 1.25 | $ 1.05 |
| Edison Mission Energy | **0.26** | 0.35 | (0.09) |
| Edison Capital | **0.10** | 0.26 | (0.16) |
| Mission Energy Holding Co. | **(0.29)** | (0.15) | (0.14) |
| EIX parent company and other | **(0.35)** | (0.41) | 0.06 |
| EIX Core Earnings | **2.02** | 1.30 | 0.72 |
| SCE implementation of URG decision | **1.47** | — | 1.47 |
| SCE procurement and generation-related adjustments | **—** | 6.07 | (6.07) |
| EIX Consolidated Earnings from Continuing Operations | **3.49** | 7.37 | (3.88) |
| Loss from Discontinued Operations | | | |
| EME's FFF and Lakeland Projects | **(0.18)** | (3.78) | 3.60 |
| Edison Enterprises Companies | **—** | (0.41) | 0.41 |
| EIX Consolidated Loss from Discontinued Operations | **(0.18)** | (4.19) | 4.01 |
| Total EIX Consolidated Earnings | **$ 3.31** | $ 3.18 | $ 0.13 |
| **Earnings (Loss)** ***(In millions)*** | | | |
| Southern California Edison | **$ 748** | $ 408 | $ 340 |
| Edison Mission Energy | **82** | 113 | (31) |
| Edison Capital | **33** | 84 | (51) |
| Mission Energy Holding Co. | **(94)** | (49) | (45) |
| EIX parent company and other | **(114)** | (132) | 18 |
| EIX Core Earnings | **655** | 424 | 231 |
| SCE implementation of URG decision | **480** | — | 480 |
| SCE procurement and generation-related adjustments | **—** | 1,978 | (1,978) |
| EIX Consolidated Earnings from Continuing Operations | **1,135** | 2,402 | (1,267) |
| Loss from Discontinued Operations | | | |
| EME's FFF and Lakeland Projects | **(57)** | (1,234) | 1,177 |
| Edison Enterprises Companies | **(1)** | (133) | 132 |
| EIX Consolidated Loss from Discontinued Operations | **(58)** | (1,367) | 1,309 |
| Total EIX Consolidated Earnings | **$1,077** | $ 1,035 | $ 42 |

# Security Ratings

| | **Moody's** | | **Standard & Poor's** | | **Fitch** | |
|---|---|---|---|---|---|---|
| | **12/31/02** | **5/15/03** | **12/31/02** | **5/15/03** | **12/31/02** | **5/15/03** |
| EIX Senior Unsecured | B3 | B3 | B- | B- | B | B |
| EIX QUIPS | Caa2 | Caa2 | CCC | CCC | CCC | CCC |
| EIX Commercial Paper | WR | WR | WR | WR | WR | WR |
| SCE Senior Secured | Ba2 | Ba2 | BB | BB | BB | BB |
| SCE Senior Unsecured | Ba3 | Ba3 | B+ | B+ | BB- | BB- |
| SCE QUIDS | B2 | B2 | B+ | B+ | B | B |
| SCE Preferred Stock | B3 | B3 | B | B | B | B |
| SCE Commercial Paper | WR | WR | WR | WR | WR | WR |
| SCE Funding (RRB) | Aaa | Aaa | AAA | AAA | AAA | AAA |
| EME Senior Unsecured | Ba3 | B2 | BB- | BB- | NR | NR |
| EME Mission Capital (Series A) (MIPS) | B2 | Caa1 | B | B | NR | NR |
| EME Funding Corp. | Ba3 | Ba3 | BB | BB | NR | NR |
| Edison Mission Midwest Holdings Co. | Ba2 | Ba3 | BB- | BB- | NR | NR |
| EME Homer City Generation LP | Baa3 | Ba2 | BBB- | BBB- | NR | NR |
| EC Edison Funding Senior Unsecured | B2 | WR | B- | B- | B | B |
| EC Edison Funding Commercial Paper | WR | WR | C | C | WR | WR |
| Mission Energy Holding Company | B3 | Caa2 | B- | B- | NR | NR |

MIPS = Monthly Income Preferred Securities    NR = Not rated
QUIDS = Quarterly Income Debt Securities    QUIPS = Quarterly Income Preferred Securities
RRB = Rate Reduction Bonds (also known as Rate Reduction Notes)    WR = Withdrawn

# Highlights

| *As of December 31, or Year Ended December 31,* | **2002** | 2001 | *% Change from 2001* | *Five-Year Compound Annual Growth Rate %* |
|---|---|---|---|---|
| **Edison International** | | | | |
| Basic Earnings Per Share | **$ 3.31** | $ 3.18 | 4.1 | 13.6 |
| Diluted Earnings Per Share | **$ 3.28** | $ 3.17 | 3.5 | 13.6 |
| Net Income (millions) | **$ 1,077** | $1,035 | 4.1 | 9.0 |
| Income from Continuing Operations | **$ 1,135** | $2,402 | (52.7) | 9.3 |
| Book Value Per Share | **$ 13.62** | $10.04 | 36.0 | (1.5) |
| Recourse Financial Capital Structure[1]: | | | | |
| Common Equity | **30.2%** | 20.8% | — | — |
| Preferred Securities | **9.1** | 9.1 | — | — |
| Debt | **60.7** | 70.1 | — | — |
| Total | **100.0%** | 100.0% | — | — |
| **Southern California Edison** | | | | |
| Basic Earnings Per Edison International Common Share | **$ 3.77** | $ 7.32 | (48.5) | 21.2 |
| Net Income Available for Common Stock (millions) | **$ 1,228** | $2,386 | (48.5) | 16.3 |
| Ratemaking Rate of Return on Common Equity — Authorized[2] | **11.6%** | 11.6% | — | — |
| Kilowatt-Hour Sales (millions) | **79,693** | 78,524 | 1.5 | 0.6 |
| Peak Demand in Megawatts (MW) | **18,821** | 17,890 | 5.2 | (0.3) |
| Generating Capacity Resources (MW) | **9,767** | 9,802 | (0.4) | (14.6) |
| Customers (thousands) | **4,534** | 4,474 | 1.3 | 1.3 |
| Employees | **12,113** | 11,663 | 3.9 | (0.9) |
| **Edison Mission Energy** | | | | |
| Basic Earnings (Loss) Per Edison International Common Share | **$ 0.08** | ($ 3.44) | (102.3) | (22.7) |
| Income from Continuing Operations | **$ 82** | $ 113 | (27.4) | (8.5) |
| Net Income (Loss) (millions) | **$ 25** | ($1,121) | (102.2) | (26.3) |
| Equity (millions) | **$ 1,693** | $1,577 | 7.4 | 15.4 |
| Employees | **2,662** | 3,021 | (11.9) | 18.5 |
| **Edison Capital** | | | | |
| Basic Earnings Per Edison International Common Share | **$ 0.10** | $ 0.26 | (61.5) | (25.6) |
| Net Income (millions) | **$ 33** | $ 84 | (60.7) | (11.6) |
| Equity (millions) | **$ 781** | $ 753 | 3.9 | 21.0 |
| Employees | **61** | 66 | (7.6) | (6.4) |

1 Represents Edison International's consolidated financial net recourse capitalization ratios, including short-term debt. The calculation of these ratios does not include non-recourse debt and securities as detailed on pages 9 through 12 of this document; however, it does include SCE's $100 million of QUIDS in preferred securities rather than debt. The comparable financial ratios determined in accordance with generally accepted accounting principles for common equity, preferred securities and debt for 2002 are 22.0%, 6.7%, and 71.3% respectively. For 2001, the same ratios are 15.3%, 6.7%, and 78.0% respectively.

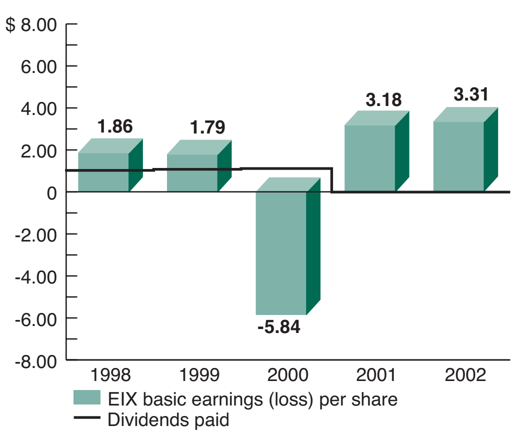
2 Transmission and distribution only.

## Edison International Consolidated Per-Share Data — Common Stock

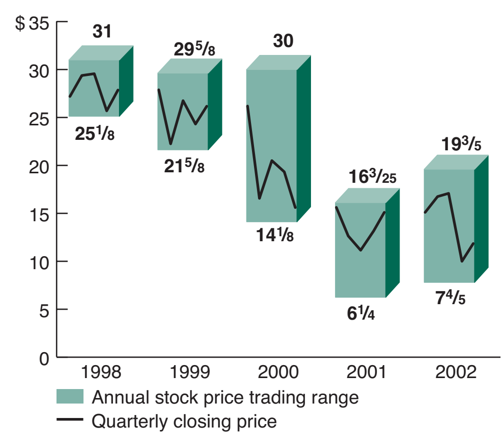
| *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Basic earnings (loss) per share** | **$3.31** | $ 3.18 | $(5.84) | $1.79 | $1.86 | $1.75 |
| **Diluted earnings (loss) per share** | **$3.28** | $ 3.17 | $(5.84) | $1.79 | $1.84 | $1.73 |
| **Dividends per share:** | | | | | | |
| Paid[1] | **$ —** | $ — | $1.11 | $1.07 | $1.03 | $1.00 |
| Declared[1] | **$ —** | $ — | $0.84 | $1.08 | $1.04 | $1.00 |
| **Year-ended data:** | | | | | | |
| Dividend rate[1] | **—** | — | NM | $1.08 | $1.04 | $1.00 |
| Dividend yield (paid)[1] | **—** | — | 7.1% | 4.1% | 3.7% | 3.7% |
| Dividends payout ratio (paid)[1] | **—** | — | NM | 59.8% | 55.4% | 57.1% |
| Book value per share | **$13.62** | $10.04 | $7.43 | $15.01 | $14.55 | $14.71 |
| Market price/book value ratio | **0.9×** | 1.5× | 2.1× | 1.8× | 1.9× | 1.9× |
| Price/earnings ratio | **3.6×** | 4.7× | NM | 14.6× | 15.0× | 15.5× |
| **Total Shareholder Return:** | | | | | | |
| Appreciation and dividends paid[1] | **(21.5%)** | (3.4)% | (37.6)% | (2.1)% | 6.4% | 42.1% |
| **Price:** | | | | | | |
| High | **$19.60** | $16.12 | $30 | $29⅝ | $31 | $27 13/16 |
| Low | **$7.80** | $6.25 | $14⅛ | $21⅝ | $25⅛ | $19½ |
| Year-end | **$11.85** | $15.10 | $15⅝ | $26 3/16 | $27⅞ | $27 3/16 |
| Common shares outstanding (thousands) | **325,811** | 325,811 | 325,811 | 347,207 | 350,553 | 375,764 |
| Weighted-average shares of common stock outstanding (thousands) | **325,811** | 325,811 | 332,560 | 347,551 | 359,205 | 400,396 |

[1] The quarterly common stock dividends customarily paid on January 31, April 30, July 31, and October 31, were not declared for 2001 and 2002.
NM = Not meaningful.

**BASIC EARNINGS (LOSS) PER SHARE AND DIVIDENDS PAID**




**EDISON INTERNATIONAL COMMON STOCK PRICE RANGE**



## Edison International Consolidated Balance Sheets

| *In millions* *December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and equivalents | **$ 2,474** | $ 3,991 | $ 1,604 | $ 375 | $ 580 | $ 1,906 |
| Receivables, including unbilled revenue, less allowances for uncollectible accounts | **1,548** | 1,710 | 1,355 | 1,262 | 1,286 | 1,074 |
| Fuel inventory | **124** | 124 | 68 | 147 | 51 | 58 |
| Materials and supplies, at average cost | **225** | 203 | 188 | 178 | 116 | 133 |
| Accumulated deferred income taxes — net | **270** | 1,092 | 1,339 | 190 | 275 | 123 |
| Regulatory assets — net | **509** | 83 | — | — | 287 | 193 |
| Prepayments and other current assets | **308** | 297 | 411 | 138 | 133 | 104 |
| **Total current assets** | **5,458** | 7,500 | 4,965 | 2,290 | 2,728 | 3,591 |
| Nonutility property — less accumulated provision for depreciation | **6,923** | 6,414 | 7,298 | 9,253 | 3,047 | 3,172 |
| Nuclear decommissioning trusts | **2,210** | 2,275 | 2,505 | 2,509 | 2,240 | 1,831 |
| Investments in partnerships and unconsolidated subsidiaries | **2,011** | 2,253 | 2,700 | 2,505 | 1,980 | 1,341 |
| Investments in leveraged leases | **2,313** | 2,386 | 2,346 | 1,885 | 1,621 | 960 |
| Other investments | **235** | 226 | 92 | 180 | 208 | 261 |
| **Total investments and other assets** | **13,692** | 13,554 | 14,941 | 16,332 | 9,096 | 7,565 |
| Utility plant, at original cost: | | | | | | |
| Transmission and distribution | **14,202** | 13,568 | 13,129 | 12,439 | 11,772 | 11,213 |
| Generation | **1,457** | 1,729 | 1,745 | 1,718 | 1,689 | 9,522 |
| Accumulated provision for depreciation and decommissioning | **(8,094)** | (7,969) | (7,834) | (7,520) | (6,896) | (10,544) |
| Construction work in progress | **529** | 556 | 636 | 563 | 517 | 593 |
| Nuclear fuel, at amortized cost | **153** | 129 | 143 | 132 | 172 | 155 |
| **Total utility plant** | **8,247** | 8,013 | 7,819 | 7,332 | 7,254 | 10,939 |
| **Regulatory assets and other deferred charges** | **5,826** | 7,502 | 3,484 | 6,379 | 5,223 | 2,988 |
| **Assets of discontinued operations** | **61** | 205 | 3,891 | 3,896 | 397 | 18 |
| **Total assets** | **$33,284** | $36,774 | $35,100 | $36,229 | $24,698 | $25,101 |

## Edison International Foreign and Domestic Assets

| *In millions* *December 31,* | **2002** | 2001 |
|---|---|---|
| **Assets** | | |
| United States[1] | **$25,420** | $31,532 |
| Foreign countries: | | |
| United Kingdom[1] | **1,680** | 1,675 |
| Australia | **1,565** | 1,152 |
| New Zealand | **1,738** | 1,331 |
| Netherlands | **556** | — |
| South Africa | **646** | — |
| Switzerland | **483** | — |
| Other | **1,196** | 1,084 |
| **Total** | **$33,284** | $36,774 |

[1] Includes assets of discontinued operations.

## Edison International Consolidated Balance Sheets

| *In millions* *December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Liabilities and Shareholders' Equity** | | | | | | |
| Short-term debt | **$ 78** | $ 2,445 | $ 3,891 | $ 2,553 | $ 566 | $ 330 |
| Long-term debt due within one year | **2,761** | 1,499 | 929 | 844 | 920 | 868 |
| Preferred stock to be redeemed within one year | **9** | 105 | — | — | — | — |
| Accounts payable | **866** | 3,414 | 1,199 | 609 | 478 | 437 |
| Accrued taxes | **855** | 183 | 566 | 384 | 630 | 577 |
| Accrued interest | **290** | 350 | 190 | 185 | 147 | 132 |
| Dividends payable | **122** | 78 | 12 | 101 | 91 | 95 |
| Regulatory liabilities — net | **—** | — | 195 | 76 | — | — |
| Deferred unbilled revenue and other current liabilities | **1,673** | 1,783 | 2,201 | 1,733 | 1,406 | 1,277 |
| **Total current liabilities** | **6,654** | 9,857 | 9,183 | 6,485 | 4,238 | 3,716 |
| **Long-term debt** | **11,557** | 12,674 | 12,150 | 12,198 | 8,008 | 8,871 |
| Accumulated deferred income taxes — net | **5,842** | 6,367 | 4,537 | 4,889 | 4,591 | 4,084 |
| Accumulated deferred investment tax credits | **167** | 172 | 183 | 225 | 271 | 351 |
| Customer advances and other deferred credits | **1,841** | 1,675 | 1,598 | 1,952 | 1,425 | 1,441 |
| Power purchase contracts and other long-term liabilities | **931** | 1,008 | 1,026 | 1,040 | 465 | 479 |
| **Total deferred credits and other liabilities** | **8,781** | 9,222 | 7,344 | 8,106 | 6,752 | 6,355 |
| **Liabilities of discontinued operations** | **72** | 71 | 2,474 | 2,561 | 50 | 14 |
| **Minority interest** | **425** | 345 | 19 | 8 | 16 | 9 |
| Preferred stock of utility: | | | | | | |
| Not subject to mandatory redemption | **129** | 129 | 129 | 129 | 129 | 184 |
| Subject to mandatory redemption | **147** | 151 | 256 | 256 | 256 | 275 |
| Company-obligated mandatorily redeemable securities of subsidiaries holding solely parent company debentures | **951** | 949 | 949 | 948 | 150 | 150 |
| Other preferred securities | **131** | 104 | 176 | 327 | — | — |
| **Total preferred securities of subsidiaries** | **1,358** | 1,333 | 1,510 | 1,660 | 535 | 609 |
| Common stock | **1,973** | 1,966 | 1,960 | 2,090 | 2,109 | 2,261 |
| Accumulated other comprehensive income (loss) | **(247)** | (328) | (139) | 42 | 84 | 90 |
| Retained earnings | **2,711** | 1,634 | 599 | 3,079 | 2,906 | 3,176 |
| **Common shareholders' equity** | **4,437** | 3,272 | 2,420 | 5,211 | 5,099 | 5,527 |
| **Total liabilities and shareholders' equity** | **$33,284** | $36,774 | $35,100 | $36,229 | $24,698 | $25,101 |

## Edison International's Estimated Commitments For 2003–2007

| *In millions* | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|
| Long-term debt maturities and sinking fund requirements | $2,761 | $2,752 | $1,406 | $ 895 | $ 658 |
| Fuel supply contract payments | 760 | 605 | 574 | 490 | 353 |
| Gas transportation payment | 8 | 16 | 16 | 16 | 15 |
| Purchased-power capacity payments | 597 | 595 | 578 | 543 | 543 |
| Estimated noncancelable lease payments | 356 | 332 | 371 | 451 | 485 |
| Preferred securities redemption requirements | 9 | 9 | 9 | 140 | 9 |
| **Total** | **$4,491** | **$4,309** | **$2,954** | **$2,535** | **$2,063** |

Note: Edison International's projected construction expenditures for 2003 are $1.0 billion.

## Edison International Consolidated Statements of Income (Loss)

| *In millions, except per-share amounts* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| Electric utility | **$ 8,705** | $ 8,120 | $ 7,870 | $7,548 | $7,500 | $7,953 |
| Nonutility power generation | **2,750** | 2,594 | 2,294 | 1,083 | 705 | 785 |
| Financial services and other | **33** | 348 | 260 | 301 | 295 | 247 |
| **Total operating revenue** | **11,488** | 11,062 | 10,424 | 8,932 | 8,500 | 8,985 |
| Fuel | **1,186** | 1,128 | 1,004 | 546 | 501 | 1,074 |
| Purchased power | **2,016** | 3,770 | 4,687 | 3,190 | 3,262 | 2,854 |
| Provisions for regulatory adjustment clauses — net | **1,502** | (3,028) | 2,301 | (763) | (473) | (411) |
| Other operation and maintenance | **3,242** | 3,029 | 2,619 | 2,551 | 2,305 | 2,090 |
| Depreciation, decommissioning and amortization | **1,030** | 973 | 1,784 | 1,714 | 1,653 | 1,361 |
| Property and other taxes | **145** | 114 | 129 | 124 | 133 | 134 |
| Net gain on sale of utility plant | **(5)** | (6) | (25) | (3) | (543) | (4) |
| **Total operating expenses** | **9,116** | 5,980 | 12,499 | 7,359 | 6,838 | 7,098 |
| **Operating income (loss)** | **2,372** | 5,082 | (2,075) | 1,573 | 1,662 | 1,887 |
| Provision for rate phase-in plan | **—** | — | — | — | — | (48) |
| Interest and dividend income | **287** | 282 | 209 | 92 | 108 | 85 |
| Equity in income from partnership and unconsolidated subsidiary — net | **249** | 343 | 247 | 217 | 160 | 170 |
| Other nonoperating income (deductions) — net | **16** | 38 | 40 | 57 | 6 | (112) |
| Interest expense — net of amounts capitalized | **(1,283)** | (1,582) | (1,257) | (841) | (699) | (698) |
| Dividends on preferred securities | **(96)** | (92) | (100) | (44) | (13) | (13) |
| Dividends on utility preferred stock | **(19)** | (22) | (22) | (25) | (25) | (29) |
| **Income (loss) before taxes** | **1,526** | 4,049 | (2,958) | 1,029 | 1,199 | 1,242 |
| Income tax (benefit) | **391** | 1,647 | (1,019) | 348 | 488 | 516 |
| **Income (loss) from continuing operations** | **1,135** | 2,402 | (1,939) | 681 | 711 | 726 |
| Loss from discontinued operations | **(74)** | (2,223) | (34) | (111) | (69) | (43) |
| Income tax (benefit) on discontinued operations | **(16)** | (856) | (30) | (53) | (26) | (17) |
| **Net income (loss)** | **$ 1,077** | $ 1,035 | $(1,943) | $ 623 | $ 668 | $ 700 |

## Edison International Business Segments

| *In millions* | Electric Utility | Nonutility Power Generation | Financial Services | Corporate & Other[1] | Edison International |
|---|---|---|---|---|---|
| **2002** | | | | | |
| Operating revenue | $ 8,705 | $2,750 | $ 7 | $ 26 | $11,488 |
| Depreciation, decommissioning, and amortization | 780 | 247 | — | 3 | 1,030 |
| Interest and dividend income | 262 | 18 | (1) | 8 | 287 |
| Interest expense — net of amounts capitalized | 584 | 452 | 36 | 211 | 1,283 |
| Income tax (benefit) — continuing operations | 642 | 38 | (146) | (143) | 391 |
| Income (loss) from continuing operations | 1,228 | 82 | 33 | (208) | 1,135 |
| Net income (loss) | 1,228[2] | 25 | 33 | (209) | 1,077 |
| Total assets | 18,314 | 11,092 | 3,479 | 399 | 33,284 |
| Additions to and acquisition of property and plant | 1,046 | 554 | 1 | (11) | 1,590 |

[1] Includes amounts from nonutility subsidiaries not significant as a reportable segment and intercompany eliminations.
[2] Net income (loss) available for common stock.

# Edison International Consolidated Statements of Cash Flows

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Net income (loss) from continuing operations | **$ 1,135** | $ 2,402 | $(1,939) | $ 681 | $ 711 | $ 726 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation, decommissioning and amortization | **1,030** | 973 | 1,784 | 1,714 | 1,653 | 1,361 |
| Other amortization | **113** | 92 | 168 | 112 | 96 | 88 |
| Rate phase-in plan | **—** | — | — | — | 4 | 47 |
| Deferred income taxes and investment tax credits | **160** | 1,908 | (1,080) | 536 | 352 | 114 |
| Equity in income from partnerships and unconsolidated subsidiaries | **(249)** | (343) | (247) | (217) | (160) | (170) |
| Income from leveraged leases | **(6)** | (154) | (192) | (214) | (213) | (86) |
| Other long-term liabilities | **5** | 29 | 17 | 32 | (13) | 56 |
| Regulatory assets — long-term — net | **1,860** | (3,135) | 1,759 | (1,354) | (361) | — |
| Write-down of nonutility assets | **—** | 245 | — | — | — | — |
| Regulatory asset related to sale of utility generating plants | **—** | — | — | — | (220) | — |
| Net gains on sale of utility generating plants | **(5)** | (9) | (14) | (1) | (565) | — |
| Other — net | **273** | (296) | (127) | (76) | (25) | (65) |
| Changes in working capital: | | | | | | |
| Receivables and accrued unbilled revenue | **193** | (47) | (159) | 34 | (209) | (6) |
| Regulatory assets — short-term — net | **(426)** | (278) | 97 | 363 | (94) | (375) |
| Fuel inventory, materials and supplies | **(11)** | (16) | 30 | (5) | 23 | 36 |
| Prepayments and other current assets | **(11)** | 203 | 79 | (28) | (16) | 14 |
| Accrued interest and taxes | **523** | (240) | 185 | (196) | 68 | 47 |
| Accounts payable and other current liabilities | **(2,674)** | 1,551 | 797 | 642 | 246 | 189 |
| Distributions and dividends from unconsolidated entities | **337** | 236 | 227 | 213 | 185 | 182 |
| Operating cash flows from discontinued operations | **80** | (147) | 19 | (199) | (30) | (24) |
| Net cash provided by operating activities | **2,327** | 2,974 | 1,404 | 2,037 | 1,432 | 2,134 |
| **Cash flows from financing activities** | | | | | | |
| Long-term debt issued | **409** | 3,386 | 5,293 | 5,395 | 981 | 1,646 |
| Long-term debt repaid | **(1,784)** | (1,761) | (4,495) | (1,022) | (1,544) | (2,219) |
| Bond remarketed (repurchased) and funds held in trust— net | **191** | (130) | (440) | — | — | — |
| Common stock repurchased | **—** | — | (386) | (92) | (714) | (1,173) |
| Preferred securities issued | **—** | 104 | — | 1,124 | — | — |
| Preferred securities redeemed | **(100)** | (164) | (125) | — | (74) | (100) |
| Rate reduction notes repaid | **(246)** | (246) | (246) | (246) | (252) | — |
| Rate reduction notes issued | **—** | — | — | — | — | 2,449 |
| Short-term debt financing — net | **(956)** | (1,547) | 1,296 | 1,931 | 236 | (67) |
| Dividends to minority shareholders | **(37)** | — | — | — | — | — |
| Dividends paid | **—** | — | (371) | (373) | (374) | (408) |
| Other — net | **(59)** | (21) | 9 | (37) | 17 | (15) |
| Financing cash flows from discontinued operations | **(19)** | (1,178) | 223 | 1,241 | — | — |
| **Net cash provided (used) by financing activities** | **(2,601)** | (1,557) | 758 | 7,921 | (1,724) | 113 |
| **Cash flows from investing activities** | | | | | | |
| Additions to property and plant — net | **(1,590)** | (933) | (1,426) | (1,188) | (935) | (778) |
| Purchase of nonutility generating plants | **—** | — | (47) | (5,889) | (258) | — |
| Purchase of power sales agreement | **(80)** | — | — | — | — | — |
| Proceeds from sale of nonutility assets | **62** | 1,032 | 1,727 | 115 | 1,215 | 211 |
| Net funding of nuclear decommissioning trusts | **(12)** | (36) | (69) | (116) | (163) | (154) |
| Distribution from (investments in) partnerships and unconsolidated subsidiaries | **42** | (122) | (289) | (853) | (401) | (131) |
| Investments in leveraged leases — net | **—** | 68 | (255) | (99) | (458) | (327) |
| Investment in other assets | **247** | (433) | (217) | (303) | 326 | (52) |
| Investing cash flows from discontinued operations | **2** | 1,125 | (89) | (1,698) | (354) | (6) |
| **Net cash provided (used) by investing activities** | **(1,329)** | 701 | (665) | (10,031) | (1,028) | (1,237) |
| **Effect of exchange rate changes on cash** | **23** | (37) | (32) | (3) | (3) | — |
| **Net increase (decrease) in cash and equivalents** | **(1,580)** | 2,081 | 1,465 | (76) | (1,323) | 1,010 |
| Cash and equivalents, beginning of year | **4,054** | 1,973 | 508 | 584 | 1,907 | 897 |
| Cash and equivalents, end of year | **2,474** | 4,054 | 1,973 | 508 | 584 | 1,907 |
| Cash and equivalents — discontinued operations | **—** | (63) | (369) | (133) | (4) | (1) |
| **Cash and equivalents — continuing operations** | **$ 2,474** | $ 3,991 | $ 1,604 | $ 375 | $ 580 | $ 1,906 |

# Edison International Consolidated Income Tax Schedules

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Current:** | | | | | | |
| Federal | **$ 585** | $ (215) | $ (61) | $(82) | $ 121 | $ 245 |
| State | **111** | — | — | 9 | 18 | 55 |
| Foreign | **38** | 30 | 70 | (31) | 15 | 103 |
| | **734** | (185) | 9 | (104) | 154 | 403 |
| **Deferred:** | | | | | | |
| Accrued charges | **59** | (79) | (98) | (128) | (43) | (33) |
| Property-related, asset basis adjustment | **230** | 165 | (5) | (59) | (76) | (8) |
| CTC amortization | **(99)** | (138) | 251 | 7 | 63 | — |
| Investment and energy tax credits — net | **(7)** | (6) | (41) | (46) | (80) | (22) |
| Leveraged leases | **100** | 320 | 387 | 315 | 346 | 87 |
| Loss carryforwards | **—** | 36 | (812) | — | (33) | 121 |
| Pension reserves | **—** | — | — | — | (4) | (5) |
| Price risk management | **25** | 39 | (38) | — | — | — |
| Rate phase-in plan | **—** | — | — | — | — | (19) |
| Regulatory balancing accounts | **(575)** | 1,345 | (740) | 371 | 177 | 142 |
| State tax-privilege year | **(78)** | (41) | 30 | 4 | — | — |
| Deferred income | **—** | — | — | — | — | (156) |
| Other | **2** | 191 | 38 | (12) | (16) | 6 |
| | **(343)** | 1,832 | (1,028) | 452 | 334 | 113 |
| **Total income tax (benefit) expense from continuing operations** | **$ 391** | $1,647 | ($1,019) | $ 348 | $ 488 | $ 516 |

The following table reconciles the federal statutory income tax rate to the effective rate. The composite federal and state statutory income tax rates were 41.045% for 1995–1996, and 40.551% for 1997–2002.

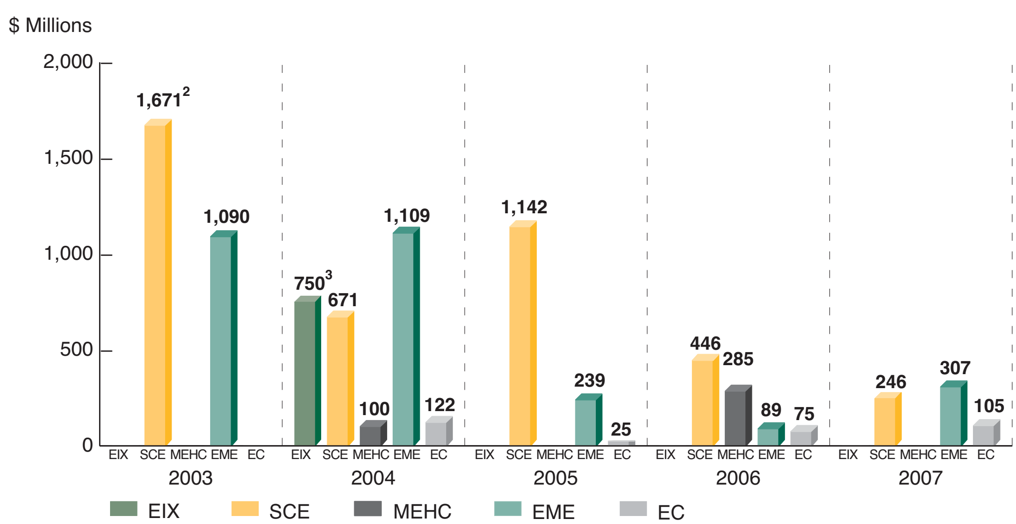
| *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| Federal statutory rate | **35.0%** | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% |
| Capitalized software | **—** | — | 0.4 | (2.2) | (0.6) | (0.8) |
| Property-related and other | **(8.0)** | 0.8 | (7.5) | 1.4 | 10.0 | 5.9 |
| Housing credits | **(2.4)** | (1.2) | 2.1 | (6.2) | (5.7) | (4.3) |
| State tax — net of federal deduction | **3.7** | 6.3 | 3.0 | 9.9 | 7.5 | 6.3 |
| Investment and energy tax credits | **(0.3)** | (0.2) | 1.4 | (4.1) | (5.7) | (1.6) |
| Favorable resolution of audit | **(2.4)** | — | — | — | — | — |
| **Effective tax rate for continuing operations** | **25.6%** | 40.7% | 34.4% | 33.8% | 40.5% | 40.5% |

# Edison International Consolidated Short-Term Debt

| *In millions* | *December 31, 2002* | *December 31, 2001* |
|---|---|---|
| **Edison International** | | |
| **Total** | **$ —** | $ — |
| Available credit under existing lines | **—** | — |
| **Southern California Edison** | | |
| Commercial paper | **$ —** | $ 531 |
| Bank loans | **—** | 1,650 |
| Other | **—** | 6 |
| Amount reclassified as long-term debt | **—** | (60) |
| **Total** | **$ —** | $2,127 |
| Weighted Average interest rates | **—** | 5.3% |
| Available credit under existing lines | **—** | — |
| **Edison Mission Energy** | | |
| Citibank, N.A. Credit Agreement | **$ —** | $ 80 |
| Other short-term obligations | **78[1]** | 88 |
| **Total** | **$ 78** | $ 168 |
| Weighted Average interest rates | **6.13%** | 7.3% |
| Available credit under existing lines | **$ 355** | $ 554 |
| **Edison Capital** | | |
| Bank debt | **—** | 150 |
| Other short-term obligations | **12[2]** | — |
| **Total** | **$ 12** | $ 150 |
| Weighted Average interest rates | **1.4%** | 4.8% |
| Available credit under existing lines | **$ —** | $ — |
| Intercompany debt | **(12)** | — |
| **Edison International total consolidated short-term debt** | **$ 78** | $2,445 |

1 Non-recourse short-term debt.
2 Intercompany note, payable on demand.

# Edison International Five-Year Long-Term Debt Maturities and Sinking Funds Requirements[1]




| | Non-Recourse Debt Maturities ($ millions ) | |
|---|---|---|
| | SCE[4] | EME |
| 2003 | 246 | 1,060 |
| 2004 | 246 | 927 |
| 2005 | 246 | 239 |
| 2006 | 246 | 89 |
| 2007 | 246 | 229 |

1 Includes recourse and non-recourse long-term debt as of 12/31/2002.
2 Excludes 2003 first quarter pay-off of $300 million of Term A Notes and the exchange of $966 million of 8.95% Variable Rate Notes (11/03) extending the maturity to 2007.
3 Excludes repurchase of approximately $132 million of 6⅞ notes during the first quarter of 2003.
4 Payment on rate reduction bonds.

# Edison International Consolidated Long-Term Debt

*In millions*

| Year Series | Due Date | Coupon (rate) | First Call Date | **Dec. 31, 2002** | Dec. 31, 2001 |
|---|---|---|---|---|---|
| **Edison International** | | | | | |
| 1999 Notes | 09/15/04 | 6⅞ | N/A | **$ 750** | $ 750 |
| Less unamortized discount — net | | | | **(2)** | (3) |
| EIX long-term debt | | | | **$ 748** | $ 747 |
| **Mission Energy Holding Company** | | | | | |
| 2001 Sr Secured Notes | 07/15/08 | 13½ | N/A | **$ 800** | $ 800 |
| 2001 Term Loan A | 07/02/04 | LIBOR+7.50% | N/A | **100** | 100 |
| 2001 Term Loan B | 07/02/06 | LIBOR+7.50% | N/A | **285** | 285 |
| Less unamortized discount — net | | | | **(23)** | (27) |
| Mission Energy Holding Company long-term debt | | | | **$1,162** | $1,158 |
| **Southern California Edison** | | | | | |
| Recourse long-term debt: | | | | | |
| First and refunding mortgage bonds: | | | | | |
| 1993 93J | 10/01/02 | 5⅝ | N/A | **$ —** | $ 200 |
| 1993 93F | 06/15/03 | 6¼ | N/A | **125** | 125 |
| 1993 93H | 09/01/04 | 5⅞ | N/A | **125** | 125 |
| 1993 93I | 10/01/18 | 6.90 | 10/01/98 | **200** | 200 |
| 1993 93G | 07/15/25 | 7⅛ | 07/15/03 | **225** | 225 |
| 1993 93C | 03/01/26 | 7¼ | 03/01/03 | **300** | 300 |
| Subtotal | | | | **975** | 1,175 |
| Other: | | | | | |
| 1995 Notes | 06/01/01 | 6½ | N/A | **—** | 200 |
| 1996 Notes | 01/15/01 | 5⅞ | N/A | **—** | 200 |
| 1996 Notes | 01/15/06 | 6⅜ | N/A | **200** | 200 |
| 1999 Notes | 04/01/29 | 6.65 | N/A | **300** | 300 |
| 2000 Notes | 01/15/10 | 7.625 | N/A | **250** | 250 |
| Variable Rate Notes | 11/03/03 | Variable | N/A | **1,000** | 1,000 |
| Floating Rate Notes | 05/01/02 | Variable | N/A | **—** | 300 |
| Junior Subordinated Deferrable Interest Debentures[1] | | | | | |
| 1995 Series A | 06/30/44 | 8⅜ | 05/25/00 | **100** | 100 |
| Commercial paper for nuclear fuel | | | | **—** | 60 |
| Subtotal | | | | **1,850** | 2,610 |

| Year Series | Due Date | Coupon (rate) | First Call Date | **Dec. 31, 2002** | Dec. 31, 2001 |
|---|---|---|---|---|---|
| Senior secured credit facility: | | | | | |
| 2002 Tranche A[2] | 3/03/03 | Variable | N/A | **300** | — |
| 2002 Tranche B[2] | 3/01/05 | Variable | N/A | **700** | — |
| 2002 Revolver[2] | 3/01/04 | Variable | N/A | **300** | — |
| Subtotal | | | | **1,300** | — |
| Pollution control indebtedness: | | | | | |
| Four Corners Generating Station | | | | | |
| 1991 Series A[2] | 04/01/21 | 7.20% | 04/01/01 | **49** | 49 |
| 1993 Series D[2] | 06/01/23 | 5⅞ | 06/01/03 | **155** | 155 |
| 1999 Series A[3] | 04/01/29 | 5⅛ | 04/01/09 | **55** | 55 |
| Huntington Beach Generating Station | | | | | |
| 1999 Series D[3] | 09/01/15 | 5.20 | 09/01/09 | **8** | 8 |
| Mohave Generating Station | | | | | |
| 1988 Series A | 02/01/10 | 5.4 | 02/01/02 | **20** | 20 |
| 2000 Series A | 06/01/31 | Variable | N/A | **40** | 40 |
| 2000 Series B | 06/01/31 | Variable | N/A | **15** | 15 |
| 2000 Series C | 06/01/40 | Variable | N/A | **20** | 20 |
| Palo Verde Nuclear Generating Station | | | | | |
| 2000 Series A-B | 06/01/35 | Variable | N/A | **144** | 144 |
| San Onofre Nuclear Generating Station | | | | | |
| 1986 Series D-G[2] | 02/28/05[4] | 7.00 | 03/06/03 | **196** | 196 |
| 1987 Series A-D[2] | 03/01/08 | Variable | N/A | **135** | 135 |
| 1991 Series D[2] | 12/01/17 | 6.90 | 12/01/01 | **29** | 29 |
| 1992 Series C[2] | 07/01/27 | 6.00 | 07/01/02 | **30** | 30 |
| 1992 Series E[2] | 12/01/24 | 6.40 | 12/01/02 | **190** | 190 |
| 1999 Series A-B[3] | 09/01/29 | 5.45 | 09/01/09 | **100** | 100 |
| 1999 Series C[3] | 09/01/31 | 5.55 | 09/01/09 | **30** | 30 |
| Subtotal | | | | **1,216** | 1,216 |
| Non-recourse long-term debt: | | | | | |
| Rate reduction notes[5] | | | | | |
| 1997 Various | Various | Various | N/A | **1,232** | 1,478 |
| SCE principal amount outstanding | | | | **6,573** | 6,479 |
| Less current portion of long-term debt | | | | **(1,671)** | (1,146) |
| Less unamortized discount — net | | | | **(23)** | (24) |
| Less securities/fund held by trustees — bonds repurchased | | | | **(375)** | (570) |
| SCE long-term debt | | | | **$4,504** | $4,739 |

1 Also known as quarterly income debt securities (QUIDS).
2 Secured by first and refunding mortgage bonds.
3 Insured.
4 End of current interest rate period. To be remarketed on March 1, 2005. Final maturity is February 28, 2008.
5 Also known as rate reduction bonds. The notes are non-recourse to SCE and EIX.

# Edison International Consolidated Long-Term Debt

*In millions*

| Year | Series | Due Date | Dec. 31, 2002 Interest Rate | First Call Date | **Dec. 31, 2002** | Dec. 31, 2001 |
|---|---|---|---|---|---|---|
| **Edison Mission Energy** | | | | | | |
| Recourse long-term debt: | | | | | | |
| EME (parent only) | | | | | | |
| 1992 | Senior Notes | 2002 | 8.125% | N/A | **$ —** | $ 100 |
| 1999 | Senior Notes | 2009 | 7.730% | Any Time | **600** | 600 |
| 2001 | Senior Notes | 2011 | 9.875% | Any Time | **600** | 600 |
| 2001 | Senior Notes | 2008 | 10.0% | Any Time | **400** | 400 |
| 1999 | Coal & Capex Facility | 2004 | £LIBOR+2.25%+0.0102%[1] | N/A | **181** | 252 |
| Long-term obligations — Affiliate | | | | | **78** | 78 |
| Non-recourse long-term debt: | | | | | | |
| Edison Mission Energy Funding Corp. | | | | | | |
| 1996 | Series A Notes | 1997–2003 | 6.770% | Any Time + Prem. Penalty | **47** | 91 |
| 1996 | Series B Bonds | 2004–2008 | 7.330% | Any Time + Prem. Penalty | **191** | 190 |
| Edison Mission Midwest Holdings Co. | | | | | | |
| 1999 | Tranche A | 2003 | LIBOR+2.25%[1] | N/A | **911** | 911 |
| 1999 | Tranche B | 2004 | LIBOR+2.00%[1] | N/A | **808** | 808 |
| EME CP Holdings Co. | | | | | | |
| 2002 | Credit Facilities | 2015 | 7.31% | N/A | **84** | — |
| Contact Project | | | | | | |
| | Credit Facilities | 2003–2018 | Various | N/A | **430** | 385 |
| Doga Project | | | | | | |
| 1997 | Finance Agmt. | 2010 | USTN+3.75%[1] | N/A | **70** | 78 |
| 1997 | Credit Agmt. | 2010 | LIBOR+1.25%[1] | N/A | **26** | 29 |
| First Hydro Plants | | | | | | |
| 1996 | Secured Bonds | 2021 | 9.0% | Any Time + Gross Redemption Yield | **644** | 582 |
| 1998 | Credit Agmt. | 2003 | £LIBOR+0.55+0.0103%[1] | N/A | **29** | 26 |
| Iberian Hy-Power Plants | | | | | | |
| 1997 | Credit Facility | 2012 | EURIBOR+0.75%[1] | N/A | **43** | 49 |
| 1991 | Loan | 2003 | 9.408% | N/A | **22** | 7 |
| 1993 | CGDE (Recourse) | 2003 | — | N/A | **30** | 23 |
| 2002 | Banco Vitalicio | 2006 | 6.17% | N/A | **2** | — |
| Kwinana Plant | | | | | | |
| 1995 | Facility Agmt. | 2012 | BBR+1.3%[1] | N/A | **47** | 44 |
| Loy Yang B Plant | | | | | | |
| 1997 | Term Facility | 2017 | BBR+0.6% to 1.1%[1] | N/A | **382** | 354 |
| 1997 | Term Facility | 2012 | BBR+0.6% to 0.85%[1] | N/A | **276** | 251 |
| 1997 | Working Capital Facility | 2017 | BBR+0.6% to 1.1%[1] | N/A | **6** | 5 |
| Valley Power Plant | | | | | | |
| 2002 | Amortising Facility | 2011 | BBR+1.55% | N/A | **39** | — |
| 2002 | Bullet Facility | 2007 | BBR+1.55% | N/A | **21** | — |
| EME principal amount outstanding | | | | | **5,967** | 5,863 |
| Less current portion of EME long-term debt | | | | | **(1,090)** | (172) |
| Unamortized debt discount — net | | | | | **(5)** | (4) |
| EME long-term debt | | | | | **$ 4,872** | $ 5,687 |
| **Edison Capital** | | | | | | |
| Recourse long-term debt: | | | | | | |
| 1996 | Medium Term Notes | 2006 | 6.79–7.2% | N/A | **$ 75** | $ 75 |
| 2000 | Medium Term Notes | 2002 | 7.47–7.87% | N/A | **—** | 159 |
| 2000 | Medium Term Notes | 2004 | 7.93% | N/A | **30** | 30 |
| 2000 | Credit Agreement | 2005 | Variable | N/A | **—** | 121[2] |
| 2000 | Credit Agreement | 2004 | Variable | N/A | **92[2]** | — |
| 2000 | Medium Term Notes | 2005 | 8.04% | N/A | **25** | 25 |
| 2000 | Medium Term Notes | 2007 | 7.61% | N/A | **30** | 30 |
| 2000 | Medium Term Notes | 2010 | 7.43% | N/A | **42** | 42 |
| 2000 | Medium Term Notes | 2015 | 7.15% | N/A | **49** | 49 |
| 1996 | Long-term obligations — Affiliate | 2007 | 4.75% | N/A | **75** | 75 |
| Non-recourse debt: | | | | | | |
| 1997 | Ravenwood Mortgage | 2039 | 5.75% | N/A | **5** | — |
| 1997 | Olive Court Mortgage | 2026 | 7.0% | N/A | **2** | 4 |
| EC total principal amount outstanding | | | | | **425** | 610 |
| Less current portion of EC long-term debt | | | | | **—** | (162) |
| FMV of Financial Derivatives | | | | | **—** | 11 |
| Less foreign currency translation | | | | | **(1)** | (25) |
| EC long-term debt | | | | | **$ 424** | $ 434 |
| Intercompany debt | | | | | **(153)** | (153) |
| EIX total consolidated long-term debt | | | | | **$11,557** | $12,674 |

1 Interest rates may vary based on debt agreements.

2 The $121 million, foreign denominated, credit agreement was converted to $107 million U.S. dollar credit agreement of which $15 million was due in 2002 and $92 million is due in 2004

# Edison International Consolidated Statements of Capitalization

| | Trading Exchanges | Trading Symbol | Shares Outstanding | Redemption Price Per Share | December 31, 2002 | 2001 |
|---|---|---|---|---|---|---|
| | | | | | *In millions* | |
| **Preferred securities** | | | | | | |
| **Cumulative preferred securities** | | | | | | |
| **Not subject to mandatory redemption:** | | | | | | |
| **SCE:** | | | | | | |
| **Recourse securities:** | | | | | | |
| $25 par value preferred stock: | | | | | | |
| 4.08% Series | American and Pacific | SCEPrB | 1,000,000 | $25.50 | **$ 25** | $ 25 |
| 4.24 | American and Pacific | SCEPrC | 1,200,000 | 25.80 | **30** | 30 |
| 4.32 | American and Pacific | SCEPrD | 1,653,429 | 28.75 | **41** | 41 |
| 4.78 | American and Pacific | SCEPrE | 1,296,769 | 25.80 | **33** | 33 |
| **Subtotal** | | | | | **129** | 129 |
| **Subject to mandatory redemption:** | | | | | | |
| **EIX:** | | | | | | |
| 7.875% QUIPS Series A | New York | EIX prA | 20,000,000 | $25.00 | **485** | 484 |
| 8.60% QUIPS Series B | New York | EIX prB | 13,000,000 | 25.00 | **316** | 315 |
| **SCE:** | | | | | | |
| **Recourse securities:** | | | | | | |
| $100 par value preferred stock: | | | | | | |
| 6.05% Series | Unlisted | — | 750,000 | $100.00 | **75** | 75 |
| 6.45% | Unlisted | — | 1,000,000 | 100.00 | **—** | 100 |
| 7.23% | Unlisted | — | 807,000 | 100.00 | **81** | 81 |
| **EME:** | | | | | | |
| **Recourse securities:** | | | | | | |
| $25 par value preferred securities (MIPS): | | | | | | |
| 9.875% Series A | New York | MEPrA | 3,500,000 | $25.00 | **88** | 88 |
| 8.50% Series B | New York | MEPrB | 2,500,000 | 25.00 | **62** | 62 |
| **Non-recourse securities:** | | | | | | |
| Redeemable preferred shares: | | | | | | |
| $0.5249 par (1 New Zealand dollars) | | | | | | |
| 6.03% at 12/31/02 | Unlisted | — | 250,000,000 | $0.5249 | **131** | 104 |
| **Subtotal** | | | | | **1,238** | 1,309 |
| Less preferred stock to be redeemed within one year | | | | | **(9)** | (105) |
| **Total preferred securities** | | | | | **1,358** | 1,333 |
| **Long-term debt** — detailed on pages 8 and 9 | | | | | **11,557** | 12,674 |
| **Common shareholders' equity** | | | | | **4,437** | 3,272 |
| **Total capitalization** | | | | | **$17,352** | $17,279 |

# Edison International Consolidated Statements of Retained Earnings

| *In millions* *Year Ended December 31,* | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| Balance at beginning of year | **$1,634** | $ 599 | $3,079 | $2,906 | $3,176 | $3,753 |
| Net income (loss) | **1,077** | 1,035 | (1,943) | 623 | 668 | 700 |
| Dividends declared on common stock | **—** | — | (277) | (375) | (371) | (395) |
| Stock repurchases and other | **—** | — | (260) | (75) | (567) | (882) |
| **Balance at end of year** | **$2,711** | $1,634 | $ 599 | $3,079 | $2,906 | $3,176 |

## SCE Consolidated Statements of Income (Loss)

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Operating revenue** | **$8,706** | $8,126 | $ 7,870 | $ 7,548 | $ 7,500 | $ 7,953 |
| Fuel | **243** | 212 | 195 | 215 | 324 | 881 |
| Purchased power | **2,016** | 3,770 | 4,687 | 3,190 | 3,262 | 2,854 |
| Provisions for regulatory adjustment clauses — net | **1,502** | (3,028) | 2,301 | (763) | (473) | (411) |
| Other operation and maintenance | **1,926** | 1,771 | 1,772 | 1,933 | 1,891 | 1,622 |
| Depreciation, decommissioning and amortization | **780** | 681 | 1,473 | 1,548 | 1,546 | 1,240 |
| Property and other taxes | **117** | 112 | 126 | 122 | 128 | 129 |
| Net gain on sale of utility plant | **(5)** | (9) | (25) | (3) | (542) | (4) |
| **Total operating expenses** | **6,579** | 3,509 | 10,529 | 6,242 | 6,136 | 6,311 |
| **Operating income (loss)** | **2,127** | 4,617 | (2,659) | 1,306 | 1,364 | 1,642 |
| Provision for rate phase-in plan | **—** | — | — | — | — | (48) |
| Allowance for equity funds used during construction | **11** | 7 | 11 | 13 | 12 | 8 |
| Interest and dividend income | **262** | 215 | 173 | 69 | 67 | 45 |
| Other nonoperating income (deductions) — net | **65** | 3 | (13) | 31 | (9) | (86) |
| **Total other income (deductions) — net** | **338** | 225 | 171 | 113 | 70 | (81) |
| **Income before interest expenses** | **2,465** | 4,842 | (2,488) | 1,419 | 1,434 | 1,561 |
| Interest and amortization on long-term debt | **472** | 444 | 391 | 393 | 422 | 345 |
| Other interest expense | **113** | 342 | 182 | 91 | 64 | 101 |
| Allowance for borrowed funds used during construction | **(8)** | (9) | (10) | (11) | (8) | (9) |
| Capitalized interest | **(1)** | (1) | (1) | (1) | (1) | (2) |
| **Total interest and amortization expense — net** | **576** | 776 | 562 | 472 | 477 | 435 |
| **Income (loss) before taxes** | **1,889** | 4,066 | (3,050) | 947 | 957 | 1,126 |
| **Income tax (benefit)** | **642** | 1,658 | (1,022) | 438 | 442 | 520 |
| **Net income (loss)** | **1,247** | 2,408 | (2,028) | 509 | 515 | 606 |
| Dividends on preferred stock | **19** | 22 | 22 | 25 | 25 | 30 |
| **Net income (loss) available for common stock** | **$1,228** | $2,386 | $(2,050) | $ 484 | $ 490 | $ 576 |

## SCE Changes in Operating Revenue

| *In millions* *Year Ended December 31,* | **2002 vs. 2001** | 2001 vs. 2000 |
|---|---|---|
| Electricity utility revenue — | | |
| Rate changes (including refunds) | **$ 565** | $ 2,338 |
| Direct access credit | **(604)** | 273 |
| Interruptible noncompliance penalty | **(8)** | 117 |
| Sales volume changes | **684** | (2,402) |
| Other (including intercompany transactions) | **(57)** | (70) |
| **Total** | **$ 580** | $ 256 |

## SCE Consolidated Balance Sheets

| *In millions* *December 31,* | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and equivalents | $ 992 | $ 3,414 | $ 583 | $ 26 | $ 82 | $ 962 |
| Receivables, including unbilled revenue, less allowances for uncollectible accounts | 1,204 | 1,544 | 1,296 | 1,014 | 1,113 | 907 |
| Fuel inventory | 12 | 14 | 12 | 50 | 51 | 58 |
| Materials and supplies, at average cost | 159 | 146 | 132 | 123 | 116 | 133 |
| Accumulated deferred income taxes — net | 42 | 433 | 545 | 188 | 275 | 123 |
| Regulatory assets — net | 509 | 83 | — | — | 287 | 193 |
| Prepayments and other current assets | 104 | 145 | 124 | 111 | 92 | 93 |
| **Total current assets** | 3,022 | 5,779 | 2,692 | 1,512 | 2,016 | 2,469 |
| Nonutility property — less accumulated provision for depreciation | 154 | 159 | 102 | 104 | 57 | 68 |
| Nuclear decommissioning trusts | 2,210 | 2,275 | 2,505 | 2,509 | 2,240 | 1,832 |
| Other investments | 214 | 224 | 90 | 160 | 179 | 171 |
| **Total investments and other assets** | 2,578 | 2,658 | 2,697 | 2,773 | 2,476 | 2,071 |
| Utility plant, at original cost: | | | | | | |
| Transmission and distribution | 14,202 | 13,568 | 13,129 | 12,439 | 11,772 | 11,213 |
| Generation | 1,457 | 1,729 | 1,745 | 1,718 | 1,689 | 9,522 |
| Accumulated provision for depreciation and decommissioning | (8,094) | (7,969) | (7,834) | (7,520) | (6,896) | (10,544) |
| Construction work in progress | 529 | 556 | 636 | 562 | 517 | 593 |
| Nuclear fuel, at amortized cost | 153 | 129 | 143 | 132 | 172 | 155 |
| **Total utility plant** | 8,247 | 8,013 | 7,819 | 7,331 | 7,254 | 10,939 |
| **Regulatory assets and other deferred charges** | 4,467 | 6,003 | 2,758 | 6,041 | 5,201 | 2,580 |
| **Total assets** | $18,314 | $22,453 | $15,966 | $17,657 | $16,947 | $18,059 |

## SCE Operating and Financial Ratios

| *Year Ended December 31,* | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Percent of operating revenue:** | | | | | | |
| Fuel | 2.8% | 2.7% | 2.5% | 2.8% | 4.3% | 11.1% |
| Purchased power | 23.1 | 47.4 | 60.5 | 42.3 | 43.5 | 35.9 |
| Provisions for regulatory adjustment clauses | 17.3 | (40.2) | 28.0 | (10.1) | (6.3) | (5.2) |
| Other operating expenses and maintenance | 22.1 | 22.2 | 22.8 | 25.6 | 18.0 | 20.4 |
| Depreciation, decommissioning and amortization | 9.0 | 8.5 | 19.0 | 20.5 | 20.6 | 15.6 |
| Property and other taxes | 1.3 | 1.4 | 1.6 | 1.6 | 1.7 | 1.6 |
| Operating expenses (before income taxes) | 75.6 | 42.0 | 134.4 | 82.7 | 81.8 | 79.4 |
| Taxes on operating income | 7.0 | 20.1 | (13.0) | 6.0 | 6.0 | 7.3 |
| Operating income | 17.4 | 37.9 | (21.4) | 11.3 | 12.2 | 13.3 |
| **Total** | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Regulatory embedded cost of capital (at year-end):** | | | | | | |
| Long-term debt | 8.20% | 7.84% | 7.87% | 7.38% | 7.57% | 7.50% |
| Preferred and preference stock | 6.53 | 6.57 | 6.60 | 6.64 | 6.68 | 6.50 |
| **Other:** | | | | | | |
| Customers to employees ratio | 374 | 384 | 351 | 335 | 324 | 336 |

## SCE Consolidated Balance Sheets

| *In millions* *December 31,* | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Liabilities and Shareholder's Equity** | | | | | | |
| Short-term debt | $ — | $ 2,127 | $ 1,451 | $ 796 | $ 470 | $ 322 |
| Long-term debt due within one year | 1,671 | 1,146 | 646 | 571 | 401 | 693 |
| Preferred stock to be redeemed within one year | 9 | 105 | — | — | — | — |
| Accounts payable | 745 | 3,261 | 1,055 | 574 | 447 | 407 |
| Accrued taxes | 699 | 823 | 536 | 501 | 679 | 509 |
| Accrued interest | 107 | 174 | 96 | 83 | 90 | 85 |
| Dividends payable | 1 | 22 | 1 | 94 | 92 | 95 |
| Regulatory liabilities — net | — | — | 195 | 76 | — | — |
| Other current liabilities | 1,331 | 1,449 | 1,405 | 1,440 | 1,096 | 932 |
| **Total current liabilities** | 4,563 | 9,107 | 5,385 | 4,135 | 3,275 | 3,043 |
| Long-term debt | 4,504 | 4,739 | 5,631 | 5,137 | 5,447 | 6,145 |
| Accumulated deferred income taxes — net | 2,658 | 3,365 | 2,009 | 2,939 | 2,993 | 2,939 |
| Accumulated deferred investment tax credits | 148 | 153 | 164 | 205 | 250 | 327 |
| Customer advances and other deferred credits | 964 | 739 | 722 | 824 | 795 | 709 |
| Power purchase contracts | 309 | 356 | 467 | 563 | 130 | 145 |
| Other long-term liabilities | 508 | 568 | 423 | 336 | 337 | 334 |
| **Total deferred credits and other liabilities** | 4,587 | 5,181 | 3,785 | 4,867 | 4,505 | 4,454 |
| Preferred stock: | | | | | | |
| Not subject to mandatory redemption | 129 | 129 | 129 | 129 | 129 | 184 |
| Subject to mandatory redemption | 147 | 151 | 256 | 256 | 256 | 275 |
| **Total preferred stock** | 276 | 280 | 385 | 385 | 385 | 459 |
| Common stock | 2,168 | 2,168 | 2,168 | 2,168 | 2,168 | 2,168 |
| Additional paid-in capital | 340 | 336 | 334 | 335 | 334 | 334 |
| Accumulated other comprehensive income (loss) | (16) | (22) | — | 22 | 39 | 48 |
| Retained earnings (deficit) | 1,892 | 664 | (1,722) | 608 | 794 | 1,408 |
| **Total common shareholder's equity** | 4,384 | 3,146 | 780 | 3,133 | 3,335 | 3,958 |
| **Total liabilities and shareholder's equity** | $18,314 | $22,453 | $15,966 | $17,657 | $16,947 | $18,059 |

## SCE's Estimated Commitments For 2003–2007

| *In millions* | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|
| Long-term debt maturities and sinking fund requirements | $1,671 | $ 671 | $1,142 | $ 446 | $246 |
| Estimated noncancelable lease payments | 13 | 11 | 8 | 6 | 4 |
| Fuel supply contract payments | 155 | 118 | 121 | 124 | 127 |
| Purchased-power capacity payments | 597 | 595 | 578 | 543 | 543 |
| Preferred stock redemption requirements | 9 | 9 | 9 | 9 | 9 |
| **Total** | **$2,445** | **$1,404** | **$1,858** | **$1,128** | **$929** |

Note: SCE's projected construction expenditures for 2003 are $1.0 billion.

## SCE Consolidated Statements of Cash Flows

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | | |
| Net income (loss) | **$1,247** | $ 2,408 | $ (2,028) | $ 509 | $ 515 | $ 606 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation, decommissioning and amortization | **780** | 681 | 1,473 | 1,548 | 1,546 | 1,240 |
| Other amortization | **106** | 82 | 97 | 95 | 90 | 81 |
| Rate phase-in plan | **—** | — | — | — | 4 | 47 |
| Deferred income taxes and investment tax credits | **(640)** | 1,313 | (928) | 178 | (95) | 63 |
| Other long-term liabilities | **23** | 62 | 54 | 31 | (13) | 56 |
| Regulatory assets — long term — net | **1,860** | (3,135) | 1,759 | (1,354) | (361) | — |
| Regulatory asset related to sale of generating plants | **—** | — | — | — | (220) | — |
| Net gains on sale of generating plants | **(5)** | (9) | (14) | (1) | (565) | — |
| Other — net | **135** | (195) | (50) | (153) | (26) | (209) |
| Changes in working capital: | | | | | | |
| Receivables and accrued unbilled revenue | **338** | (243) | (282) | 99 | (206) | 15 |
| Regulatory assets — short-term — net | **(426)** | (278) | 97 | 363 | (94) | (375) |
| Fuel inventory, materials and supplies | **(11)** | (16) | 29 | (5) | 24 | 36 |
| Prepayments and other current assets | **41** | (21) | (14) | (19) | 1 | 12 |
| Accrued interest and taxes | **(191)** | 365 | 48 | (186) | 174 | 17 |
| Accounts payable and other current liabilities | **(2,626)** | 2,251 | 588 | 353 | 205 | 120 |
| **Net cash provided by operating activities** | **631** | 3,265 | 829 | 1,458 | 979 | 1,709 |
| **Cash flows from financing activities:** | | | | | | |
| Long-term debt issued | **(32)** | — | 1,760 | 491 | — | — |
| Long-term debt repaid | **(1,200)** | — | (525) | (363) | (776) | (916) |
| Bonds remarketed (repurchased) and funds held in trust— net | **191** | (130) | (440) | — | — | — |
| Rate reduction notes issued | **—** | — | — | — | — | 2,449 |
| Rate reduction notes repaid | **(246)** | (246) | (246) | (246) | (252) | — |
| Preferred stock redeemed | **(100)** | — | — | — | (74) | (100) |
| Nuclear-fuel financing — net | **(59)** | (21) | 9 | (37) | 16 | (20) |
| Short-term debt financing — net | **(527)** | 676 | 655 | 326 | 148 | 92 |
| Capital transferred | **—** | — | — | — | — | 153 |
| Dividends paid | **(40)** | (1) | (395) | (686) | (1,130) | (1,872) |
| **Net cash provided (used) by financing activities** | **(2,013)** | 278 | 818 | (515) | (2,068) | (214) |
| **Cash flows from investing activities:** | | | | | | |
| Additions to property and plant | **(1,046)** | (688) | (1,096) | (986) | (861) | (686) |
| Proceeds from sale of generating plants | **9** | 9 | 19 | — | 1,203 | — |
| Funding of nuclear decommissioning trusts | **(12)** | (36) | (69) | (116) | (163) | (154) |
| Other — net | **9** | 3 | 56 | 103 | 30 | (13) |
| **Net cash provided (used) by investing activities** | **(1,040)** | (712) | (1,090) | (999) | 209 | (853) |
| **Net increase (decrease) in cash and equivalents** | **(2,422)** | 2,831 | 557 | (56) | (880) | 642 |
| Cash and equivalents, beginning of year | **3,414** | 583 | 26 | 82 | 962 | 320 |
| **Cash and equivalents, end of year** | **$ 992** | $ 3,414 | $ 583 | $ 26 | $ 82 | $ 962 |

## SCE Consolidated Statements of Retained Earnings

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| Balance at beginning of year | **$ 664** | $(1,722) | $ 608 | $ 794 | $1,408 | $2,666 |
| Net income (loss) | **1,247** | 2,408 | (2,028) | 509 | 515 | 606 |
| Dividends declared on common stock | **—** | — | (279) | (666) | (1,101) | (1,829) |
| Dividends declared on preferred and preference stock | **(19)** | (22) | (22) | (25) | (25) | (30) |
| Stock option appreciation | **—** | — | (1) | (3) | (4) | — |
| Reacquired capital stock expense and other | **—** | — | — | (1) | 1 | (5) |
| **Balance at end of year** | **$1,892** | $ 664 | $(1,722) | $ 608 | $ 794 | $1,408 |

## SCE Kilowatt-Hour Sales

| *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Class of service — millions of kWh:** | | | | | | |
| Residential | **25,084** | 24,688 | 26,471 | 24,351 | 24,369 | 23,933 |
| Commercial | **35,600** | 34,610 | 36,012 | 33,093 | 31,778 | 31,406 |
| Industrial | **11,590** | 11,954 | 13,302 | 13,229 | 13,098 | 13,379 |
| Agricultural | **1,188** | 1,067 | 1,088 | 1,057 | 837 | 1,022 |
| Public authorities | **6,138** | 6,085 | 6,525 | 6,439 | 6,137 | 6,281 |
| Railroads and railways | **62** | 49 | 36 | 37 | 38 | 34 |
| Interdepartmental | **—** | 1 | 1 | 1 | 1 | 1 |
| Resale | **31** | 70 | 995 | 395 | 337 | 1,178 |
| **Total kilowatt-hour sales** | **79,693** | 78,524 | 84,430 | 78,602 | 76,595 | 77,234 |
| **Class of service — percent:** | | | | | | |
| Residential | **31.5%** | 31.4% | 31.4% | 31.0% | 31.8% | 31.0% |
| Commercial | **44.7** | 44.1 | 42.7 | 42.1 | 41.5 | 40.7 |
| Industrial | **14.5** | 15.2 | 15.8 | 16.8 | 17.1 | 17.3 |
| Agricultural | **1.5** | 1.4 | 1.3 | 1.3 | 1.1 | 1.3 |
| Public authorities | **7.7** | 7.7 | 7.7 | 8.2 | 8.0 | 8.1 |
| Resale and other | **0.1** | 0.2 | 1.1 | 0.6 | 0.5 | 1.6 |
| **Total** | **100.0%** | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

## SCE Customers

| *December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Customers:** | | | | | | |
| Residential | **3,977,245** | 3,931,414 | 3,884,982 | 3,843,923 | 3,767,742 | 3,752,209 |
| Commercial | **467,976** | 450,102 | 433,855 | 420,370 | 401,528 | 399,263 |
| Industrial | **19,200** | 21,765 | 24,955 | 25,867 | 28,546 | 28,602 |
| Agricultural | **23,019** | 23,573 | 24,234 | 24,454 | 24,374 | 24,526 |
| Public authorities | **46,684** | 47,097 | 47,479 | 47,555 | 47,518 | 47,596 |
| Railroads and railways | **43** | 46 | 48 | 38 | 30 | 36 |
| Interdepartmental | **11** | 8 | 7 | 4 | 17 | 22 |
| Resale | **—** | — | — | 2 | 12 | 71 |
| **Total customers** | **4,534,178** | 4,474,005 | 4,415,560 | 4,362,213 | 4,269,767 | 4,252,325 |

## SCE Operating Revenue

| *In millions* *Year Ended December 31,* | **2002[1]** | 2001[1] | 2000[1] | 1999[1] | 1998[1] | 1997 |
|---|---|---|---|---|---|---|
| **Class of service:** | | | | | | |
| Residential | **$2,957** | $2,729 | $3,004 | $2,788 | $2,778 | $3,049 |
| Commercial | **4,014** | 3,438 | 3,017 | 2,895 | 2,876 | 2,999 |
| Industrial | **865** | 828 | 663 | 736 | 825 | 912 |
| Agricultural | **124** | 102 | 101 | 100 | 84 | 101 |
| Public authorities | **640** | 574 | 519 | 535 | 538 | 575 |
| Railroads and railways | **8** | 5 | 4 | 3 | 4 | 3 |
| Resale | **19** | 30 | 71 | 14 | 54 | 90 |
| **Sales of electricity** | **8,627** | 7,706 | 7,379 | 7,071 | 7,159 | 7,729 |
| Other | **364** | 420 | 491 | 477 | 341 | 224 |
| Deferred revenue[2] | **(285)** | — | — | — | — | — |
| **Total operating revenue** | **8,706** | $8,126 | $7,870 | $7,548 | $7,500 | $7,953 |
| **Class of service — percent[3]:** | | | | | | |
| Residential | **32.9%** | 33.6% | 38.2% | 36.9% | 37.1% | 38.3% |
| Commercial | **44.7** | 42.3 | 38.3 | 38.4 | 38.3 | 37.7 |
| Industrial | **9.6** | 10.2 | 8.4 | 9.8 | 11.0 | 11.5 |
| Agricultural | **1.4** | 1.2 | 1.3 | 1.3 | 1.1 | 1.3 |
| Public authorities | **7.1** | 7.1 | 6.6 | 7.1 | 7.2 | 7.2 |
| Resale and other | **0.3** | 0.4 | 1.0 | 0.2 | 0.8 | 1.2 |
| **Sales of electricity** | **96.0** | 94.8 | 93.8 | 93.7 | 95.5 | 97.2 |
| Other | **4.0** | 5.2 | 6.2 | 6.3 | 4.5 | 2.8 |
| **Total** | **100.0%** | 100.0% | 100.0% | 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 for SEC reporting purposes until the associated costs are incurred. Such amounts totaled $285 million in 2002.

3 Excludes deferred revenue.

## SCE Energy Costs

| *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Average annual fuel cost — unit of expense:** | | | | | | |
| Oil ($/bbl) (Catalina) | **$43.47** | $ 47.17 | $ 53.88 | $ 36.71 | $ 30.92 | $ 40.80 |
| Gas ($/mcf)[1] | **4.95** | 8.94 | 5.85 | 3.65 | 3.04 | 3.31 |
| Coal ($/ton) | **24.77** | 23.09 | 22.86 | 24.19 | 23.85 | 24.86 |
| **Average cost ($/m²Btu):** | | | | | | |
| Oil (Catalina) | **$ 7.54** | $ 8.18 | $ 9.43 | $ 6.31 | $ 5.38 | $ 7.11 |
| Gas | **4.67** | 8.48 | 5.68 | 3.44 | 2.97 | 3.25 |
| Nuclear | **0.43** | 0.40 | 0.44 | 0.38 | 0.44 | 0.44 |
| Coal | **1.25** | 1.17 | 1.15 | 1.23 | 1.22 | 1.30 |
| Average cost — all sources | **0.74**[2] | 0.73 | 0.74[2] | 0.83 | 1.05 | 2.17 |
| **Average cost (cents/kwh):** | | | | | | |
| Oil (Catalina) | **9.701¢** | 9.480¢ | 10.947¢ | 7.506¢ | 6.031¢ | 8.531¢ |
| Gas | **—** | — | 9.181[3] | — | 3.058 | 3.386 |
| Nuclear | **0.448** | 0.443 | 0.462 | 0.407 | 0.481 | 0.476 |
| Coal | **1.260** | 1.181 | 1.153 | 1.231 | 1.225 | 1.318 |
| Purchased power: | | | | | | |
| Firm | **6.921** | 8.664 | 5.563 | 4.434 | 4.235 | 3.465 |
| Economy/Other[4] | **—** | — | — | — | 1.402 | 1.587 |
| Other power producers: | | | | | | |
| Biomass | **8.782** | 13.170 | 13.329 | 12.312 | 13.269 | 12.235 |
| Cogeneration | **6.338** | 12.447 | 8.364 | 7.025 | 6.242 | 6.514 |
| Geothermal | **7.526** | 10.138 | 8.478 | 9.926 | 12.802 | 13.464 |
| Small hydro | **6.316** | 5.949 | 6.667 | 8.122 | 11.732 | 9.963 |
| Solar | **12.751** | 14.382 | 13.452 | 12.235 | 14.221 | 15.336 |
| Wind | **7.074** | 9.586 | 8.975 | 9.547 | 9.823 | 10.043 |
| Average cost: | | | | | | |
| Purchased power | **7.681** | 11.708 | 8.619 | 8.045 | 7.900 | 6.714 |
| PX purchases – net[5] | **—** | — | 10.241 | 3.148 | 3.264 | — |
| All sources[6] | **4.915**[2] | 6.936 | 4.097[2] | 4.282 | 4.171 | 4.303 |
| **Fuel consumption:** | | | | | | |
| Oil (bbl) (000) | **60** | 59 | 61 | 59 | 55 | 60 |
| Gas (mcf) (000) | **254** | 343 | 768 | 434 | 29,515 | 142,878 |
| Coal (tons) (000) | **5,210** | 5,579 | 5,566 | 5,366 | 5,263 | 5,274 |
| Oil inventory — year end (bbl) (000) | **180** | 172 | 344 | 2,190 | 2,298 | 2,682 |

1 Cost of gas used to start-up coal plants.
2 Excludes prior period fuel-related settlements resulting in a payment by SCE of approximately $21 million in 2002, and a refund to SCE of approximately $31 million in 2000.
3 Fuel cost incurred for operation of a gas-fueled generating facility leased by SCE in an effort to reduce a shortage of generating capacity in 2000.
4 Includes economy energy, exchange energy, fringe energy and net interchange.
5 Net purchases represents energy purchases from the PX in excess of energy sales to the PX. Includes lagged PX/ISO settlement adjustment.
6 Excludes PX/ISO purchases net.

## SCE Regulatory Assets

| *In millions* *December 31,* | **2002** | 2001 | 2000 |
|---|---|---|---|
| PROACT balancing account — net[1] | **$ 574** | $2,641 | $ — |
| Rate reduction notes — transition cost deferral | **1,215** | 1,453 | 1,090 |
| Unamortized nuclear investment — net | **630** | — | — |
| Unamortized coal plant investment — net | **61** | — | — |
| Other: | | | |
| Flow-through taxes — net | **1,336** | 1,017 | 874 |
| Unamortized loss on reacquired debt | **237** | 254 | 273 |
| Environmental remediation | **70** | 57 | 52 |
| Regulatory balancing accounts and other — net[1] | **224** | 189 | (94) |
| **Total** | **$4,347** | $5,611 | $2,195 |

1 Includes interest.

## SCE System Rate Base[1]

| *In millions* *December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Fixed capital:** | | | | | | |
| Plant in service | **$ 21,502** | $ 21,043 | $ 20,399 | $ 19,645 | $ 19,762 | $ 20,622 |
| Property held for future use | **5** | 3 | 5 | 5 | 4 | 6 |
| **Total fixed capital** | **21,507** | 21,046 | 20,404 | 19,650 | 19,766 | 20,628 |
| **Adjustments** | **35** | 40 | 41 | 46 | 49 | 47 |
| **Working capital** | **180** | 118 | 117 | 138 | 148 | 176 |
| **Reserves:** | | | | | | |
| Depreciation | **(11,797)** | (11,507) | (10,442) | (9,289) | (8,666) | (8,609) |
| Accumulated deferred income taxes | **(574)** | (611) | (837) | (1,020) | (1,305) | (1,432) |
| Other | **(250)** | (236) | (254) | (242) | (218) | (203) |
| **Total reserves** | **(12,621)** | (12,354) | (11,533) | (10,551) | (10,189) | (10,244) |
| **System rate base[2]** | **$ 9,101** | $ 8,850 | $ 9,029 | $ 9,283 | $ 9,774 | $ 10,607 |

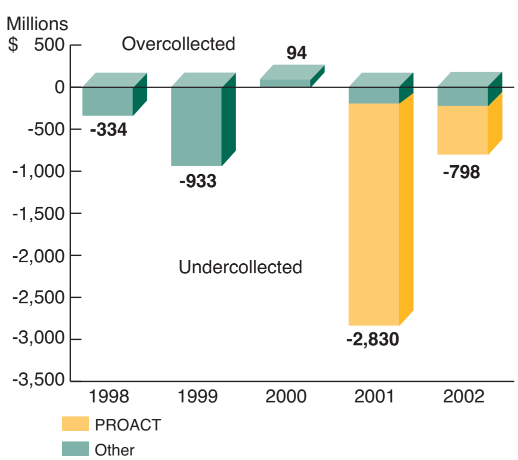
1 Weighted-average depreciated book costs.
2 Includes generation-related assets not subject to cost-based rate regulation as of third quarter 1997.

## Detail of SCE Utility Plant — Net

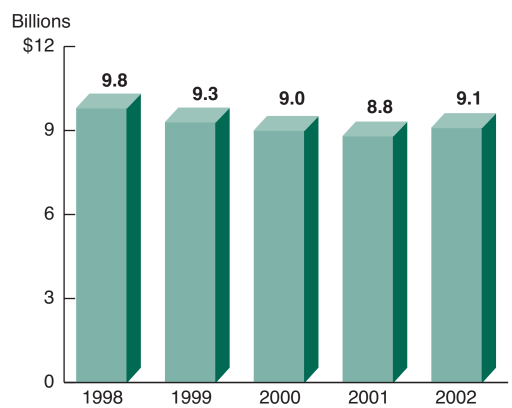
| *In millions* *December 31,* | **2002** | 2001 |
|---|---|---|
| **Generation:** | | |
| Steam | **$ 65** | $ 259 |
| Mohave regulatory asset | **61** | — |
| Accelerated depreciation — coal | **—** | (127) |
| Nuclear regulatory asset | **630** | — |
| Hydro | **433** | 434 |
| Generation-related transmission | **44** | 44 |
| Generation general and intangible | **48** | 46 |
| Other | **15** | 12 |
| **Total generation** | **1,296** | 668 |
| Transmission | **2,106** | 2,021 |
| Distribution | **5,721** | 5,445 |
| T&D general and intangible | **1,035** | 1,095 |
| Gas and water (Catalina) | **6** | 6 |
| Construction work in progress | **529** | 556 |
| Nuclear fuel | **153** | 129 |
| Nuclear decommissioning | **(1,908)** | (2,034) |
| **Total utility plant — net (unadjusted)** | **$ 8,938** | $ 7,886 |
| Less: amounts classified as regulatory assets[1]: | | |
| Mohave regulatory asset | **61** | — |
| Accelerated depreciation — coal | **—** | (127) |
| Nuclear regulatory asset | **630** | — |
| **Total utility plant — net — as shown in Annual Report** | **$ 8,247** | $ 8,013 |

1 Nuclear plant assets and related reserves were reclassified as regulatory assets in 1998. A portion of the Mohave Coal Generating Station was reclassified as a regulatory asset in 2002.

**SOUTHERN CALIFORNIA EDISON NET BALANCING ACCOUNTS**




**SOUTHERN CALIFORNIA EDISON SYSTEM RATE BASE[1]**



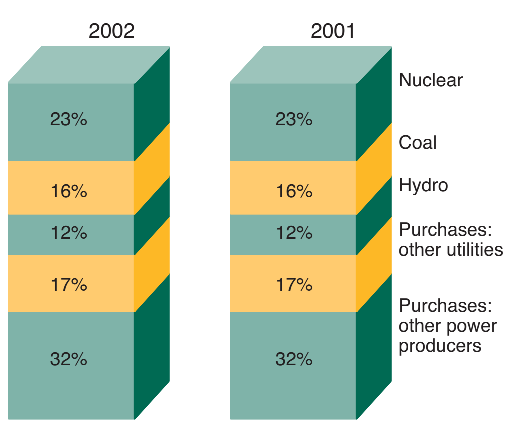

1 Weighted-average depreciated book costs including generation-related assets

# SCE Operating Statistics

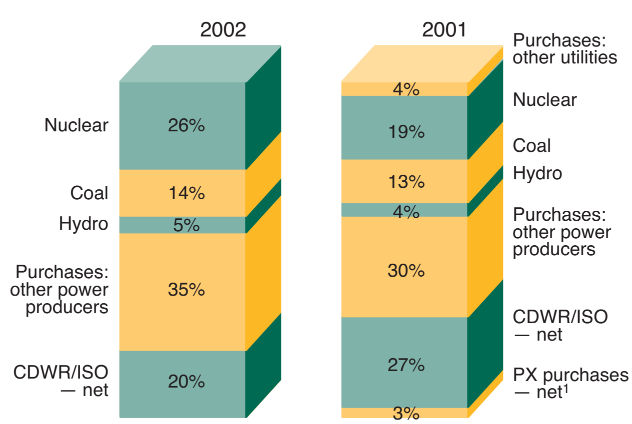
| *Year Ended December 31,* | 2002 | | 2001 | | 2000 | | 1999 | | 1998 | | 1997 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *MW* | *%* | *MW* | *%* | *MW* | *%* | *MW* | *%* | *MW* | *%* | *MW* | *%* |
| **SCE generating capacity at peak (MW):** | | | | | | | | | | | | |
| SCE owned: | | | | | | | | | | | | |
| Standby reserve[1] | — | — | — | — | — | — | — | — | — | — | 732 | — |
| Oil and gas (Catalina) | 9 | 0.1 | 9 | 0.1 | 9 | 0.1 | 9 | 0.1 | 9 | 0.1 | 9,571 | 44.5 |
| Nuclear | 2,204 | 22.6 | 2,204 | 22.5 | 2,204 | 21.8 | 2,204 | 21.0 | 2,203 | 20.9 | 2,192 | 10.2 |
| Coal | 1,573 | 16.1 | 1,573 | 16.0 | 1,573 | 15.5 | 1,573 | 15.5 | 1,617 | 15.3 | 1,617 | 7.5 |
| Hydro | 1,173 | 12.0 | 1,173 | 12.0 | 1,156 | 11.4 | 1,156 | 11.0 | 1,156 | 11.0 | 1,156 | 5.4 |
| Purchases: | | | | | | | | | | | | |
| Other utilities[2] | 1,667 | 17.0 | 1,667 | 17.0 | 1,752 | 19.6 | 1,987 | 19.0 | 1,987 | 18.8 | 3,268 | 15.2 |
| Other power producers: | | | | | | | | | | | | |
| Cogeneration | 1,724 | 17.7 | 1,761 | 18.0 | 1,775 | 17.5 | 2,056 | 19.6 | 2,097 | 19.9 | 2,134 | 9.9 |
| Biomass | 188 | 1.9 | 188 | 1.9 | 188 | 1.9 | 193 | 1.9 | 253 | 2.4 | 308 | 1.4 |
| Small hydro | 25 | 0.3 | 25 | 0.2 | 25 | 0.3 | 35 | 0.3 | 35 | 0.3 | 44 | 0.2 |
| Wind | 173 | 1.8 | 173 | 1.8 | 173 | 1.7 | 181 | 1.7 | 157 | 1.5 | 174 | 0.8 |
| Geothermal | 677 | 6.9 | 675 | 6.9 | 677 | 6.7 | 674 | 6.4 | 674 | 6.4 | 687 | 3.2 |
| Solar | 354 | 3.6 | 354 | 3.6 | 354 | 3.5 | 363 | 3.5 | 358 | 3.4 | 360 | 1.7 |
| Total | 9,767 | 100% | 9,802 | 100% | 9,886 | 100% | 10,431 | 100% | 10,546 | 100% | 21,511 | 100% |
| **SCE Total Energy Requirement (Millions of kWh):** | | | | | | | | | | | | |
| SCE owned: | | | | | | | | | | | | |
| Oil (Catalina) | 27 | — | 29 | — | 30 | — | 29 | — | 28 | — | 29 | — |
| Gas | — | — | — | — | 19 | — | — | — | 2,886 | 3.6 | 13,932 | 16.0 |
| Nuclear | 18,421 | 25.7 | 15,916 | 19.1 | 18,425 | 22.3 | 17,300 | 22.0 | 17,903 | 22.3 | 14,745 | 17.0 |
| Coal | 10,345 | 14.5 | 11,164 | 13.4 | 11,271 | 13.7 | 10,671 | 13.5 | 10,361 | 12.9 | 10,114 | 11.6 |
| Hydro | 3,611 | 5.0 | 3,048 | 3.6 | 4,471 | 5.4 | 4,383 | 5.6 | 5,903 | 7.4 | 5,622 | 6.5 |
| Purchased Power[3]: | | | | | | | | | | | | |
| PX purchases — net[4] | (51) | (0.1) | 2,213 | 2.6 | 19,456 | 23.6 | 16,576 | 21.0 | 9,083 | 11.3 | — | — |
| Firm | 2,263 | 3.2 | 3,672 | 4.4 | 2,122 | 2.6 | 2,800 | 3.5 | 2,725 | 3.4 | 2,594 | 3.0 |
| Economy/other[5] | (1,914) | (2.7) | (564) | (0.7) | 1,157 | 1.4 | 5 | — | 3,286 | 4.1 | 11,793 | 13.6 |
| Other power producers: | | | | | | | | | | | | |
| Cogeneration | 13,668 | 19.1 | 13,785 | 16.5 | 14,097 | 17.1 | 15,338 | 19.5 | 16,642 | 20.7 | 16,129 | 18.6 |
| Biomass | 1,482 | 2.1 | 1,658 | 2.0 | 1,560 | 1.9 | 1,935 | 2.5 | 1,935 | 2.4 | 1,881 | 2.2 |
| Small hydro | 229 | 0.3 | 247 | 0.3 | 303 | 0.4 | 203 | 0.3 | 334 | 0.4 | 358 | 0.4 |
| Wind | 2,624 | 3.7 | 2,472 | 3.0 | 2,557 | 3.1 | 2,354 | 3.0 | 2,022 | 2.5 | 2,072 | 2.4 |
| Geothermal | 6,041 | 8.4 | 6,248 | 7.5 | 6,177 | 7.5 | 6,323 | 8.0 | 6,344 | 7.9 | 6,705 | 7.7 |
| Solar | 881 | 1.2 | 832 | 1.0 | 858 | 1.0 | 835 | 1.1 | 837 | 1.1 | 875 | 1.0 |
| CDWR/ISO: | 14,036 | 19.6 | 22,775 | 27.3 | — | — | — | — | — | — | — | — |
| Total[6] | 71,663 | 100% | 83,495 | 100% | 82,503 | 100% | 78,752 | 100% | 80,289 | 100% | 86,849 | 100% |
| **Area peak demand (MW)** | 18,821 | | 17,890 | | 19,757 | | 19,122 | | 19,935 | | 19,118 | |
| **Annual area system load factor (%)** | 57.6 | | 60.3 | | 57.1 | | 56.6 | | 52.7 | | 54.2 | |

1 Units not active during the year. Not included in total.
2 Includes system and unit purchases and net interchange. Since April 1998 excludes public power utilities.
3 This amount is based on the accrual basis of accounting.
4 Net purchases represent energy purchases from the PX in excess of energy sales to the PX. Includes lagged PX/ISO settlement agreement.
5 Includes economy energy, exchange energy, fringe energy and net interchange.
6 Since April 1998, excludes direct access and resale customer requirements. Includes generation line losses. Decrease primarily due to increase in direct access customers.

**SCE PEAK-DAY CAPACITY MIX**




**SCE TOTAL ENERGY REQUIREMENT**




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

## SCE Generating Capacity Resources as of December 31, 2002 (Summer Effective Rating)

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

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

2 Operated by Arizona Public Service.

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

PWR = Pressurized water reactor URG = Utility Retained Generation

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

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

| 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 |
| Oroville — Thermalito | Cal. Dept. of Water Res. | 1983 | Midway | 350 |
| CDWR Exchange | Cal. Dept. of Water Res. | 1987 | Vincent or Midway | 225 |
| Devil Canyon | Cal. Dept. of Water Res. | 1983 | Devil Canyon Plant | 120 |
| PP&L Purchase | Pacific Power and Light Co. | 1987 | Ore-Cal border | 100 |
| PP&L Purchase | Pacific Power and Light Co. | 1987 | Four Corners | 100 |
| MWD Hydro (4 plants) | MWD | 1979 | Various | 29 |
| Off-System Losses | | | | (9) |
| **Subtotal** | | | | 1,193 |
| **Total system (firm purchase/interchange):** | | | | |
| Other area resources: | | | | |
| MWD, Hoover to SCE | Metropolitan Water District of So. Cal. | 1987 | Hoover plant | 247 |
| MWD, Parker to SCE | Metropolitan Water District of So. Cal. | 1987 | Hoover plant | 54 |
| USDOE, Parker/Davis | Department of Defense Edwards AFB | 1988 | Blythe substation | 18 |
| USDOE, Parker/Davis | Department of Defense March AFB | 1991 | Blythe substation | 5 |
| Bilateral Capacity Contracts | | 2000 | Southern California | 150 |
| **Subtotal** | | | | 474 |
| **Total other utility purchases** | | | | 1,667 |
| **Purchases: Other power producers** | | | | |
| Cogeneration | | | | 1,724 |
| Biomass | | | | 188 |
| Small hydro | | | | 25 |
| Wind | | | | 173 |
| Geothermal | | | | 677 |
| Solar | | | | 354 |
| **Subtotal** | | | | 3,141 |
| **Total purchases/exchanges** | | | | 4,808 |
| **Total generation capacity resources**[5] | | | | 9,767 |

5 Includes isolated resources.

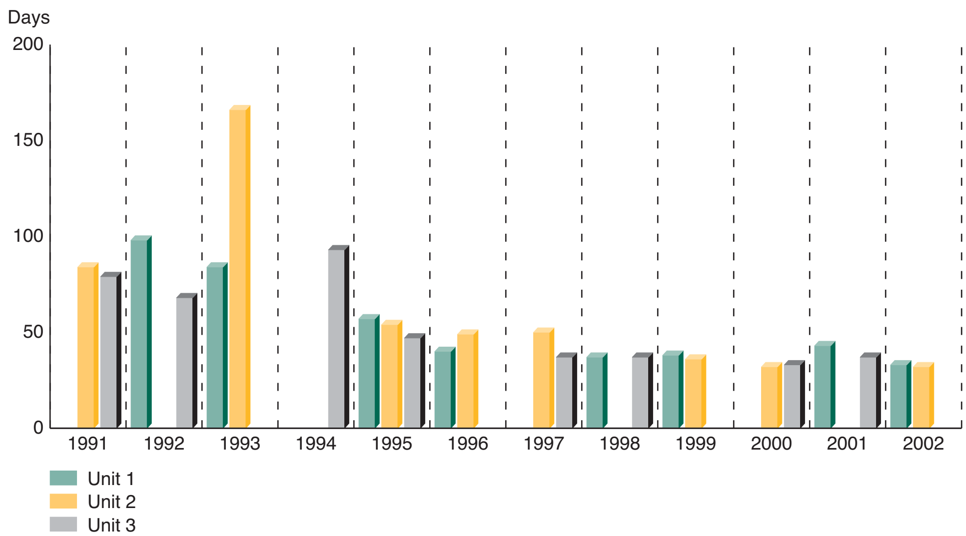
# Palo Verde Plant Facts

| | *Unit 1* | *Unit 2* | *Unit 3* |
|---|---|---|---|
| Commercial operation | 2/1/86 | 9/19/86 | 1/20/88 |
| Net plant capacity (MW)[1,2] | 1,243 | 1,243 | 1,247 |
| 2002 net generation (MWh)[1] | 9,705,026 | 10,019,170 | 11,137,709 |
| 2002 net capacity factor (CF) (%)[1] | 89.1 | 92.0 | 102.0 |
| Lifetime net CF through 2002 (%)[1] | 74.9 | 78.6 | 83.3 |
| Last refueling outage | 9/28/02–10/30/02 | 3/16/02–4/17/02 | 9/29/01–11/5/01 |
| Last refueling outage days | 33 | 32 | 37 |

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

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

# Palo Verde Refueling History




# Palo Verde Annual Capacity Factors

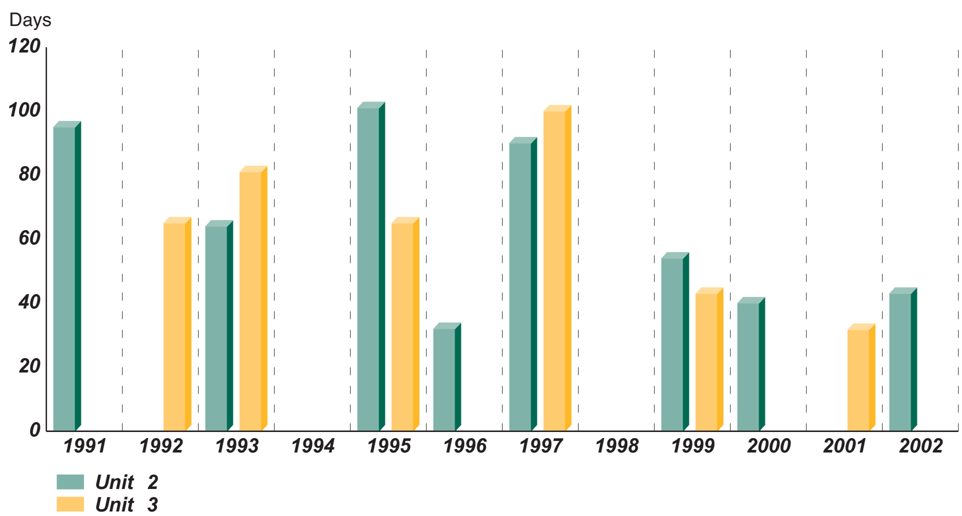
| Year | Unit 1 | Unit 2 | Unit 3 |
|---|---|---|---|
| 1992 | 66% | 94% | 78% |
| 1993 | 70% | 48% | 88% |
| 1994 | 91% | 62% | 64% |
| 1995 | 79% | 84% | 87% |
| 1996 | 81% | 87% | 100% |
| 1997 | 99% | 86% | 87% |
| 1998 | 88% | 102% | 88% |
| 1999 | 89% | 90% | 100% |
| 2000 | 100% | 87% | 90% |
| 2001 | 88% | 93% | 84% |
| 2002 | 89% | 92% | 102% |

## San Onofre Plant Facts

| | Unit 2 | Unit 3 |
|---|---|---|
| Commercial operation | 8/18/83 | 4/1/84 |
| Net plant capacity (MW)[1] | 1,070 | 1,080 |
| 2002 net generation (MWh)[1] | 8,499,968 | 9,548,153 |
| 2002 net capacity factor (CF) (%)[1] | 90.7 | 100.9 |
| Lifetime net CF through 2002 (%)[1] | 79.5 | 79.4 |
| Last refueling outage | 5/20/02–7/2/02 | 1/2/01–2/3/01 |
| Last refueling outage days | 43 | 32 |

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

## San Onofre Refueling History




## San Onofre Annual Capacity Factors

| Year | Unit 2 | Unit 3 |
|---|---|---|
| 1992 | 94% | 72% |
| 1993 | 82% | 75% |
| 1994 | 99% | 97% |
| 1995 | 69% | 79% |
| 1996 | 91% | 93% |
| 1997 | 71% | 72% |
| 1998 | 90% | 96% |
| 1999 | 88% | 89% |
| 2000 | 91% | 102% |
| 2001 | 101% | 60% |
| 2002 | 91% | 101% |

## San Onofre Incremental Cost Incentive Pricing (ICIP)

| *Cents/kWh* | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|---|
| San Onofre Incremental Operating | 3.80 | 3.85 | 4.00 | 4.00 | 4.05 | 4.10 | 4.15 | 4.15 |
| Fixed adder for A&G | — | — | .21 | .21 | .21 | .21 | .21 | .21 |
| | 3.80 | 3.85 | 4.21 | 4.21 | 4.26 | 4.31 | 4.36 | 4.36 |

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

## San Onofre 2003 Rules of Thumb (SCE Share)

**Refuelings:**

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

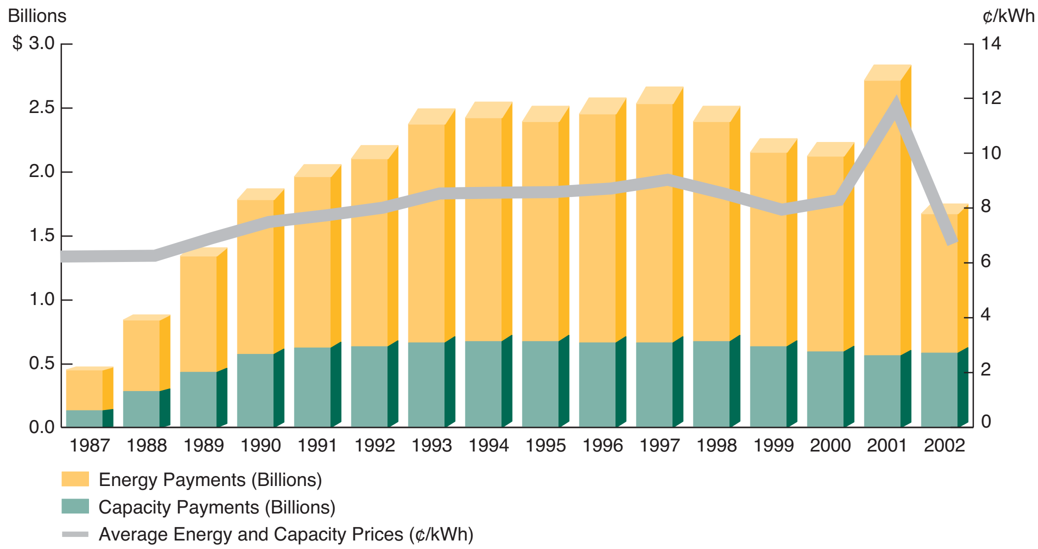
**Impact of 1% Increase/Decrease in Capacity Factor:**

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

**Calculating Revenue for 2003 for SCE's share of the combined output of both units:**

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

## Qualifying Facilities' (QF) Payments (1987–2002)




## Renewable/Alternative Energy Resources

*Year Ended December 31, 2002*

| | *On-line Projects* | *Dedicated Capacity[1] MW* | *Energy Deliveries GWh* | *Energy and Capacity Payments (Millions)* | *Average Prices For Energy and Capacity Payments ¢/kWh* |
|---|---|---|---|---|---|
| Biomass | 27 | 222 | 1,480 | $ 117 | 7.91 |
| Cogeneration | 125 | 1,772 | 13,615 | 824 | 6.05 |
| Geothermal | 20 | 692 | 6,048 | 427 | 7.06 |
| Small Hydro | 37 | 96 | 230 | 13 | 5.65 |
| Solar | 13 | 354 | 866 | 111 | 12.82 |
| Wind | 64 | 1,028 | 2,623 | 179 | 6.82 |
| **Total** | 286 | 4,164 | 24,862 | $1,671 | 6.72 |

[1] Dedicated Capacity includes Contract Firm Capacity 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 comprised of five members appointed by the Governor for staggered six-year terms.

| **CPUC Commissioners as of January 1, 2003:** | | *Age* | *Appointed* | *Term Expires* |
|---|---|---|---|---|
| Michael R. Peevey<br>President | Democrat, economist and entrepreneur, former president of Southern California Edison (October 1990 to March 1993). | 64 | 2003 | December 31, 2008 |
| Geoffrey F. Brown | Democrat, former Public Defender of the City and County of San Francisco. | 59 | 2001 | January 2007 |
| Susan P. Kennedy | Democrat, former Governor's Cabinet Secretary, U.S. Senator Communications Director, and Executive Director for California Democratic Party. | 42 | 2003 | January 2009 |
| Loretta M. Lynch | Democrat, former Governor's Director of Office of Planning and Research, partner with the law firm of Keker & Van Nest, lawyer for the Legal Aid Foundation. | 40 | 2000 | January 2005 |
| Carl W. Wood | Democrat, twelve years experience in the utility industry analyzing regulations and restructuring issues for electric and natural gas providers, former electrical technician, senior national representative and national deregulation coordinator for the Utility Workers Union of America. | 55 | 1999 | December 31, 2004 |

## Other Regulatory Agencies

### FEDERAL ENERGY REGULATORY COMMISSION (FERC)

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

### CALIFORNIA ENERGY COMMISSION (CEC)

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

### NUCLEAR REGULATORY COMMISSION (NRC)

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

## Major Regulatory Proceedings

| Docket # | Proceeding | Agency | Initial Filing Date | Summary | Decision Expected |
|---|---|---|---|---|---|
| EL00-95-045<br>EL00-98-042 | FERC Investigation | FERC | 08/02/2000 | Implements FERC's market mitigation measures. | 2003 |
| R.01-10-024 | Procurement Plan | CPUC | 05/01/2002 | Framework to enable SCE to resume buying power for its customers. | 2002/2003 |
| A.02-05-004 | 2003 General Rate Case | CPUC | 05/03/2002 | Sets distribution and generation base rates for 3 years. | 2003 |

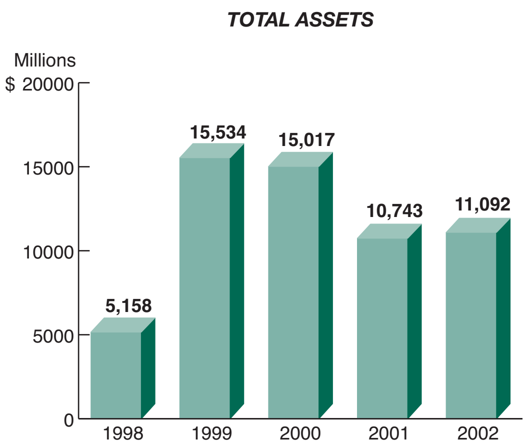
Note: Detailed discussions concerning SCE's regulatory environment are updated in the most recent reports filed with the Securities and Exchange Commission by Edison International and Southern California Edison on Forms 10-K, 10-Q and 8-K.

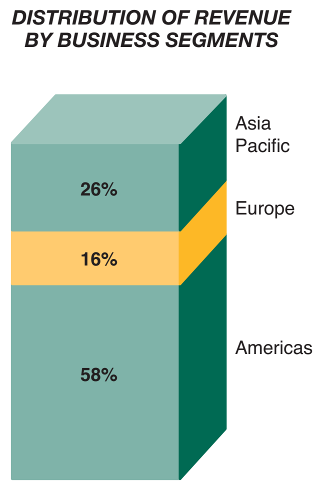
# Nonutility businesses

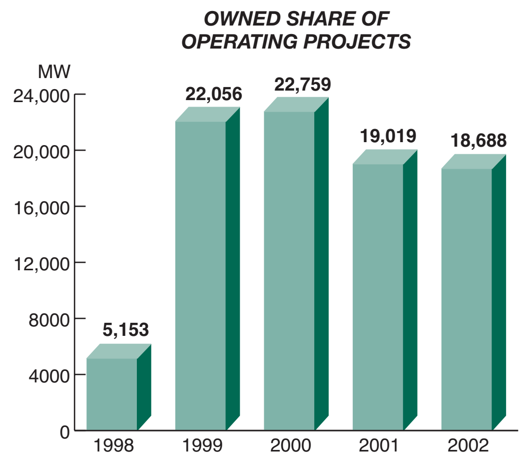
# Edison Mission Energy

Edison Mission Energy is a world-class generation business specializing in the ownership or leasing and operation of global power production facilities. It is one of the world's leading power producers with 18,996 megawatts of generating capacity, assets totaling nearly $11 billion and investments in 84 projects in Australia, Indonesia, Italy, New Zealand, Philippines, Spain, Thailand, Turkey, the United Kingdom, and the United States.

# Highlights




# Quarterly Financial Data (Unaudited)

| 2002 | First[1] | Second | Third[1] | Fourth[1] | Total |
|---|---|---|---|---|---|
| Operating revenues | $537 | $673 | $ 954 | $ 586 | $ 2,750 |
| Operating income (loss) | (13) | 73 | 252 | 18 | 330 |
| Income (loss) from continuing operations before accounting change | (41) | (6) | 156 | (13) | 96 |
| Discontinued operations, net | 5 | 9 | 7 | (78)[2] | (57) |
| Net income (loss) | (50) | 3 | 163 | (91)[2] | 25 |

| 2001 | First[1] | Second | Third[1] | Fourth[1] | Total |
|---|---|---|---|---|---|
| Operating revenues | $482 | $585 | $ 924 | $ 497 | $ 2,488 |
| Operating income (loss) | 22 | 79 | 300 | (96)[4] | 305 |
| Income (loss) from continuing operations before accounting change | (15) | 37 | 163 | (102)[4] | 83 |
| Discontinued operations, net | 23 | (37) | (1,204)[3] | (1) | (1,219) |
| Net income (loss) | 8 | — | (1,026)[3] | (103) | (1,121) |

1 Reflects EME's seasonal pattern, in which the majority of earnings from domestic projects are recorded in the third quarter of each year and higher electric revenues from specified international projects are recorded during the winter months of each year.

2 Reflects asset impairment charges of $77 million, after tax, and a provision for bad debts of $1 million, after tax, required to write down the carrying amount of the Lakeland plant and related claims under the power sale agreement to its fair market value.

3 Reflects asset impairment charges of $1.2 billion, after tax, required to write down the carrying amount of the Ferrybridge and Fiddler's Ferry plants to their estimated fair market value less cost-to-sell and related currency adjustments in connection with the sale of the plants.

4 Reflects asset impairment charges of $10 million required to write down EME's investment to the estimated net proceeds from the planned sale of the Commonwealth Atlantic, Gordonsville and Harbor projects and a loss on the termination of a portion of EME's Master Turbine Lease of $25 million.

# Edison Mission Energy Project List

## Americas Operating Projects

| No. | Project Name | Plant Type | Ownership Interest | Megawatts Total | Megawatts EME Share | EME Operates | Location | Commercial Operation/ Acquisition Date | Fuel Source | Power Purchaser |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | American Bituminous | Q | 50% | 80 | 40 | × | West Virginia | 4/93 | Coal | Monongahela Power |
| 2 | Brooklyn Navy Yard | Q/E | 50% | 286 | 143 | | New York | 11/96 | Natural gas | Con. Edison N.Y. |
| 3 | Coalinga | Q | 50% | 38 | 19 | × | California | 11/91 | Natural gas | PG&E |
| 4 | EcoElectrica | — | 50% | 540 | 270 | × | Puerto Rico | 3/00 | Liquefied Natural gas | PREPA |
| 5 | Gordonsville | Q/E | 50% | 240 | 120 | × | Virginia | 6/94 | Natural gas | Virginal Electric & Power |
| 6 | Homer City | E | 100% | 1,884 | 1,884 | × | Pennsylvania | 3/99 | Coal | Pool |
| 7 | Kern River | Q | 50% | 300 | 150 | × | California | 8/85 | Natural gas | SCE |
| 8 | March Point 1 | Q | 50% | 80 | 40 | | Washington | 11/91 | Natural gas | Puget Sound Energy |
| 9 | March Point 2 | Q | 50% | 60 | 30 | | Washington | 1/93 | Natural gas | Puget Sound Energy |
| 10 | Mid-Set | Q | 50% | 38 | 19 | × | California | 5/89 | Natural gas | PG&E |
| 11 | Midway-Sunset | Q | 50% | 225 | 112 | × | California | 5/89 | Natural gas | SCE |
| 12 | Midwest Generation (12 projects) | E | 100% | 9,287 | 9,287 | × | Illinois | 12/99 | Coal, Natural gas | Exelon Generation |
| 24 | Salinas River | Q | 50% | 38 | 19 | × | California | 11/91 | Natural gas | PG&E |
| 25 | Sargent Canyon | Q | 50% | 38 | 19 | × | California | 11/91 | Natural gas | PG&E |
| 26 | Sunrise Phase 1 | E | 50% | 320 | 160 | × | California | 6/01 | Natural gas | CDWR |
| 27 | Sycamore | Q | 50% | 300 | 150 | × | California | 1/88 | Natural gas | SCE |
| 28 | Watson | Q | 49% | 385 | 189 | | California | 4/88 | Natural gas | SCE |
| | **Total Americas Operating Projects** | | | 14,139 | 12,651 | | | | | |

(E = Exempt Wholesale Generation  Q = Qualifying Facilities  Pool = Regional electricity trading market)

## International Operating Projects

| No. | Project Name | Ownership Interest | Megawatts Total | Megawatts EME Share | EME Operates | Location | Commercial Operation/ Acquisition Date | Fuel Source | Power Purchaser |
|---|---|---|---|---|---|---|---|---|---|
| **Asia Pacific** | | | | | | | | | |
| 1 | Contact Energy (10 projects) | 51.2% | 2,302 | 1,064 | | New Zealand[1] | 5/99, 1/00,4/00 | Hydro, Natural gas, Geothermal | Pool |
| 11 | Caliraya | 50% | 22 | 11 | × | Philippines | 12/02 | Hydro | NPC |
| 12 | Kalayaan I | 50% | 363 | 182 | × | Philippines | 10/00 | Hydro | NPC |
| 13 | Kwinana | 70% | 116 | 81 | × | Australia | 12/96 | Natural gas | Western Power |
| 14 | Loy Yang B | 100% | 1,000 | 1,000 | × | Australia | 10/93, 10/96, 5/97 | Coal | Pool |
| 15 | Paiton | 40% | 1,230 | 492 | × | Indonesia | 7/99 | Coal | PLN |
| 16 | Tri Energy | 25% | 700 | 175 | | Thailand | 7/00 | Natural gas | EGAT |
| 17 | Valley Power | 80% | 300 | 241 | × | Australia | 2002 | Gas | Pool |
| | **Total Asia Pacific** | | 6,033 | 3,246 | | | | | |
| **Europe** | | | | | | | | | |
| 18 | Derwent | 33% | 214 | 71 | × | United Kingdom | 5/95 | Natural gas | SSE |
| 19 | Dinorwig | 100% | 1,728 | 1,728 | × | United Kingdom | 12/95 | Hydro | Various |
| 20 | Doga | 80% | 180 | 144 | × | Turkey | 5/99 | Natural gas | TEAS |
| 21 | Ffestiniog | 100% | 360 | 360 | × | United Kingdom | 12/95 | Hydro | Various |
| 22 | Iberian Hy-Power I (5 projects) | 100%[2] | 43 | 39 | × | Spain | 12/92, 1/96 | Hydro | FECSA |
| 27 | Iberian Hy-Power II (13 projects) | 100% | 43 | 43 | × | Spain | 8/93, 1/96 | Hydro | FECSA |
| 40 | ISAB | 49% | 518 | 254 | | Italy | 4/00 | Oil | GRTN |
| 53 | Italian Wind (13 projects) | 50% | 303 | 152 | | Italy | 3/00, 11/02 | Wind | GRTN |
| | **Total Europe** | | 3,389 | 2,791 | | | | | |
| | **Total International Operating Projects** | | 9,422 | 6,037 | | | | | |

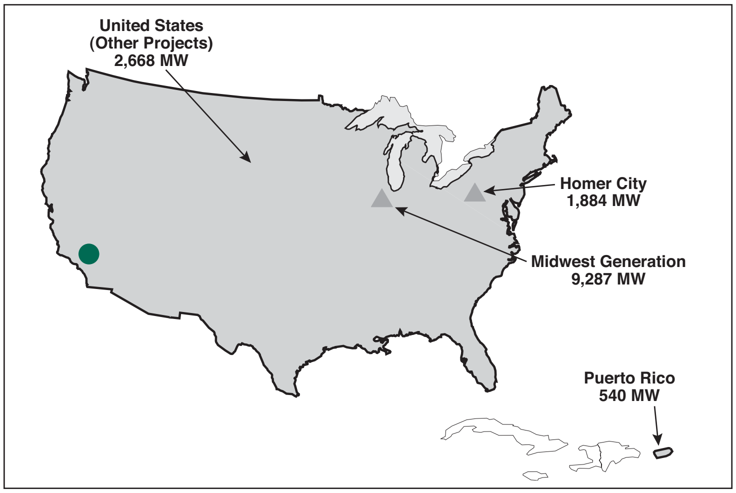
[1] Minority interest in one project in Australia. [2] Minority interests are owned by third parties in three projects. (EGAT = Electricity Generating Authority of Thailand
FECSA = Fuerzas Electricas de Cataluma, S.A. GRTN = Gestore Rete Transmissione Nazionale NPC = National Power Corp. SSE = Scottish and Southern Electric plc.
PLN = PT PLN (State-owned electricity company in Indonesia) Pool = Electricity trading market for Australia and New Zealand TEAS = Turkiye Elektrik Urehm A.S.)

## Projects Under Construction

| No. | Project Name | Ownership Interest | Megawatts Total | Megawatts EME Share | EME Operates | Location | Commercial Operation/ Acquisition Date | Operation Date | Fuel Source |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Botocan | 50% | 20 | 10 | × | Philippines | 2001 | 2003 | Hydro |
| 2 | Kalayaan II | 50% | 355 | 178 | × | Philippines | 2001 | 2003 | Hydro |
| 3 | Sunrise Phase 2 | 50% | 240 | 120 | × | California | 2001 | 2003 | Gas |
| | **Total Projects Under Construction** | | 615 | 308 | | | | | |
| | **Total Projects** | | 24,176 | 18,996 | | | | | |

# Edison Mission Energy World Profile

| Operating | | Under Construction | |
|---|---|---|---|
| INT'L | USA | INT'L | USA |




## Americas

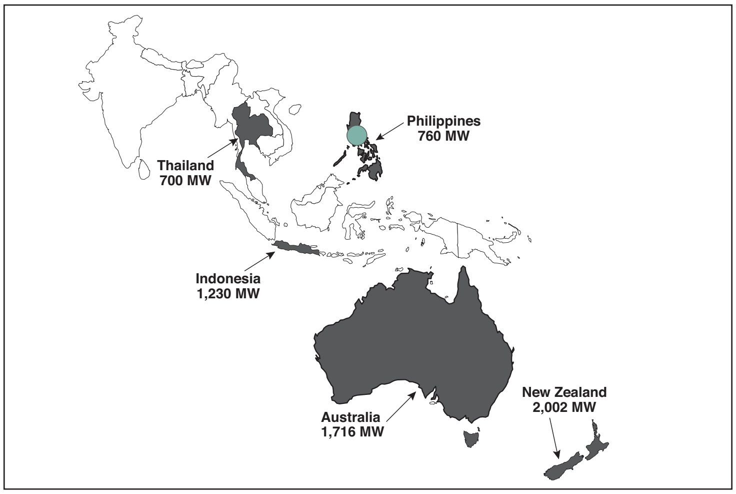
| | | Megawatts | |
|---|---|---|---|
| Number of Projects | | Total | EME Share |
| 28 | Operating projects | 14,139 | 12,651 |
| 1 | Under construction | 240 | 120 |
| 29 | | 14,379 | 12,771 |

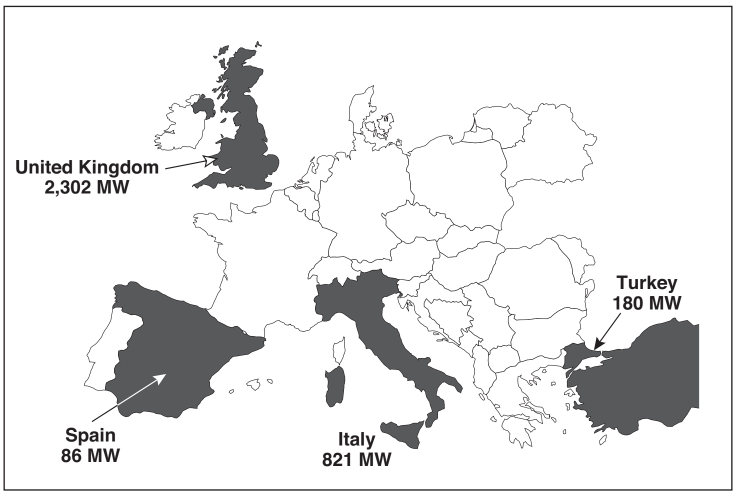
| | |
|---|---|
| Coal: | 7,609 MW |
| Natural gas: | 6,770 MW |

## Asia Pacific

| | | Megawatts | |
|---|---|---|---|
| Number of Projects | | Total | EME Share |
| 17 | Operating projects | 6,033 | 3,246 |
| 2 | Under construction | 375 | 188 |
| 19 | | 6,408 | 3,434 |

| | |
|---|---|
| Coal: | 2,230 MW |
| Hydro: | 1,512 MW |
| Geothermal: | 324 MW |
| Natural gas: | 2,342 MW |




## Europe

| | | Megawatts | |
|---|---|---|---|
| Number of Projects | | Total | EME Share |
| 36 | Operating projects | 3,389 | 2,791 |

| | |
|---|---|
| Hydro: | 2,174 MW |
| Natural gas: | 912 MW |
| Wind: | 303 MW |

## Edison Mission Energy Regional Results From Continuing Operations[1]

| **Americas** *In millions* Year Ended December 31, | **2002** | **2001** | **2000** |
|---|---|---|---|
| Illinois Plans | **$1,150** | $1,090 | $1,119 |
| Homer City | **389** | 494 | 422 |
| Other | **25** | 33 | 30 |
| Operating Revenues from Consolidated Subsidiaries | **$1,564** | $1,617 | $1,571 |
| **Consolidated operations** | | | |
| Illinois Plans | **232** | 103 | 47 |
| Homer City | **37** | 126 | 60 |
| Charges related to cancellation of turbine orders/leases | **(61)** | (25) | — |
| Other | **39** | 29 | 72 |
| **Unconsolidated affiliates** | | | |
| Big 4 projects | **94** | 206 | 121 |
| Four Star Oil & gas | **20** | 86 | (44) |
| Sunrise | **16** | 14 | — |
| March Point | **18** | 8 | 10 |
| Other | **28** | 56 | 64 |
| Regional overhead | **(44)** | (46) | (27) |
| Income before Taxes and Minority Interest (Earnings) | **$ 379** | $ 557 | $ 303 |

1 Does not include results from continuing operations for Corporate/other as detailed in Note 20 of EME's 2002 10-K.

| **Asia Pacific** *In millions* Year Ended December 31, | **2002** | **2001** | **2000** |
|---|---|---|---|
| Contact Energy | **$494** | $297 | $ — |
| Loy Yang B | **157** | 129 | 144 |
| Other | **56** | 38 | 40 |
| Operating Revenues from Consolidated Subsidiaries | **$707** | $464 | $184 |
| **Consolidated operations** | | | |
| Contact Energy[2] | **61** | 45 | (15) |
| Loy Yang B | **52** | 11 | 22 |
| Other | **12** | 13 | 20 |
| **Unconsolidated affiliates** | | | |
| Paiton | **23** | (5) | (3) |
| Other | **6** | — | — |
| Regional overhead | **(13)** | (11) | (16) |
| Income before Taxes and Minority Interest (Earnings) | **$141** | $ 53 | $ 8 |

2 Income before taxes of Contact Energy represents both EME's 51% ownership and the ownership of minority interest holders on a calendar year basis.

| **Europe[3]** *In millions* Year Ended December 31, | **2002** | **2001** | **2000** |
|---|---|---|---|
| First Hydro | **$317** | $233 | $333 |
| Doga[4] | **111** | 118 | 99 |
| Other | **24** | 18 | 18 |
| Operating Revenues from Consolidated Subsidiaries | **$452** | $369 | $450 |
| **Consolidated operations** | | | |
| First Hydro | **20** | 10 | 115 |
| Doga | **17** | 11 | 8 |
| Other | **2** | 4 | 6 |
| **Unconsolidated affiliates** | | | |
| ISAB | **31** | 9 | (9) |
| Other | **3** | 5 | 2 |
| Regional overhead | **(23)** | (19) | (19) |
| Income before Taxes and Minority Interest (Earnings) | **$ 50** | $ 20 | $103 |

3 The results of Lakeland and Ferrybridge and Fiddler's Ferry are not included in this table since the operations are classified as discontinued operations for all historical periods presented.

4 Income before taxes of Doga represents both EME's 80% ownership and the ownership of minority interest holders on a calendar year basis.

## Edison Mission Energy Consolidated Statements of Income (Loss)

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Electric revenue | **$2,680** | $ 2,412 | $2,169 | $ 950 | $ 567 | $ 745 |
| Net gains (loss) from price risk management and energy trading | **27** | 36 | (17) | (6) | — | — |
| Operation and maintenance services | **43** | 41 | 37 | 37 | 40 | 41 |
| Total operating revenue | **2,750** | 2,489 | 2,189 | 981 | 607 | 786 |
| **Operating Expenses** | | | | | | |
| Fuel | **944** | 815 | 767 | 290 | 134 | 192 |
| Plant operations and transmission costs | **765** | 707 | 523 | 182 | 113 | 132 |
| Plant operating leases | **206** | 133 | 88 | 2 | — | — |
| Operation and maintenance services | **29** | 27 | 28 | 28 | 28 | 29 |
| Depreciation and amortization | **247** | 263 | 272 | 134 | 77 | 103 |
| Long-term incentive compensation | **2** | 6 | (56) | 136 | 39 | — |
| Settlement of postretirement employee benefit liability | **(71)** | — | — | — | — | — |
| Asset impairment and other charges | **131** | 59 | — | — | — | — |
| Administrative and general | **167** | 174 | 161 | 115 | 84 | 125 |
| Total operating expenses | **2,420** | 2,184 | 1,783 | 887 | 475 | 581 |
| Operating income | **330** | 305 | 406 | 94 | 132 | 205 |
| **Other Income (Expense)** | | | | | | |
| Equity in income from unconsolidated affiliates | **283** | 374 | 267 | 244 | 190 | 189 |
| Interest and other income | **17** | 34 | 30 | 42 | 48 | 27 |
| Gain on sale of assets | **5** | 41 | 25 | 8 | 1 | 27 |
| Gain on early extinguishment of debt | **—** | 10 | — | — | — | — |
| Interest expense | **(452)** | (542) | (552) | (300) | (171) | (210) |
| Dividends on preferred securities | **(21)** | (22) | (32) | (22) | (13) | (13) |
| Total other income (deductions) — net | **(168)** | (105) | (262) | (28) | 55 | 20 |
| Income from continuing operations before income taxes and minority interest | **162** | 200 | 144 | 66 | 187 | 225 |
| Income tax expense (benefit) | **39** | 95 | 76 | (45) | 64 | 58 |
| Minority interest | **(27)** | (22) | (3) | (1) | (1) | (39) |
| **Income From Continuing Operations** | **96** | 83 | 65 | 110 | 122 | 128 |
| Income (loss) from operations of discontinued foreign subsidiaries, net of tax | **(57)** | (1,219) | 38 | 34 | 10 | — |
| **Income (loss) Before Accounting Change** | **39** | (1,136) | 103 | 144 | 132 | 128 |
| Cumulative effect of change in accounting, net of tax | **(14)** | 15 | 22 | (14) | — | (13)[1] |
| Net Income (Loss) | **$ 25** | $(1,121) | $ 125 | $ 130 | $ 132 | $ 115 |

[1] Extraordinary loss on early extinguishment of debt, net of tax.

## Historical Distributions Received by Edison Mission Energy

| *In millions* *Year Ended December 31,* | **2002** | 2001 |
|---|---|---|
| Distributions from consolidated operating projects: | | |
| Edison Mission Midwest Holdings (Illinois Plants) | **$ —** | $ 75 |
| EME Homer City Generation L.P. (Homer City facilities)[1] | **—** | 121 |
| First Hydro Holdings (First Hydro project) | **—** | 52 |
| Holding companies of other consolidated operating projects | **94** | — |
| Distributions from non-consolidated operating projects: | | |
| Edison Mission Energy Funding Corp. (Big 4 Projects)[2] | **137** | 129 |
| Four Star Oil & Gas Company | **21** | 61 |
| Holding companies of other non-consolidated operating projects | **99** | 32 |
| Total distributions | **$351** | $470 |

[1] Distribution during 2001 were made from Edison Mission Holding Co., a holding company with indirectly owns 100% of EME Homer City Generation L.P.

[2] The Big 4 projects are comprised of investments in the Kern River project, Midway-Sunset project, Sycamore project and Watson project. Distributions do not include either capital contributions made during California energy crisis or the subsequent return of such capital. Distributions reflect the amount received by EME after debt service payments by Edison Mission Energy Funding Corp.

# Edison Mission Energy Consolidated Balance Sheets

| *In millions* *December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | **$ 647** | $ 355 | $ 591 | $ 257 | $ 393 | $ 586 |
| Accounts receivable–trade, net of allowance of $13,113 in 2002, $14,603 in 2001 and $1,126 in 2000 and 1999 | **296** | 306 | 426 | 148 | 68 | 77 |
| Accounts receivable–affiliates | **40** | 234 | 157 | 9 | 14 | 18 |
| Assets under price risk management and energy trading | **34** | 65 | 251 | — | — | — |
| Inventory | **176** | 168 | 113 | 152 | 13 | — |
| Prepaid expenses and other | **169** | 95 | 29 | 22 | 46 | 13 |
| Total current assets | **1,362** | 1,223 | 1,567 | 588 | 534 | 694 |
| **Investments in Unconsolidated Affiliates** | **1,645** | 1,830 | 2,088 | 1,941 | 1,227 | 920 |
| **Property, Plant and Equipment** | **7,650** | 6,706 | 7,479 | 9,196 | 2,897 | 3,143 |
| Less accumulated depreciation and amortization | **888** | 603 | 511 | 300 | 194 | 202 |
| Net property, plant and equipment | **6,762** | 6,103 | 6,968 | 8,896 | 2,703 | 2,941 |
| **Other Assets** | | | | | | |
| Long-term receivables | **6** | 265 | 268 | 8 | 7 | 26 |
| Goodwill | **660** | 631 | 289 | 291 | 308 | 313 |
| Deferred financing costs | **55** | 85 | 78 | 93 | 39 | 32 |
| Long-term assets under price risk management and energy trading | **113** | 3 | 57 | — | — | — |
| Restricted cash and other | **479** | 284 | 128 | 79 | 91 | 59 |
| Total other assets | **1,313** | 1,268 | 820 | 471 | 445 | 430 |
| **Assets of Discontinued Operations** | **10** | 319 | 3,574 | 3,638 | 249 | — |
| **Total Assets** | **$11,092** | $10,743 | $15,017 | $15,534 | $5,158 | $4,985 |
| **Liabilities and Shareholder's Equity** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable–affiliates | **$ 12** | $ 12 | $ 25 | $ 8 | $ 8 | $ 13 |
| Accounts payable and accrued liabilities | **451** | 429 | 603 | 140 | 87 | 135 |
| Liabilities under price risk management and energy trading | **45** | 22 | 282 | — | — | — |
| Interest payable | **92** | 86 | 79 | 84 | 54 | 43 |
| Short-term obligations | **77** | 168 | 855 | 1,122 | — | — |
| Current portion of long-term incentive compensation | **6** | 6 | 93 | — | — | 74 |
| Current maturities of long-term obligations | **1,090** | 172 | 420 | 85 | 172 | 75 |
| Total current liabilities | **1,773** | 895 | 2,357 | 1,439 | 321 | 340 |
| **Long-Term Obligations Net of Current Maturities** | **4,872** | 5,687 | 5,252 | 6,147 | 2,279 | 2,532 |
| **Long-Term Deferred Liabilities** | | | | | | |
| Deferred taxes and tax credits | **1,181** | 897 | 799 | 626 | 587 | 517 |
| Deferred revenue | **454** | 427 | 452 | 518 | 490 | 541 |
| Long-term incentive compensation | **29** | 39 | 52 | 254 | 119 | 12 |
| Long-term liabilities under price risk management and energy trading | **162** | 171 | 58 | — | — | — |
| Other | **220** | 267 | 245 | 349 | 58 | 57 |
| Total long-term deferred liabilities | **2,046** | 1,801 | 1,606 | 1,747 | 1,254 | 1,127 |
| **Liabilities of Discontinued Operations** | **3** | 185 | 2,509 | 2,648 | 181 | — |
| **Total Liabilities** | **8,694** | 8,568 | 11,724 | 11,981 | 4,035 | 3,999 |
| **Minority Interest** | **424** | 344 | 18 | 8 | 15 | 9 |
| **Preferred Securities of Subsidiaries** | | | | | | |
| Company-obligated mandatorily redeemable security of partnership holding solely parent debentures | **150** | 150 | 150 | 150 | 150 | 150 |
| Subject to mandatory redemption | **131** | 104 | 177 | 327 | — | — |
| Total preferred securities of subsidiaries | **281** | 254 | 327 | 477 | 150 | 150 |
| **Shareholder's Equity** | | | | | | |
| Common stock, par value $0.01 per share; 10,000 shares authorized; 100 shares issued and outstanding | **64** | 64 | 64[1] | 64[1] | 64[1] | 64[1] |
| Additional paid-in capital | **2,633** | 2,632 | 2,630 | 2,629 | 629 | 629 |
| Retained earnings (deficit) | **(792)** | (817) | 401 | 364 | 235 | 103 |
| Accumulated other comprehensive income (loss) | **(212)** | (302) | (147) | 11 | 30 | 31 |
| Total Shareholder's Equity | **1,693** | 1,577 | 2,948 | 3,068 | 958 | 827 |
| **Total Liabilities and Shareholder's Equity** | **$11,092** | $10,743 | $15,017 | $15,534 | $5,158 | $4,985 |

[1] No par value.

# Edison Mission Energy Consolidated Statements of Cash Flows

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Cash Flows From Operating Activities** | | | | | | |
| Income from continuing operations, after accounting change, net and extraordinary loss, net | **$ 82** | $ 98 | $ 87 | $ 109 | $ 132 | $ 115 |
| Adjustments to reconcile income to net cash provided by (used in) operating activities: | | | | | | |
| Equity in income from unconsolidated affiliates | **(283)** | (374) | (267) | (244) | (190) | (189) |
| Distributions from unconsolidated affiliates | **338** | 236 | 226 | 211 | 185 | 181 |
| Depreciation and amortization | **247** | 263 | 272 | 144 | 87 | 103 |
| Amortization of discount on short-term obligations | **—** | 1 | 66 | 15 | — | — |
| Deferred taxes and tax credits | **201** | 88 | 256 | 70 | 85 | (8) |
| Gain on sale of assets | **(5)** | (41) | (25) | (8) | (1) | (27) |
| Settlement of postretirement employee benefit liability | **(71)** | — | — | — | — | — |
| Asset impairment and other charges | **131** | 59 | — | — | — | — |
| Cumulative effect on change in accounting principle, net of tax | **14** | (15) | (22) | 14 | — | — |
| Extraordinary loss on early extinguishment of debt, net of tax | **—** | — | — | — | — | 13 |
| Changes in operating assets and liabilities: | | | | | | |
| Decrease (increase) in accounts receivable | **223** | 139 | (365) | (80) | 7 | (20) |
| Decrease (increase) in inventory | **(6)** | (45) | 56 | (11) | — | — |
| Decrease (increase) in prepaid expenses and other | **2** | 6 | 11 | 5 | (32) | 2 |
| Increase (decrease) in accounts payable and accrued liabilities | **3** | (398) | 397 | 78 | (9) | 66 |
| Increase in interest payable | **—** | 4 | 5 | 29 | 14 | 8 |
| Increase (decrease) in long-term incentive compensation | **1** | (2) | (109) | 135 | 33 | — |
| Decrease (increase) in net assets under risk management | **(21)** | 15 | 37 | — | — | — |
| Other operating, net | **(83)** | (43) | 30 | (79) | (45) | 15 |
| | **773** | (9) | 655 | 388 | 266 | 259 |
| Operating cash flow from discontinued operations | **54** | (113) | 10 | 29 | — | — |
| Net cash provided by (used in) operating activities | **827** | (122) | 665 | 417 | 266 | 259 |
| **Cash Flow From Financing Activities** | | | | | | |
| Borrowing on long-term obligations and lease swap agreements | **440** | 2,322 | 2,768 | 3,935 | 102 | 1,141 |
| Payments on long-term debt agreements | **(577)** | (1,710) | (3,218) | (206) | (84) | (883) |
| Short-term financing and lease swap agreements, net | **(123)** | (788) | (331) | 1,114 | — | — |
| Cash dividends to parent | **(37)** | (97) | (88) | — | — | (197) |
| Capital contributions from parent | **—** | — | — | 1,500 | — | — |
| Issuance of preferred securities | **—** | 103 | — | 326 | — | — |
| Redemption of preferred securities | **—** | (165) | (125) | — | — | — |
| Financing costs | **—** | (37) | — | (47) | — | — |
| Funds provided to discontinued operations | **—** | (109) | — | — | — | — |
| | **(297)** | (481) | (994) | 6,622 | 18 | 61 |
| Financing cash flow from discontinued operations | **(19)** | (1,086) | 211 | 1,741 | — | — |
| Net cash provided by (used in) financing activities | **(316)** | (1,567) | (783) | 8,363 | 18 | 61 |
| **Cash Flows From Investing Activities** | | | | | | |
| Investments in and loans to energy projects | **(40)** | (294) | (173) | (98) | (117) | (125) |
| Purchase of generating stations | **—** | — | (17) | (5,889) | — | — |
| Purchase of power sales agreement | **(80)** | — | — | — | — | — |
| Purchase of common stock of acquired companies | **(16)** | (97) | (109) | (654) | (222) | (64) |
| Capital expenditures | **(555)** | (241) | (331) | (200) | (73) | (88) |
| Proceeds from sale-leaseback transactions | **—** | 782 | 1,667 | — | — | — |
| Proceeds from return of capital and loan repayments | **88** | 45 | 14 | 32 | 13 | 161 |
| Proceeds from sale of interest in projects | **49** | 185 | 36 | 35 | 4 | 71 |
| Decrease (increase) in restricted cash | **3** | (158) | (60) | — | (13) | (46) |
| Investments in other assets | **253** | 18 | (265) | (4) | (19) | — |
| Other, net | **—** | 14 | (3) | (421) | 19 | (6) |
| | **(298)** | 254 | 759 | (7,199) | (408) | (97) |
| Investing cash flow from discontinued operations | **2** | 926 | (41) | (1,638) | — | — |
| Net cash provided by (used in) investing activities | **(296)** | 1,180 | 718 | (8,837) | (408) | (97) |
| Effect of exchange rate changes on cash | **25** | (20) | (36) | (3) | (3) | (21) |
| Effect on cash from de-consolidation of subsidiary | **(27)** | — | — | — | — | — |
| Net increase (decrease) in cash and cash equivalents | **213** | (529) | 564 | (60) | (127) | 202 |
| Cash and cash equivalents at beginning of period | **434** | 963 | 399 | 459 | 586 | 384 |
| Cash and cash equivalents at end of period | **647** | 434 | 963 | 399 | 459 | 586 |
| Cash and cash equivalents classified as part of discontinued operations | **—** | (79) | (372) | (132) | — | — |
| Cash and cash equivalents of continuing operations | **$ 647** | $ 355 | $ 591 | $ 267 | $ 459 | $ 586 |

## Edison Mission Energy Contractual Obligations

| *In millions* *Year Ended December 31,* | Payments Due by Period 2003 | 2004 | 2005 | 2006 | 2007 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Long-term debt | $1,090 | $1,109 | $ 239 | $ 89 | $ 307 | $ 3,128 | $5,962 |
| Operating lease obligations | 341 | 319 | 362 | 444 | 481 | 5,057 | 7,004 |
| Chicago In-City obligation | 22 | 2 | 2 | 2 | 1 | 7 | 36 |
| Fuel supply contracts | 605 | 487 | 453 | 366 | 226 | 1,060 | 3,197 |
| Gas transportation agreement | 8 | 16 | 16 | 16 | 15 | 166 | 237 |
| Total Contractual Cash Obligations | $2,066 | $1,933 | $1,072 | $917 | $1,030 | $9,418 | $16,436 |

## Edison Mission Energy Commercial Commitments

| *In millions* *Year Ended December 31,* | Amount of Commitments Per Period 2003 | 2004 | 2005 | 2006 | 2007 | Thereafter | Total Amounts Committed |
|---|---|---|---|---|---|---|---|
| Standby letters of credit | $135 | $35 | $ — | $ — | $ — | $1 | $171 |
| Firm commitment for asset purchase | 2 | — | — | — | — | — | 2 |
| Firm commitments to contribute project equity | 75 | — | — | — | — | — | 75 |
| Capital improvements at EME's project subsidiaries | 38 | — | — | — | — | — | 38 |
| Total Commercial Commitments | $250 | $35 | $ — | $ — | $ — | $1 | $286 |

## Edison Mission Energy Recourse Debt to Recourse Capital Ratio

| *In millions* *December 31,* | 2002 | 2001 |
|---|---|---|
| **Recourse Debt**[1] | | |
| Corporate Credit Facilities | **$ 140** | $ 204 |
| Senior Notes | **1,600** | 1,700 |
| Guarantee of termination value of Powerton/Joliet operating leases | **1,452** | 1,432 |
| Coal and CapEx Facility | **182** | 251 |
| Other | **30** | 46 |
| Total Recourse Debt to Edison Mission Energy | **$3,404** | $3,633 |
| **Adjusted Shareholder's Equity**[2] | **$2,066** | $2,039 |
| **Recourse Capital**[3] | **$5,470** | $5,672 |
| **Recourse Debt to Recourse Capital Ratio** | **62.2%** | 64.1% |

1 Recourse debt means senior direct obligations of EME or obligations related to indebtedness or rental expenses of one of its subsidiaries for which EME has provided a guarantee.
2 Adjusted shareholder's equity is defined as the sum of total shareholder's equity and equity preferred securities, less changes in accumulated other comprehensive gain or loss after Dec. 31, 1999.
3 Recourse capital is defined as the sum of adjusted shareholder's equity and recourse debt.

**Note:** Under the credit agreement governing EME's credit facility, the company has agreed to maintain a recourse debt to recourse capital ratio of less than or equal to 67.5% defined as a ratio of (a) senior recourse debt to (b) sum of (i) shareholder's equity per EME's balance sheet adjusted by comprehensive income after December 31, 1999, plus (ii) senior recourse debt. This chart shows how the ratio was calculated for December 31, 2002 and December 31, 2001.

## Edison Mission Energy Interest Coverage Ratio

| *In millions* *Year Ended December 31,* | 2002 | 2001 |
|---|---|---|
| **Funds Flow From Operations:** | | |
| Operating Cash Flow[1] from Consolidated Operating Projects[2]: | | |
| Illinois Plants[3] | **$294** | $ 201 |
| Homer City | **51** | 175 |
| Ferrybridge and Fiddler's Ferry | **(2)** | (104) |
| First Hydro | **47** | 46 |
| Other consolidated operating projects | **160** | 64 |
| Price risk management and trading | **16** | 28 |
| Distributions from non-consolidated Big 4 projects[4] | **137** | 129 |
| Distributions from other non-consolidated operating projects | **120** | 94 |
| Interest income | **8** | 9 |
| Operating expenses | **(139)** | (143) |
| Total funds flow from operations | **$692** | 499 |
| **Interest Expense** | **$293** | 305 |
| **Interest Coverage Ratio** | **2.36** | 1.64 |

1 Operating cash flow is defined as revenues less operating expenses, foreign taxes paid and project debt service. Operating cash flow does not include capital expenditures or the difference between cash payments under EME's long-term leases and lease expenses recorded in EME's income statement. EME expects its cash payments under its long-term power plant leases to be higher than its lease expense through 2014.
2 Consolidated operating projects are entities of which EME owns more than a 50% interest and, thus, include the operating results and cash flows in its consolidated financial statements. Non-consolidated operating projects are entities of which EME owns 50% or less and which EME accounts for on the equity method.
3 Distribution to EME of funds flow from operations of the Illinois Plants is currently restricted.
4 The Big 4 projects are comprised of investments in the Kern River project, Midway-Sunset project, Sycamore project and Watson project.

**Note:** EME's interest coverage ratio is provided as an aid to understand the components of the computations set forth in EME's organizational documents. This information is not intended to measure the financial performance of EME and should not be used in lieu of the financial information set forth in EME's consolidated financial statements. The terms Funds Flow from Operations, Operating Cash Flow and Interest Expense are as defined in EME's organizational documents and are not the same as would be determined in accordance with generally accepted accounting principles. This ratio does not measure the liquidity or ability of EME's subsidiaries to meet their debt service obligations. Furthermore, this ratio is not necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculations.

## Detail of Illinois Plants

| Plant or Site | Location | Leased/Owned | Type | Megawatts |
|---|---|---|---|---|
| **Electric Generating Facilities** | | | | |
| Collins Station[1] | Grundy County, Illinois | Leased | Oil/Gas | 2,698 |
| Crawford Station | Chicago, Illinois | Owned | Coal | 542 |
| Fisk Station | Chicago, Illinois | Owned | Coal | 326 |
| Joliet Unit 6 | Joliet, Illinois | Owned | Coal | 314 |
| Joliet Units 7 and 8 | Joliet, Illinois | Leased | Coal | 1,044 |
| Powerton Station | Pekin, Illinois | Leased | Coal | 1,538 |
| Waukegan Station | Waukegan, Illinois | Owned | Coal | 789 |
| Will County Station[1] | Romeoville, Illinois | Owned | Coal | 1,092 |
| **Peaking Units** | | | | |
| Crawford | Chicago, Illinois | Owned | Oil/Gas | 121 |
| Fisk | Chicago, Illinois | Owned | Oil/Gas | 163 |
| Joliet | Joliet, Illinois | Owned | Oil/Gas | 101 |
| Waukegan | Waukegan, Illinois | Owned | Oil/Gas | 92 |
| Calumet | Chicago, Illinois | Owned | Oil/Gas | 129 |
| Bloom | Chicago Heights, Illinois | Owned | Oil/Gas | 45 |
| Electric Junction | Aurora, Illinois | Owned | Oil/Gas | 159 |
| Lombard | Lombard, Illinois | Owned | Oil/Gas | 64 |
| Sabrooke | Rockford, Illinois | Owned | Oil/Gas | 70 |
| Total | | | | 9,287 |

[1] Beginning in January 2003, operations at Collins Station Units 4 and 5 (1,060 MW) and at Will County Station Units 1 and 2 (310 MW) were suspended pending improvement in market conditions.

## Illinois Plants Statistics — Coal-Fired Generation

| *Year Ended December 31,* | **2002** | 2001 | 2000 |
|---|---|---|---|
| Generation (in GWhr) | **27,574** | 26,627 | 27,117 |
| Availability | **84.8%** | 82.9% | 79.6% |
| Forced outage rate | **6.5%** | 9.5% | 9.8% |
| Average realized energy price/MWh | **$16.89** | $16.06 | $15.43 |
| Capacity revenues (In millions) | **$601** | $583 | $576 |

## Homer City Statistics

| *Year Ended December 31,* | **2002** | 2001 | 2000 |
|---|---|---|---|
| Generation (in GWhr) | **12,111** | 12,922 | 11,796 |
| Availability | **76.8%** | 87.4% | 80.2% |
| Forced outage rate | **16.0%** | 4.5% | 6.1% |
| Average realized energy price/MWh | **$28.70** | $33.07 | $31.63 |
| Capacity revenues (In millions) | **$41** | $67 | $49 |

## Sale-Leaseback Transactions

| Power Station(s) *In millions* | Acquisition Price | Equity Investor | Equity Investment In Owner/Lessor | Amount of Lessor Debt | Maturity Date of Lessor Debt |
|---|---|---|---|---|---|
| Collins | $ 860 | PSEG | $117 | $774.0 | [1] |
| Powerton/Joliet | 1,367 | PSEG/Citicapital | 238 | 333.5 | 2009 |
| | | | | 813.5 | 2016 |
| Homer City | 1,591 | GECC | 798 | 300.0 | 2019 |
| | | | | 530.0 | 2026 |

[1] The owner/lessor under the Collins lease issued notes in the amount of the lessor debt to Midwest Funding LLC, a funding vehicle created and controlled by the owner/lessor. These notes mature in January 2014 and are referred to as the lessor notes. Midwest Funding LLC, in turn, entered into a commercial paper and loan facility with a group of banks pursuant to which it borrowed the funds required for its purchase of the lessor notes. These borrowings are currently scheduled to mature in December 2004 and are referred to as the lessor borrowings.

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

| | 2003 | | | 2004 | | |
|---|---|---|---|---|---|---|
| Date | Into ComEd[2] | Into Cinergy[3] | At PJM West[4] | Into ComEd[2] | Into Cinergy[3] | At PJM West[4] |
| January 31, 2002 | $22.56 | $23.32 | $25.48 | $23.65 | $24.41 | $26.31 |
| February 28, 2002 | 23.48 | 24.25 | 27.11 | 24.99 | 25.75 | 27.59 |
| March 31, 2002 | 25.56 | 26.33 | 29.69 | 27.20 | 27.97 | 29.66 |
| April 30, 2002 | 25.65 | 26.73 | 29.19 | 26.65 | 27.73 | 28.81 |
| May 31, 2002 | 23.71 | 24.96 | 28.40 | 25.38 | 27.00 | 28.24 |
| June 30, 2002 | 22.50 | 23.95 | 27.96 | 24.53 | 25.97 | 28.09 |
| July 31, 2002 | 22.37 | 23.41 | 27.94 | 24.11 | 25.72 | 28.43 |
| August 30, 2002 | 22.47 | 23.41 | 28.10 | 24.34 | 25.54 | 28.17 |
| September 30, 2002 | 22.09 | 23.59 | 29.00 | 23.96 | 25.54 | 28.99 |
| October 31, 2002 | 21.85 | 23.43 | 29.11 | 23.59 | 25.30 | 29.17 |
| November 27, 2002 | 21.74 | 23.35 | 29.67 | 23.86 | 25.07 | 29.24 |
| December 31, 2002 | 22.29 | 23.70 | 31.87 | 24.71 | 25.60 | 30.18 |

[1] This table sets forth the forward month-end market prices for energy per megawatt-hour for the calendar 2003 and calendar 2004 "strips", which are defined as energy purchases for the entire calendar year, as publicly quoted for sales "Into ComEd", "Into Cinergy" and "In PJM" during 2002. These forward prices will continue to fluctuate as a result of a number of factors. Forward prices may be updated in the Companies' SEC filings. The actual spot prices for electricity delivered into these markets may vary materially from the forward market prices. The average price derived from electricity sales is normally higher than a 24-hour price as generation is managed to optimize the on-peak period when power prices are higher.

[2] Source: Prices were obtained by gathering publicly available broker quotes and adjusted for historical basis differences between ComEd and Cinergy.

[3] Source: Prices were obtained by gathering publicly available broker quotes.

[4] Source: Energy prices were obtained by gathering publicly available broker quotes at PJM West (delivery point).

## Illinois Plants Equivalent Availability Factors[1]

| Facility | **2002** | 2001 | 2000 |
|---|---|---|---|
| Illinois Plants | | | |
| Collins | **92.5%** | 83.0% | 86.9% |
| Crawford | **88.1%** | 79.6% | 82.0% |
| Fisk | **77.4%** | 85.0% | 93.9% |
| Joliet Unit 6 | **89.7%** | 78.5% | 81.7% |
| Joliet Units 7 and 8 | **88.6%** | 73.1% | 74.8% |
| Powerton | **80.2%** | 88.8% | 80.8% |
| Waukegan | **79.0%** | 91.9% | 83.7% |
| Will County | **91.2%** | 79.4% | 74.0% |

[1] A ratio, expressed as a percentage, is the number of megawatt-hours that each station is available to generate electricity divided by the product of the capacity of each station (in megawatts) and the number of hours in the period.

## Homer City Operating Data

| | **Equivalent[1] Availability Factor (%)** | **Net Heat Rate (Btu/kWh)** | **Fuel and O&M Costs ($/MWh)** |
|---|---|---|---|
| Units 1, 2 and 3 — 1,884 MW | | | |
| 2002 | 76.84 | 9,907 | 18.20 |
| 2001 | 87.39 | 9,880 | 18.32 |
| 2000 | 80.22 | 9,928 | 19.51 |
| 1999 | 86.81 | 9,962 | 17.90 |
| 4-Year Average | 82.82 | 9,919 | 18.48 |

[1] A ratio, expressed as a percentage, of the number of megawatt-hours that each unit is available to generate electricity divided by the product of the capacity of each unit (in megawatts) and the number of hours in the period. Units are not available during periods of planned and unplanned maintenance.

## Edison Capital

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

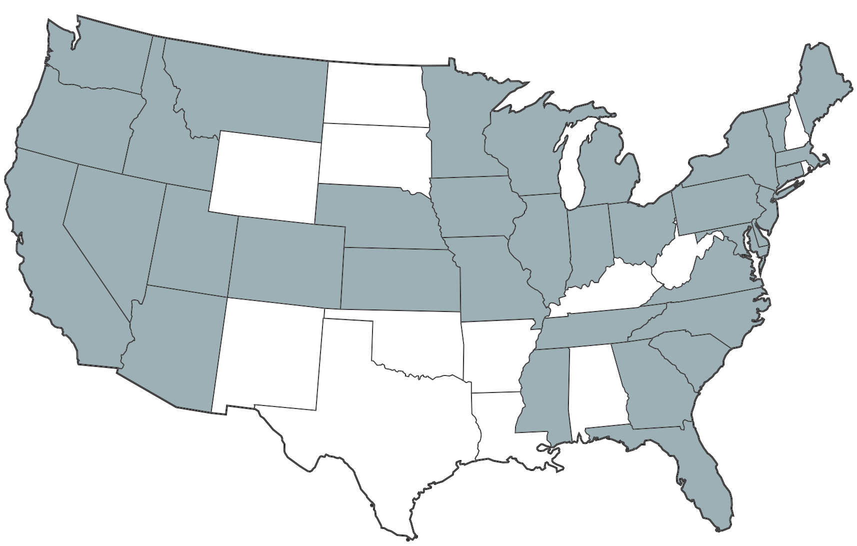
## Energy/Infrastructure

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

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

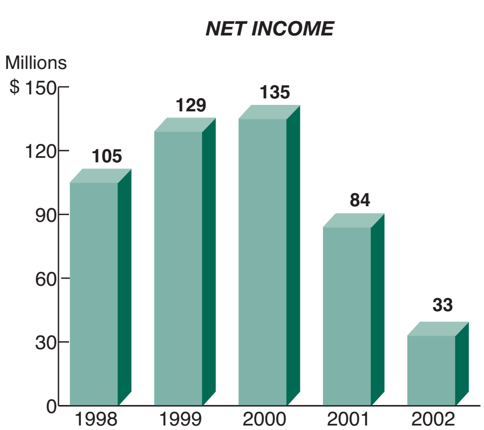
## Affordable Housing

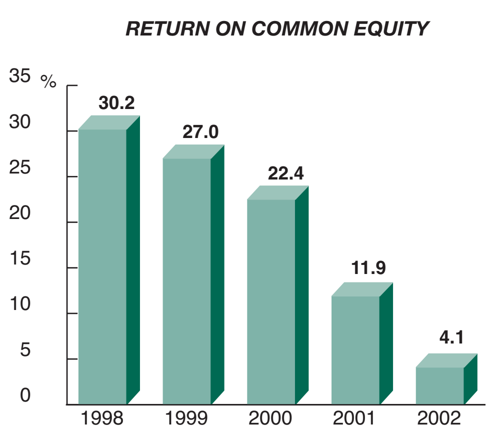
From inception to date, Edison Capital has invested in 351 Affordable Housing projects in 35 states. During 2002, Edison Capital sold its interest in one project.

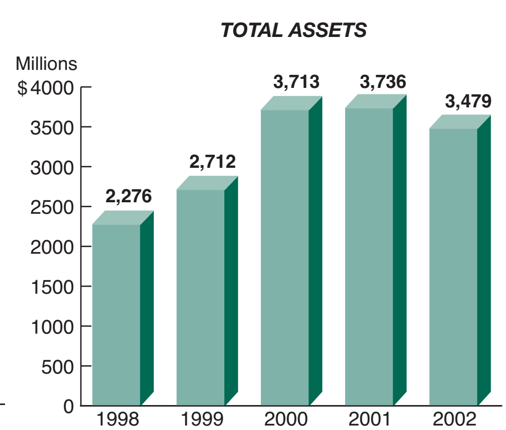


# Edison Capital Financial Information

| *In millions* *Year Ended December 31,* | **2002** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Condensed Consolidated Statements of Income** | | | | | | |
| Lease revenue | **$ 6** | $ 154 | $ 192 | $ 218 | $ 213 | $ 86 |
| Other | **1** | 71 | 78 | 47 | 22 | 52 |
| Total operating revenue | **7** | 225 | 270 | 265 | 235 | 138 |
| Operating expenses | **48** | 73 | 81 | 96 | 71 | 78 |
| (Loss) income from operations | **(41)** | 152 | 189 | 169 | 164 | 60 |
| Equity in (losses) from unconsolidated entities | **(34)** | (32) | (17) | (28) | (30) | (20) |
| Interest expense | **35** | 64 | 57 | 41 | 48 | 29 |
| Other (expense) income | **(3)** | 4 | 10 | 4 | 4 | 6 |
| (Loss) income before income taxes | **(113)** | 60 | 125 | 104 | 90 | 17 |
| Income tax benefit | **146** | 24 | 10 | 25 | 15 | 44 |
| **Net income** | **$ 33** | $ 84 | $ 135 | $ 129 | $ 105 | $ 61 |
| **Condensed Consolidated Balance Sheets** | | | | | | |
| Current assets | **$ 627** | $ 904 | $ 500 | $ 236 | $ 148 | $ 169 |
| Investments | **2,674** | 2,788 | 3,153 | 2,440 | 2,065 | 1,450 |
| Property, plant, and equipment — net and other | **178** | 44 | 60 | 36 | 63 | 164 |
| **Total assets** | **$3,479** | $3,736 | $3,713 | $2,712 | $2,276 | $1,783 |
| Current liabilities | **$ 46** | $ 382 | $ 530 | $ 475 | $ 436 | $ 345 |
| Long-term liabilities | **2,652** | 2,601 | 2,504 | 1,701 | 1,432 | 1,136 |
| Total liabilities | **2,697** | 2,983 | 3,034 | 2,176 | 1,869 | 1,481 |
| Shareholder's equity | **781** | 753 | 679 | 536 | 408 | 302 |
| **Total liabilities and shareholder's equity** | **$3,479** | $3,736 | $3,713 | $2,712 | $2,276 | $1,783 |
| **Condensed Consolidated Statements of Cash Flows** | | | | | | |
| **Cash flows from operating activities:** | | | | | | |
| Net income | **$ 33** | $ 84 | $ 135 | $ 129 | $ 105 | $ 61 |
| Adjustment for non-cash income statement items | **172** | 210 | 247 | 178 | 184 | 48 |
| Changes in working capital components | **444** | (341) | (148) | (13) | (42) | 13 |
| Net cash provided (used) by operating activities | **649** | (47) | 234 | 294 | 247 | 122 |
| **Cash flows from financing activities:** | | | | | | |
| Issuances of debt — net of discount | **12** | 131 | 941 | 384 | 195 | 180 |
| Other | **(332)** | (380) | (478) | (483) | — | — |
| Net cash (used) provided by financing activities | **(320)** | (249) | 463 | (99) | 195 | 180 |
| **Cash flows from investing activities:** | | | | | | |
| Investments | **9** | (45) | (634) | (233) | (499) | (465) |
| Other | **2** | 319 | 35 | 73 | (3) | 94 |
| Net cash provided (used) by investing activities | **11** | 274 | (599) | (160) | (502) | (371) |
| Net increase (decrease) in cash and equivalents | **340** | (22) | 98 | 35 | (60) | (69) |
| Cash and equivalents, beginning of period | **148** | 153 | 55 | 20 | 80 | 149 |
| **Cash and equivalents, end of period** | **$ 488** | $ 131 | $ 153 | $ 55 | $ 20 | $ 80 |



## Nonutility Subsidiaries Consolidated Financial Information

| *In millions* *Year Ended December 31,* | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| **Condensed Consolidated Statements of Income** | | | | | | |
| Equity income from unconsolidated affiliates | **$ 283** | $ 373 | $ 267 | $ 244 | $ 190 | $ 189 |
| Electric revenue | **2,679** | 2,494 | 2,261 | 1,045 | 664 | 745 |
| Lease revenue | **6** | 154 | 193 | 218 | 213 | 86 |
| Real estate activities | **11** | 119 | 87 | 74 | 73 | 157 |
| Operation and maintenance services | **58** | 109 | 40 | 38 | 50 | 41 |
| Contract Services and other | **28** | 66 | (28) | 8 | — | 3 |
| Total operating revenue | **3,065** | 3,315 | 2,820 | 1,627 | 1,190 | 1,221 |
| Operating expenses | **2,512** | 2,454 | 1,924 | 1,091 | 678 | 767 |
| Operating income | **553** | 861 | 896 | 536 | 512 | 454 |
| Interest expense, net of capitalized interest | **(647)** | (714) | (591) | (370) | (244) | (253) |
| Other income (expense) — net | **(57)** | 80 | 15 | 10 | 26 | 27 |
| Minority interest | **(27)** | (22) | (3) | (3) | (3) | (39) |
| Income (loss) from continuing operations | **(178)** | 205 | 317 | 173 | 291 | 189 |
| Discontinued operations, net of tax | **(58)** | (1,367) | (4) | (58) | (43) | (26) |
| Income tax expense (benefit) | **(178)** | 56 | 81 | (64) | 55 | 13 |
| **Net income (loss)** | **$ (58)** | $(1,218) | $ 232 | $ 179 | $ 193 | $ 150 |
| **Condensed Consolidated Balance Sheets** | | | | | | |
| Current assets | **$ 2,260** | $ 2,248 | $ 2,077 | $ 915 | $ 775 | $ 872 |
| Investments | **4,324** | 4,638 | 5,045 | 4,389 | 3,601 | 2,368 |
| Property, plant, and equipment — net, and other | **9,087** | 8,711 | 8,059 | 9,641 | 3,170 | 3,667 |
| Assets of discontinued operations | **75** | 251 | 3,920 | 3,897 | 400 | 19 |
| **Total assets** | **$15,746** | $15,848 | $19,101 | $18,842 | $7,946 | $6,926 |
| Current liabilities | **$ 1,874** | $ 1,362 | $ 2,668 | $ 1,973 | $ 923 | $ 698 |
| Long-term liabilities | **10,742** | 11,351 | 9,461 | 9,700 | 4,966 | 4,769 |
| Liabilities of discontinued operations | **73** | 71 | 2,482 | 2,561 | 216 | 55 |
| Total liabilities | **$12,689** | 12,784 | 14,611 | 14,234 | 6,105 | 5,522 |
| Minority interest | **425** | 344 | 18 | 8 | 15 | 9 |
| Preferred securities | **281** | 254 | 327 | 477 | 150 | 150 |
| Shareholder’s equity | **2,351** | 2,466 | 4,145 | 4,123 | 1,676 | 1,245 |
| **Total liabilities and shareholder’s equity** | **$15,746** | $15,848 | $19,101 | $18,842 | $7,946 | $6,926 |
| **Condensed Consolidated Statements of Cash Flows** | | | | | | |
| **Cash flows from operating activities:** | | | | | | |
| Net income from continuing operations | **$ 1** | $ 149 | $ 236 | $ 237 | $ 236 | $ 176 |
| Adjustment to reconcile net income to net cash provided (used) by operating activities: | | | | | | |
| Equity income from unconsolidated affiliates | **(283)** | (373) | (267) | (244) | (190) | (189) |
| Distributions and dividends from unconsolidated entities | **338** | 236 | 227 | 213 | 185 | 182 |
| Other | **629** | 725 | 746 | 438 | 358 | 117 |
| Operating cash flow from discontinued operations | **138** | (171) | (2) | (199) | 99 | 7 |
| Changes in working capital components | **852** | (792) | (119) | (3) | (68) | 115 |
| Net cash provided (used) by operating activities | **1,675** | (226) | 821 | 442 | 620 | 408 |
| **Cash flows from financing activities:** | | | | | | |
| Debt issued | **440** | 3,471 | 3,188 | 5,431 | 981 | 1,646 |
| Debt repaid | **(1,013)** | (2,721) | (3,760) | (659) | (768) | (1,303) |
| Capital contributions from parent | **(38)** | 51 | (152) | 1,502 | — | — |
| Issuance of debt securities and guaranteed secured bonds | **—** | 103 | (125) | 326 | — | — |
| Other | **(51)** | (542) | — | (47) | (35) | (227) |
| Financing cash flow from discontinued operations | **(106)** | (1,239) | 316 | 2,026 | 258 | — |
| Net cash provided (used) by financing activities | **(768)** | (877) | (533) | 8,579 | 436 | 116 |
| **Cash flows from investing activities:** | | | | | | |
| Investments | **17** | 158 | 1,117 | (6,726) | (1,067) | (240) |
| Other | **(288)** | (681) | (624) | (613) | 192 | (129) |
| Investing cash flow from discontinued operations | **1** | 1,125 | (89) | (1,698) | (354) | (6) |
| Net cash provided (used) by investing activities | **(270)** | 602 | 404 | (9,037) | (1,229) | (375) |
| Effect of exchange rate changes on cash | **23** | (37) | (32) | (3) | (3) | (21) |
| Effect on cash from de-consolidation of subsidiary | **(27)** | — | — | — | — | — |
| Net increase (decrease) in cash and equivalents | **633** | (538) | 660 | (19) | (176) | 128 |
| Cash and equivalents, beginning of period | **597** | 1,135 | 475 | 494 | 670 | 542 |
| **Cash and equivalents, end of period** | **1,230** | 597 | 1,135 | 475 | 494 | 670 |
| Cash and equivalents classified as part of discontinued operations | **—** | (63) | (369) | (133) | (5) | (1) |
| **Cash and equivalents of continuing operations** | **$ 1,230** | $ 534 | $ 766 | $ 342 | $ 489 | $ 669 |

# Management Team

## Edison International

**John E. Bryson**
Chairman of the Board, President and Chief Executive Officer

**Theodore F. Craver, Jr.**
Executive Vice President, Chief Financial Officer and Treasurer

**Bryant C. Danner**
Executive Vice President and General Counsel

**Mahvash Yazdi**
Senior Vice President and Chief Information Officer

**Diane L. Featherstone**
Vice President and General Auditor

**Jo Ann Goddard**
Vice President, Investor Relations

**Thomas M. Noonan**
Vice President and Controller

**Barbara J. Parsky**
Vice President, Corporate Communications

**Beverly P. Ryder**
Vice President, Community Involvement, and Secretary

**Anthony L. Smith**
Vice President, Tax

## Southern California Edison

**John E. Bryson**
Chairman of the Board

**Alan J. Fohrer**
Chief Executive Officer

**Robert G. Foster**
President

**Harold B. Ray**
Executive Vice President, Generation

**Pamela A. Bass**
Senior Vice President, Customer Service

**John R. Fielder**
Senior Vice President, Regulatory Policy and Affairs

**Stephen E. Pickett**
Senior Vice President and General Counsel

**Richard M. Rosenblum**
Senior Vice President, Transmission and Distribution

**W. James Scilacci**
Senior Vice President and Chief Financial Officer

**Mahvash Yazdi**
Senior Vice President and Chief Information Officer

**Emiko Banfield**
Vice President, Shared Services

**Robert C. Boada**
Vice President and Treasurer

**Clarence Brown**
Vice President, Corporate Communications

**Diane L. Featherstone**
Vice President and General Auditor

**Bruce C. Foster**
Vice President, Regulatory Operations

**A. Larry Grant**[1]
Vice President, Power Delivery

**Frederick J. Grigsby, Jr.**
Vice President, Human Resources and Labor Relations

**Harry B. Hutchinson**
Vice President, Customer Service Operations

**James A. Kelly**
Vice President, Regulatory Compliance and Environmental Affairs

**Russell W. Krieger**
Vice President, Power Production

**Thomas M. Noonan**
Vice President and Controller

**Dwight E. Nunn**
Vice President, Nuclear Engineering and Technical Services

**Barbara J. Parsky**
Vice President, Corporate Communications

**Pedro J. Pizarro**
Vice President, Strategy and Business Development

**Frank J. Quevedo**
Vice President, Equal Opportunity

**Dale E. Shull, Jr.**[2]
Vice President, Power Delivery

**Anthony L. Smith**
Vice President, Tax

**Joseph J. Wambold**
Vice President, Nuclear Generation

**Beverly P. Ryder**
Corporate Secretary

1 Effective April 1, 2003. Formerly Vice President, Engineering and Technical Services.
2 Retiring April 1, 2003.

## Edison Mission Energy

**Thomas R. McDaniel**
Chairman of the Board, President and Chief Executive Officer

**Robert M. Edgell**
Executive Vice President and General Manager, Asia-Pacific

**Ronald L. Litzinger**
Senior Vice President and Chief Technical Officer

**S. Daniel Melita**
Senior Vice President and General Manager, Europe

**Georgia R. Nelson**
Senior Vice President and General Manager, Americas; President, Midwest Generation

**Kevin M. Smith**
Senior Vice President, Chief Financial Officer and Treasurer

**Raymond W. Vickers**
Senior Vice President and General Counsel

## Edison Capital

**John E. Bryson**
Chairman of the Board

**Thomas R. McDaniel**
Chief Executive Officer

**Ashraf T. Dajani**
President and Chief Operating Officer

**Larry C. Mount**
Senior Vice President, General Counsel and Secretary

**Phillip Dandridge**
Vice President and Chief Financial Officer

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**Ticker Symbol**
EIX (Common Stock)

**Internet Address**
http://www.edisoninvestor.com

**Listed Securities**

| Media Listing | Stock Exchange Listing |
|---|---|
| EdisonInt or EIX (Common Stock) | New York, Pacific |
| SoCalEd (Preferred Stock) | American, Pacific |
| SoCalEDQUIDS (Quarterly Income Debt Securities) | American |
| MEPrA and MEPrB (Monthly Income Preferred Securities, (MIPS) | New York |
| EIX prA and EIX prB (Quarterly Income Preferred Securities) (QUIPS) | New York |