

2004 First Quarter Financial and Statistical Supplement



KEY FINANCIAL AND OPERATING DATA (Unaudited)

| | As of March 31, or Three Months Ended March 31, | |
|---|--|-----------------|
| | 2004 | 2003 |
| Edison International (EIX) | | |
| Basic Earnings Per Share | \$0.30 | \$0.17 |
| Income From Continuing Operations (millions) | \$98 | \$63 |
| Net Income (millions) | \$97 | \$57 |
| Dividends Paid Per Share ¹ | \$0.20 | — |
| Book Value Per Share | \$16.62 | \$13.85 |
| Market Price/Book Value Ratio | 1.5x | 1.0x |
| Market Price Per Share | \$24.29 | \$13.69 |
| Stock Price Range | \$21.24-\$24.35 | \$10.57-\$14.00 |
| One-Year Total Shareholder Return (appreciation and dividends) ^{1,2} | 80.5% | (18.3)% |
| Weighted-Average Common Shares Outstanding (thousands) | 325,811 | 325,811 |
| Recourse Financial Capital Structure ³ : | | |
| Common Equity | 36.1% | 31.3% |
| Preferred Securities (not subject to mandatory redemption) | 0.9 | 0.9 |
| Debt (includes preferred securities subject to mandatory redemption) | 63.0 | 67.8 |
| Total | 100.0% | 100.0% |

Southern California Edison (SCE)

| | | |
|---|--------|--------|
| Basic Earnings Per Edison International Common Share | \$0.31 | \$0.31 |
| Net Income Available for Common Stock (millions) | \$100 | \$102 |
| Rate-making Rate of Return on Common Equity — Annual Authorized | 11.6% | 11.6% |
| Rate-making Capitalization Ratios: | | |
| Common Equity | 47.8% | 61.9% |
| Preferred Stock | 3.1 | 3.7 |
| Long-Term Debt | 49.1 | 34.4 |
| Total | 100.0% | 100.0% |
| Kilowatt-hour Sales (millions) | 22,339 | 19,358 |
| Peak Demand (MW) ⁴ | 15,006 | 13,722 |
| Customers (thousands) | 4,618 | 4,549 |
| Generating Capacity Resources (MW) ⁵ | 9,868 | 9,767 |
| Employees | 12,855 | 12,257 |

Edison Mission Energy (EME)

| | | |
|---|---------|----------|
| Basic Earnings (Loss) Per Edison International Common Share | \$0.10 | \$(0.05) |
| Equity (millions) | \$1,931 | \$1,693 |
| Income (Loss) from Continuing Operations | \$31 | \$(8) |
| Net Income (Loss) (millions) | \$31 | \$(17) |
| Employees | 2,619 | 2,655 |

Edison Capital

| | | |
|--|--------|--------|
| Basic Earnings Per Edison International Common Share | \$0.03 | \$0.04 |
| Equity (millions) | \$625 | \$796 |
| Net Income (millions) | \$11 | \$15 |
| Employees | 60 | 61 |

¹ EIX did not pay common stock dividends for the quarterly dividend payment dates starting January 31, 2001 through October 31, 2003.

² The EIX common stock dividend of \$0.20 per share, declared in December 2003 and paid in January 2004, was included in the 2003 one-year total shareholder return calculation.

³ The 2004 ratios include common equity and preferred securities as reflected on the EIX balance sheet. Debt includes short- and long-term debt and other preferred securities subject to mandatory redemption. Debt excludes non-recourse debt totaling \$5.4 billion as outlined on pages 5 – 7 of this document and non-recourse other preferred securities subject to mandatory redemption of \$166 million. The comparable 2004 ratios, based on the same balance sheet classifications, including non-recourse items for common equity, preferred securities and debt are 26.3%, 0.6%, and 73.1% respectively. 2003 ratios are calculated on the same basis as 2004, reclassifying other preferred securities subject to mandatory redemption of \$1.2 billion as a component of debt. Non-recourse preferred securities of \$138 million and non-recourse debt of \$5.6 billion are excluded. The comparable 2003 ratios, including non-recourse amounts, and based on 2004 balance sheet classifications which classify preferred securities subject to mandatory redemption as preferred stock, are 22.3%, 6.8% and 70.9% for common equity, preferred securities and debt, respectively.

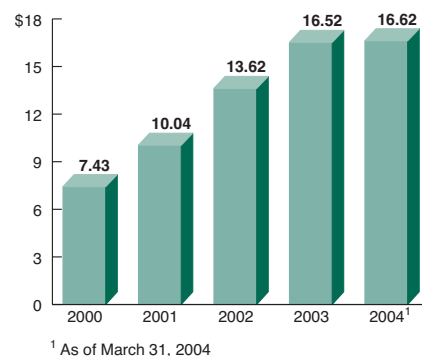
⁴ Includes all of the load on transmission and distribution systems.

⁵ Excludes CDWR allocated contracts and transitional capacity contracts starting in 2003.

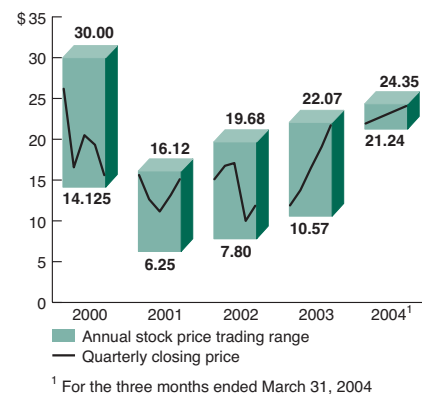
BASIC EARNINGS (LOSS) PER SHARE AND DIVIDENDS PAID



EDISON INTERNATIONAL BOOK VALUE PER SHARE



STOCK PRICE RANGE



This document and other financial information is available on the Internet at <http://www.edisoninvestor.com>

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions, except per-share data)

| | Three Months Ended March 31, | |
|--|---------------------------------|----------------|
| | 2004 | 2003 |
| Electric utility | \$1,696 | \$1,814 |
| Nonutility power generation | 783 | 684 |
| Financial services and other | 31 | 25 |
| Total operating revenue | <u>2,510</u> | <u>2,523</u> |
| Fuel | 342 | 334 |
| Purchased power | 580 | 452 |
| Provisions for regulatory adjustment clauses — net | (19) | 304 |
| Other operation and maintenance | 905 | 783 |
| Depreciation, decommissioning and amortization | 295 | 288 |
| Property and other taxes | 51 | 51 |
| Total operating expenses | <u>2,154</u> | <u>2,212</u> |
| Operating income | 356 | 311 |
| Interest and dividend income | 13 | 46 |
| Equity in income from partnerships and unconsolidated subsidiaries — net | 64 | 60 |
| Other nonoperating income | 80 | 16 |
| Interest expense — net of amounts capitalized | (316) | (299) |
| Other nonoperating deductions | (31) | (12) |
| Dividends on preferred securities subject to mandatory redemption | — | (28) |
| Dividends on utility preferred stock not subject to mandatory redemption | (1) | (1) |
| Income from continuing operations before tax | 165 | 93 |
| Income tax | 67 | 30 |
| Income from continuing operations | 98 | 63 |
| Income from discontinued operations — net of tax | — | 3 |
| Income before accounting change | 98 | 66 |
| Cumulative effect of accounting change — net of tax | (1) | (9) |
| Net income | <u>\$ 97</u> | <u>\$ 57</u> |
| Weighted-average shares of common stock outstanding | 326 | 326 |
| Basic earnings per share: | | |
| Continuing operations | \$ 0.30 | \$ 0.19 |
| Discontinued operations | — | 0.01 |
| Cumulative effect of accounting change | — | (0.03) |
| Total | <u>\$ 0.30</u> | <u>\$ 0.17</u> |
| Weighted-average shares, including effect of dilutive securities | 330 | 328 |
| Diluted earnings per share: | | |
| Continuing operations | \$ 0.30 | \$ 0.19 |
| Discontinued operations | — | 0.01 |
| Cumulative effect of accounting change | — | (0.03) |
| Total | <u>\$ 0.30</u> | <u>\$ 0.17</u> |
| Dividends declared per common share | \$ 0.20 | \$ — |

EDISON INTERNATIONAL BUSINESS SEGMENTS (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|--|---------------------------------|----------------|
| | 2004 | 2003 |
| Operating Revenue: | | |
| Electric utility | \$ 1,696 | \$1,814 |
| Nonutility power generation | 783 | 684 |
| Financial services | 29 | 21 |
| Corporate and other | 2 | 4 |
| Consolidated Edison International | <u>\$ 2,510</u> | <u>\$2,523</u> |
| Net Income (Loss): | | |
| Electric utility ¹ | \$ 100 | \$ 102 |
| Nonutility power generation ² | 31 | (17) |
| Financial services ³ | 11 | 15 |
| Corporate and other | (45) | (43) |
| Consolidated Edison International | <u>\$ 97</u> | <u>\$ 57</u> |

¹ Net income available for common stock. Includes earnings from discontinued operations of \$3 million for the three months ended March 31, 2003.

² Includes losses of \$9 million from the cumulative effect of an accounting change for the three months ended March 31, 2003.

³ Includes losses of \$1 million from the cumulative effect of an accounting change for the three months ended March 31, 2004.

CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except share amounts)

| ASSETS | March 31, | December 31, | LIABILITIES AND SHAREHOLDERS' EQUITY | March 31, | December 31, |
|--|-----------|--------------|--|-----------|--------------|
| | 2004 | 2003 | | 2004 | 2003 |
| Cash and equivalents | \$ 2,749 | \$ 2,198 | Short-term debt | \$ 36 | \$ 252 |
| Restricted cash | 65 | 79 | Long-term debt due within one year | 2,028 | 2,003 |
| Receivables, less allowances of \$39 and \$37 for uncollectible accounts at respective dates | 1,128 | 1,200 | Preferred stock to be redeemed within one year | 9 | 9 |
| Accrued unbilled revenue | 396 | 408 | Accounts payable | 1,037 | 1,086 |
| Fuel inventory | 78 | 92 | Accrued taxes | 523 | 596 |
| Materials and supplies, at average cost | 262 | 252 | Trading and price risk management liabilities | 266 | 168 |
| Accumulated deferred income taxes — net | 423 | 508 | Regulatory liabilities — net | 248 | 361 |
| Trading and price risk management assets | 32 | 48 | Other current liabilities | 1,529 | 1,692 |
| Prepayments | 42 | 88 | Total current liabilities | 5,676 | 6,167 |
| Other current assets | 142 | 176 | Long-term debt | 12,673 | 11,787 |
| Total current assets | 5,317 | 5,049 | Accumulated deferred income taxes — net | 6,060 | 5,967 |
| Nonutility property — less accumulated provision for depreciation of \$1,855 and \$1,318 at respective dates | 8,278 | 7,701 | Accumulated deferred investment tax credits | 147 | 149 |
| Nuclear decommissioning trusts | 2,606 | 2,530 | Customer advances and other deferred credits | 1,463 | 1,554 |
| Investments in partnerships and unconsolidated subsidiaries | 1,747 | 1,908 | Power-purchase contracts | 230 | 213 |
| Investments in leveraged leases | 2,385 | 2,361 | Other preferred securities subject to mandatory redemption | 306 | 305 |
| Other investments | 146 | 176 | Accumulated provision for pensions and benefits | 461 | 425 |
| Total investments and other assets | 15,162 | 14,676 | Asset retirement obligations | 2,128 | 2,106 |
| Utility plant, at original cost: | | | Other long-term liabilities | 262 | 247 |
| Transmission and distribution | 14,977 | 14,861 | Total deferred credits and other liabilities | 11,057 | 10,966 |
| Generation | 1,381 | 1,371 | Liabilities of discontinued operations | 11 | 13 |
| Accumulated provision for depreciation | (4,398) | (4,386) | Total liabilities | 29,417 | 28,933 |
| Construction work in progress | 680 | 600 | Minority interest | 857 | 517 |
| Nuclear fuel, at amortized cost | 140 | 141 | Preferred stock not subject to mandatory redemption | 129 | 129 |
| Total utility plant | 12,780 | 12,587 | Common stock (325,811,206 shares outstanding at each date) | 1,973 | 1,970 |
| Goodwill | 888 | 868 | Accumulated other comprehensive loss | (55) | (53) |
| Restricted cash | 278 | 339 | Retained earnings | 3,497 | 3,466 |
| Regulatory assets — net | 421 | 510 | Total common shareholders' equity | 5,415 | 5,383 |
| Other deferred charges | 956 | 917 | Total liabilities and shareholders' equity | \$35,818 | \$34,962 |
| Total deferred charges | 2,543 | 2,634 | | | |
| Assets of discontinued operations | 16 | 16 | | | |
| Total assets | \$35,818 | \$34,962 | | | |

EDISON INTERNATIONAL RESULTS OF OPERATIONS (Unaudited)

(In millions, except per share amounts)

| Three Months Ended March 31, | Basic Earnings (Loss) Per Share | | Earnings (Loss) | |
|---|---------------------------------|---------|-----------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| SCE | \$ 0.31 | \$ 0.30 | \$ 100 | \$ 99 |
| EME | 0.10 | (0.02) | 31 | (8) |
| Edison Capital | 0.03 | 0.04 | 11 | 15 |
| Mission Energy Holding Company | (0.08) | (0.07) | (25) | (24) |
| EIX parent company and other | (0.06) | (0.06) | (19) | (19) |
| EIX Consolidated Earnings from Continuing Operations | 0.30 | 0.19 | 98 | 63 |
| Earnings from Discontinued Operations | — | 0.01 | — | 3 |
| EIX Consolidated Earnings before cumulative effect of accounting change | 0.30 | 0.20 | 98 | 66 |
| Cumulative effect of accounting change | — | (0.03) | (1) | (9) |
| Total EIX Consolidated Earnings | \$ 0.30 | \$ 0.17 | \$ 97 | \$ 57 |

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2004 | 2003 |
| Cash flows from operating activities: | | |
| Income from continuing operations, after accounting change, net of tax | \$ 97 | \$ 54 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Cumulative effect of accounting change, net of tax | 1 | 9 |
| Depreciation, decommissioning and amortization | 295 | 288 |
| Other amortization | 23 | 27 |
| Minority interest | 12 | 4 |
| Deferred income taxes and investment tax credits | 138 | 28 |
| Equity in income from partnerships and unconsolidated subsidiaries | (64) | (60) |
| Income from leveraged leases | (24) | (21) |
| Regulatory assets — long-term — net | 45 | 69 |
| Gain on sale of assets | (43) | — |
| Gas options | (5) | (15) |
| Levelized rent expense | — | (5) |
| Other assets | 1 | (43) |
| Other liabilities | 67 | (74) |
| Changes in working capital net of effects from consolidation and deconsolidation of variable interest entities: | | |
| Receivables and accrued unbilled revenue | 109 | 41 |
| Regulatory liabilities — short-term — net | (113) | 159 |
| Fuel inventory, materials and supplies | 13 | 18 |
| Prepayments and other current assets | 75 | (124) |
| Accrued interest and taxes | (126) | 56 |
| Accounts payable and other current liabilities | (207) | 252 |
| Distributions and dividends from unconsolidated entities | 26 | 30 |
| Operating cash flows from discontinued operations | (1) | (13) |
| Net cash provided by operating activities | <u>319</u> | <u>680</u> |
| Cash flows from financing activities: | | |
| Long-term debt issued | 1,619 | 215 |
| Long-term debt repaid | (966) | (472) |
| Bonds remarketed — net | 350 | — |
| Redemption of preferred securities | (2) | (5) |
| Rate reduction notes repaid | (62) | (62) |
| Short-term debt financing — net | (220) | 133 |
| Dividends paid | (65) | — |
| Net cash provided (used) by financing activities | <u>654</u> | <u>(191)</u> |
| Cash flows from investing activities: | | |
| Additions to property and plant | (339) | (323) |
| Acquisition costs related to nonutility generation plant | (285) | — |
| Purchase of common stock of acquired companies | — | (275) |
| Proceeds from sale of interests in projects | 118 | — |
| Contributions to nuclear decommissioning trusts — net | (21) | (21) |
| Distributions from (investments in) partnerships and unconsolidated subsidiaries | 19 | (29) |
| Other assets | 35 | 13 |
| Investing cash flows from discontinued operations | — | 4 |
| Net cash used by investing activities | <u>(473)</u> | <u>(631)</u> |
| Effect of exchange rate changes on cash | 6 | 7 |
| Effect of consolidation of variable interest entities on cash | 79 | — |
| Effect of deconsolidation of variable interest entities on cash | (34) | — |
| Net increase (decrease) in cash and equivalents | 551 | (135) |
| Cash and equivalents — beginning of period | 2,198 | 2,468 |
| Cash and equivalents — end of period, continuing operations | <u>\$2,749</u> | <u>\$ 2,333</u> |

EDISON INTERNATIONAL CONSOLIDATED SHORT-TERM DEBT (Unaudited)

(In millions)

| | March 31, 2004 | December 31, 2003 |
|---|-------------------|----------------------|
| Edison International | | |
| Other | \$ — | \$ — |
| Total | \$ — | \$ — |
| Southern California Edison | | |
| Bank loan against credit line | \$ — | \$ 200 |
| Total | \$ — | \$ 200 |
| Available credit under existing lines | \$ 698 | \$ 467 |
| Edison Mission Energy | | |
| Other short-term obligations (non-recourse) | \$ 36 | \$ 52 |
| Total | \$ 36 | \$ 52 |
| Available credit under existing lines | \$ 145 | \$ 145 |
| Edison Capital | | |
| Other | \$ — | \$ — |
| Total | \$ — | \$ — |
| Edison International total consolidated short-term debt | \$ 36 | \$ 252 |

FIVE-YEAR LONG-TERM DEBT MATURITIES AND SINKING FUNDS REQUIREMENTS (Unaudited)¹

(In millions)

| | For The Twelve Months Ending March 31, | | | | |
|---|--|----------------|----------------|--------------|----------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Edison International | \$ 572 | \$ — | \$ — | \$ — | \$ — |
| Southern California Edison | 371 | 927 | 1,212 | 238 | 219 |
| Mission Energy Holding Co. ² | 100 | — | 285 | — | 800 |
| Edison Mission Energy | 838 | 268 | 913 | 318 | 469 |
| Edison Capital | 146 ³ | 40 | 95 | 75 | — |
| Intercompany debt | — | — | — | (180) | — |
| Total ⁴ | <u>\$2,028</u> | <u>\$1,235</u> | <u>\$2,505</u> | <u>\$451</u> | <u>\$1,488</u> |

¹ Includes recourse and non-recourse long-term debt as of March 31, 2004.

² 100% of the Term Loan Put-Option for \$100 million of principal, payable on July 2, 2004, was exercised.

³ Includes \$55 million of non-recourse project debt related to Edison Capital's Storm Lake Energy Project due through 2017, but classified as due in 2005 due to various defaults asserted by the lenders in connection with the Enron bankruptcy.

⁴ Totals include differences due to rounding.

EDISON INTERNATIONAL CONSOLIDATED LONG-TERM DEBT (Unaudited)

(In millions)

| Year | Series | Due Date | Interest Rate (%) | First Call Date | Mar. 31, 2004 | Dec. 31, 2003 | Year | Series | Due Date | Interest Rate (%) | First Call Date | Mar. 31, 2004 | Dec. 31, 2003 | | |
|---|-------------------------|----------|-------------------|-----------------|----------------|----------------|--|---------------------------------------|-------------------------|-------------------|-----------------|---------------|---------------|---------|------|
| Edison International | | | | | | | Pollution control indebtedness: | | | | | | | | |
| 1999 | Notes | 09/15/04 | 6% | N/A | \$ 572 | \$ 617 | Four Corners Generating Station | | | | | | | | |
| 1999 | Note ¹ | 07/26/29 | 7.875 | N/A | 516 | 516 | 1991 | Series A ⁷ | 04/01/21 | 7.20 | 04/01/01 | 49 | 49 | | |
| 1999 | Note ¹ | 10/29/29 | 8.60 | N/A | 335 | 335 | 1993 | Series A ⁷ | 06/01/23 | 5% | 06/01/03 | 155 | 155 | | |
| Subtotal | | | | | | 1,423 | 1,468 | 1999 | Series A ⁸ | 04/01/29 | 5% | 04/01/09 | 55 | 55 | |
| Less current portion of long-term debt | | | | | | (572) | (618) | Huntington Beach Generating Station | | | | | | | |
| Less unamortized discount — net | | | | | | (1) | (1) | 1999 | Series D ⁸ | 09/01/15 | 5.20 | 09/01/09 | 8 | 8 | |
| EIX long-term debt | | | | | | \$ 850 | \$ 851 | Mohave Generating Station | | | | | | | |
| Mission Energy Holding Company | | | | | | | 1988 Series A | | | | | | | | |
| 2001 | Sr Secured Notes | 07/15/08 | 13½ | N/A | \$ 800 | \$ 800 | 2000 | Series A | 03/01/09 | 3.25 | N/A | 40 | 40 | | |
| 2001 | Term Loan ² | 07/02/04 | LIBOR+7.50 | N/A | 100 | — | 2000 | Series B | 03/01/09 | 3.25 | N/A | 15 | 15 | | |
| 2001 | Term Loan | 07/02/06 | LIBOR+7.50 | N/A | 285 | 385 | 2000 | Series C | 03/01/09 | 3.25 | N/A | 20 | 20 | | |
| Subtotal | | | | | | 1,185 | 1,185 | Palo Verde Nuclear Generating Station | | | | | | | |
| Less current portion of long-term debt | | | | | | (100) | — | 2000 | Series A-B ⁷ | 03/01/09 | 2.90 | N/A | 144 | 144 | |
| Less unamortized discount — net | | | | | | (18) | (19) | San Onofre Nuclear Generating Station | | | | | | | |
| Mission Energy Holding Company long-term debt | | | | | | \$1,067 | \$1,166 | 1986 | Series A-D ⁷ | 02/28/06 | 2.00 | 03/08/05 | 196 | 196 | |
| Southern California Edison | | | | | | | 1985 Series A-D ⁷ | | | | | | | | |
| Recourse long-term debt: | | | | | | | 1991 Series ⁷ | | | | | | | | |
| First and refunding mortgage bonds: | | | | | | | 1992 Series A ⁷ | | | | | | | | |
| 1993 | Series 93H | 09/01/04 | 5% | N/A | \$ 125 | \$ 125 | 1992 | Series B ⁷ | 12/01/24 | 6.40 | 12/01/02 | 190 | 190 | | |
| 2003 | Series 2003 A | 02/15/07 | 8.00 | N/A | — ³ | — ³ | 1999 | Series A-B ⁸ | 09/01/29 | 5.45 | 09/01/09 | 100 | 100 | | |
| 2003 | Series 2003 B | 02/15/07 | 8.00 | N/A | 966 | 966 | 1999 | Series C ⁸ | 09/01/31 | 5.55 | 09/01/09 | 30 | 30 | | |
| 1993 | Series 93I ⁴ | 10/01/18 | 6.90 | 10/01/98 | — | 200 | Subtotal | | | | | | 1,196 | 1,216 | |
| 1993 | Series 93G ⁴ | 07/15/25 | 7% | 07/15/03 | — | 225 | Non-recourse long-term debt: | | | | | | | | |
| 1993 | Series 93C ⁴ | 03/01/26 | 7¼ | 03/01/03 | — | 300 | VIE Debt ⁹ | 2008 | 5.0 | N/A | 54 | — | | | |
| 2004 | Series 2004A | 01/15/14 | 5.00 | N/A | 300 | — | Rate reduction notes ¹⁰ | | | | | | | | |
| 2004 | Series 2004B | 01/15/34 | 6.00 | N/A | 525 | — | 1997 | Various | Various | Various | N/A | 923 | 985 | | |
| 2004 | Series 2004C | 01/13/06 | Variable | N/A | 150 | — | Subtotal | | | | | | 977 | 985 | |
| 2004 | Series 2004F | 04/01/15 | 4.65 | N/A | 300 | — | SCE principal amount outstanding | | | | | | 5,647 | 4,875 | |
| 2004 | Series 2004G | 04/01/35 | 5.75 | N/A | 350 | — | Less current portion of long-term debt | | | | | | (371) | (371) | |
| Subtotal | | | | | | \$2,716 | \$1,816 | Less unamortized discount — net | | | | | | (30) | (29) |
| Other: | | | | | | | Less bonds repurchased | | | | | | — | (354) | |
| 1996 | Notes | 01/15/06 | 6% | N/A | 200 | 200 | SCE long-term debt | | | | | | \$5,246 | \$4,121 | |
| 1999 | Notes | 04/01/29 | 6.65 | N/A | 300 | 300 | | | | | | | | | |
| 2000 | Notes | 01/15/10 | 7.625 | N/A | 250 | 250 | | | | | | | | | |
| Junior Subordinated Deferrable Interest Debentures ⁵ : | | | | | | | | | | | | | | | |
| 1995 | Series A ⁴ | 06/30/44 | 8% | 05/25/00 | — | 100 | | | | | | | | | |
| Other obligation ⁶ | | | | | | 8 | 8 | | | | | | | | |
| Subtotal | | | | | | 758 | 858 | | | | | | | | |

¹ See Note 1.

² 100% of the Term Loan Put-Option for \$100 million of principal, payable on July 2, 2004, was exercised.

³ Balance of \$50,000.

⁴ Called for early redemption on January 26, 2004.

⁵ Also known as quarterly income debt securities (QUIDS).

⁶ Fort Irwin acquisition debt, not a publicly traded security.

⁷ Secured by first and refunding mortgage bonds.

⁸ Insured.

⁹ Long-term debt of Variable Interest Entities (VIE). This debt is non-recourse to SCE and EIX.

¹⁰ Also known as rate reduction bonds. The notes are non-recourse to SCE and EIX.

Note 1: As of December 31, 2003, a new accounting principle required EIX and EME to deconsolidate their special purpose entities that issued EIX's quarterly income preferred securities (QUIPS) and EME's monthly income preferred securities (MIPS). As a result of these deconsolidations, the intercompany debt associated with these securities is now included in long-term debt on EIX's consolidated balance sheet. Under the prior accounting treatment, the intercompany debt would have been eliminated in consolidation and the QUIPS and MIPS would have been classified as preferred securities.

EDISON INTERNATIONAL CONSOLIDATED LONG-TERM DEBT (Unaudited) (continued)

| Year | Series | Due Date | Dec. 31, 2003 Interest Rate (%) | First Call Date | Mar. 31, 2004 | Dec. 31, 2003 |
|--|--|-----------|------------------------------------|-----------------------------------|------------------|------------------|
| Edison Mission Energy | | | | | | |
| Recourse long-term debt: | | | | | | |
| EME (parent only) | | | | | | |
| 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+0.0098 ¹ | N/A | 28 | 28 |
| Long-term obligations — Affiliate | | 2007 | LIBOR+0.275 | N/A | 78 | 78 |
| Non-recourse long-term debt: | | | | | | |
| 1996 | Due to EME Funding Corp. | 2004–2008 | 7.330 | Any Time + Prem. Penalty | 164 | 190 |
| Edison Mission Midwest Holdings Co. | | | | | | |
| 1999 | Tranche B | 2004 | LIBOR+2.00 ¹ | N/A | 693 | 693 |
| EME CP Holdings Co. | | | | | | |
| 2002 | Note Purchase Agreement | 2002–2015 | 7.31 | N/A | 82 | 83 |
| Mission Energy Holdings International, Inc | | | | | | |
| 2003 | Credit Agreement | 2006 | LIBOR+5.00 | N/A | 800 | 800 |
| Contact Project | | | | | | |
| Credit Facilities and Notes | | 2004–2018 | Various | N/A | 766 | 791 |
| Doga Project | | | | | | |
| 1997 | Finance Agmt. | 2010 | 11.20 | N/A | — | 62 |
| 1997 | Credit Agmt. | 2010 | LIBOR+1.25 ¹ | N/A | — | 23 |
| First Hydro Plants | | | | | | |
| 1996 | Secured Bonds | 2021 | 9.0 | Any Time + Gross Redemption Yield | 736 | 714 |
| Iberian Hy-Power Plants | | | | | | |
| 1997 | Credit Facility | 1997–2012 | EURIBOR+0.875 ¹ | N/A | 42 | 43 |
| 1991 | Loan | 2008 | 9.408 | N/A | 28 | 28 |
| 2002 | Banco Vitalicio | 2002–2006 | 6.17 | N/A | 2 | 2 |
| Kwinana Plant | | | | | | |
| 1995 | Facility Agmt. | 2011 | BBR+1.3 to 1.4 ¹ | N/A | — | 58 |
| Loy Yang B Plant | | | | | | |
| 1997 | Term Facility | 1997–2017 | BBR+0.6 to 1.0 ¹ | N/A | 504 | 502 |
| 1997 | Term Facility | 2012 | BBR+0.6 to 0.75 ¹ | N/A | 373 | 369 |
| 1997 | Working Capital Facility | 2017 | BBR+0.6 to 1.0 ¹ | N/A | 8 | 8 |
| 2003 | Amortising Cash Advance Facility | 2009 | BBR+3.0 | N/A | 11 | 11 |
| 2003 | Amortising Loan Facility | 2009 | BBR+0.1+3.25 | N/A | 38 | 38 |
| Valley Power Plant | | | | | | |
| 2002 | Amortising Facility | 2002–2011 | BBR+1.55 | N/A | 44 | 45 |
| 2002 | Bullet Facility | 2007 | BBR+1.55 | N/A | 29 | 28 |
| EME principal amount outstanding | | | | | 6,026 | 6,194 |
| Less current portion of long-term debt | | | | | (838) | (856) |
| Unamortized debt discount — net ² | | | | | (6) | (7) |
| EME long-term debt | | | | | 5,182 | 5,331 |
| EME junior subordinated debentures series A/B ³ 2024/2025 | | | 9.875 / 8.50 | 11/30/99 / 08/08/00 | 155 | 155 |
| EME long-term debt and junior subordinated debentures | | | | | \$ 5,337 | \$ 5,486 |
| Edison Capital | | | | | | |
| Recourse long-term debt: | | | | | | |
| 1996 | Medium Term Notes | 2006 | 6.79–7.2 | N/A | \$ 75 | \$ 75 |
| 2000 | Medium Term Notes | 2004 | 7.93 | N/A | 30 | 30 |
| 2000 | Term Loan | 2004 | Variable | N/A | 59 | 69 |
| 2000 | Medium Term Notes | 2005 | 8.04 | N/A | 25 | 25 |
| 2000 | Medium Term Notes | 2007 | 7.61 | N/A | 35 | 34 |
| 2000 | Medium Term Notes | 2010 | 7.44 | N/A | 48 | 46 |
| 2000 | Medium Term Notes | 2015 | 7.25 | N/A | 55 | 53 |
| 1996 | Long-term obligation — Affiliate | 2007 | 4.40 | N/A | 75 | 75 |
| Non-recourse amortizing debt: | | | | | | |
| 1986– | 2000 Affordable Housing Mortgages | 2016–2039 | Various | N/A | 23 | 7 |
| 1999 | Buffalo Ridge Project Debt | 2012–2013 | 8.5 | N/A | 19 | — |
| 1999 | Storm Lake Pwr Ptrn I (Tranche A Loan) | 2017 | 8.71 | N/A | 27 | 29 |
| 1999 | Storm Lake Pwr Ptrn I (Tranche B Loan) | 2011 | LIBOR+1.45 | N/A | 28 | 31 |
| Edison Capital total principal amount outstanding | | | | | 499 | 474 |
| Less current portion of long-term debt | | | | | (146) | (158) |
| Edison Capital long-term debt | | | | | \$ 353 | \$ 316 |
| Intercompany debt | | | | | (180) | (153) |
| EIX total consolidated long-term debt | | | | | \$12,673 | \$11,787 |

¹ Interest rates may vary based on debt agreements.

² Includes \$4 million related to non-recourse debt in 2003 and 2004.

³ See Note 1 on page 6.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|--|---------------------------------|---------|
| | 2004 | 2003 |
| Operating revenue | \$1,696 | \$1,814 |
| Fuel | 48 | 58 |
| Purchased power | 580 | 452 |
| Provisions for regulatory adjustment clauses — net | (19) | 304 |
| Other operation and maintenance | 575 | 483 |
| Depreciation, decommissioning and amortization | 217 | 212 |
| Property and other taxes | 45 | 41 |
| Total operating expenses | 1,446 | 1,550 |
| Operating income | 250 | 264 |
| Interest and dividend income | 5 | 39 |
| Other nonoperating income | 33 | 8 |
| Interest expense — net of amounts capitalized | (105) | (124) |
| Other nonoperating deductions | (13) | (7) |
| Income from continuing operations before tax | 170 | 180 |
| Income tax | 69 | 78 |
| Income from continuing operations | 101 | 102 |
| Income from discontinued operations — net of tax | — | 3 |
| Net income | 101 | 105 |
| Dividends on preferred stock subject to mandatory redemption | — | 2 |
| Dividends on preferred stock not subject to mandatory redemption | 1 | 1 |
| Net income available for common stock | \$ 100 | \$ 102 |

CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except share amounts)

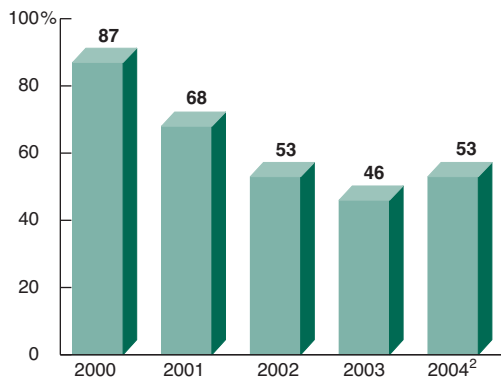
| | March 31, 2004 | December 31, 2003 | LIABILITIES AND SHAREHOLDERS' EQUITY | March 31, 2004 | December 31, 2003 |
|--|-------------------|----------------------|---|-------------------|----------------------|
| ASSETS | | | | | |
| Cash and equivalents | \$ 528 | \$ 95 | Short-term debt | \$ — | \$ 200 |
| Restricted cash | 65 | 66 | Long-term debt due within one year | 371 | 371 |
| Receivables, less allowances of \$31 and \$30 for uncollectible accounts at respective dates | 740 | 751 | Preferred stock to be redeemed within one year | 9 | 9 |
| Accrued unbilled revenue | 396 | 408 | Accounts payable | 885 | 891 |
| Fuel inventory | 9 | 10 | Accrued taxes | 585 | 556 |
| Materials and supplies, at average cost | 180 | 168 | Regulatory liabilities — net | 248 | 361 |
| Accumulated deferred income taxes — net | 423 | 508 | Other current liabilities | 1,080 | 1,173 |
| Prepayments and other current assets | 30 | 58 | Total current liabilities | 3,178 | 3,561 |
| Total current assets | 2,371 | 2,064 | Long-term debt | 5,246 | 4,121 |
| Nonutility property — less accumulated provision for depreciation of \$26 and \$24 at respective dates | 390 | 116 | Accumulated deferred income taxes — net | 2,806 | 2,726 |
| Property of variable interest entities — net | 401 | — | Accumulated deferred investment tax credits | 134 | 136 |
| Nuclear decommissioning trusts | 2,606 | 2,530 | Customer advances and other deferred credits | 453 | 427 |
| Other investments | 123 | 153 | Power-purchase contracts | 230 | 213 |
| Total investments and other assets | 3,520 | 2,799 | Preferred stock subject to mandatory redemption | 139 | 141 |
| Utility plant, at original cost: | | | Accumulated provision for pensions and benefits | 360 | 330 |
| Transmission and distribution | 14,977 | 14,861 | Asset retirement obligations | 2,108 | 2,084 |
| Generation | 1,381 | 1,371 | Other long-term liabilities | 257 | 243 |
| Accumulated provision for depreciation and decommissioning | (4,398) | (4,386) | Total deferred credits and other liabilities | 6,487 | 6,300 |
| Construction work in progress | 680 | 600 | Total liabilities | 14,911 | 13,982 |
| Nuclear fuel, at amortized cost | 140 | 141 | Minority interest | 419 | — |
| Total utility plant | 12,780 | 12,587 | Common stock (434,888,104 shares outstanding at each date) | 2,168 | 2,168 |
| Regulatory assets — net | 421 | 510 | Additional paid-in capital | 340 | 338 |
| Other deferred charges | 525 | 506 | Accumulated other comprehensive loss | (17) | (19) |
| Total deferred charges | 946 | 1,016 | Retained earnings | 1,667 | 1,868 |
| Total assets | \$19,617 | \$18,466 | Total common shareholder's equity | 4,158 | 4,355 |
| | | | Preferred stock not subject to mandatory redemption | 129 | 129 |
| | | | Total shareholders' equity | 4,287 | 4,484 |
| | | | Total liabilities and shareholders' equity | \$19,617 | \$18,466 |

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------------|
| | 2004 | 2003 |
| Cash flows from operating activities: | | |
| Income from continuing operations | \$ 101 | \$ 102 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation, decommissioning and amortization | 217 | 212 |
| Other amortization | 21 | 24 |
| Deferred income taxes and investment tax credits | 98 | 9 |
| Regulatory assets — long-term — net | 45 | 69 |
| Gas options | (5) | (15) |
| Other assets | 7 | (76) |
| Other liabilities | 63 | (23) |
| Changes in working capital net of effects from consolidation of variable interest entities: | | |
| Receivables and accrued unbilled revenue | 76 | 129 |
| Regulatory liabilities — short-term — net | (113) | 159 |
| Fuel inventory, materials and supplies | 5 | — |
| Prepayments and other current assets | 44 | (105) |
| Accrued interest and taxes | 6 | 128 |
| Accounts payable and other current liabilities | (129) | 141 |
| Operating cash flows from discontinued operations | — | 4 |
| Net cash provided by operating activities | <u>436</u> | <u>758</u> |
| Cash flows from financing activities: | | |
| Long-term debt issued | 1,597 | (11) |
| Long-term debt repaid | (842) | (304) |
| Bonds remarketed — net | 350 | — |
| Redemption of preferred stock | (2) | (5) |
| Rate reduction notes repaid | (62) | (62) |
| Short-term debt financing — net | (200) | — |
| Dividends paid | (301) | (4) |
| Net cash provided (used) by financing activities | <u>540</u> | <u>(386)</u> |
| Cash flows from investing activities: | | |
| Additions to property and plant | (317) | (267) |
| Acquisition costs related to nonutility generation plant | (285) | — |
| Contributions to nuclear decommissioning trusts — net | (21) | (21) |
| Sales of investments in other assets | 1 | 3 |
| Net cash used by investing activities | <u>(622)</u> | <u>(285)</u> |
| Effect of consolidation of variable interest entities on cash | 79 | — |
| Net increase in cash and equivalents | 433 | 87 |
| Cash and equivalents — beginning of period | 95 | 992 |
| Cash and equivalents — end of period, continuing operations | <u>\$ 528</u> | <u>\$ 1,079</u> |

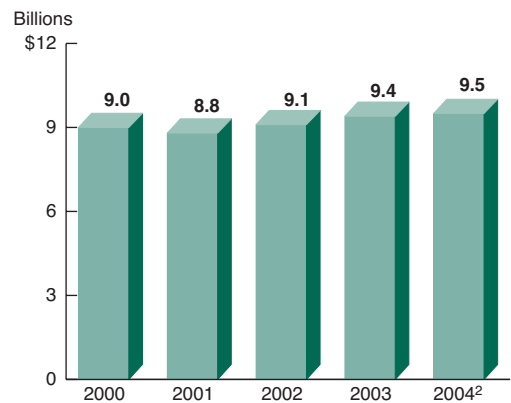
**SOUTHERN CALIFORNIA EDISON
RECOURSE FINANCIAL DEBT-TO-CAPITAL¹**



¹ Represents SCE's net recourse financial debt-to-capital ratios. The 2004 ratio calculation includes common equity and preferred securities as reflected on the EIX balance sheet. Debt includes short- and long-term debt and other preferred securities subject to mandatory redemption of \$148 million. Debt excludes non-recourse debt totaling \$977 million as detailed on page 6 of this document. The comparable 2004 ratio, based on the same balance sheet classifications, including non-recourse debt is 57%. Prior years' ratios are calculated on the same basis as 2004, reclassifying other preferred securities subject to mandatory redemption as a component of debt. Non-recourse debt is excluded. The comparable prior year debt ratios, including non-recourse amounts, and based on prior years' balance sheet classifications which classify preferred securities subject to mandatory redemption as preferred stock, for the years ended 2000, 2001, 2002, and 2003 are 87%, 70%, 56%, and 51% respectively.

² As of March 31, 2004

**SOUTHERN CALIFORNIA EDISON
SYSTEM RATE BASE¹**



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

² As of March 31, 2004

KILOWATT-HOUR SALES¹

(Millions of kWh)

| Class of Service | Three Months Ended March 31, | |
|------------------------------|---------------------------------|--------|
| | 2004 | 2003 |
| Residential | 6,591 | 6,020 |
| Commercial | 8,702 | 8,355 |
| Industrial | 2,581 | 2,644 |
| Public Authorities | 1,382 | 1,364 |
| Agricultural and other | 190 | 183 |
| Resale | 2,893 | 792 |
| Total kWh Sales | 22,339 | 19,358 |

¹ Includes direct access customers.

AVERAGE ENERGY COSTS

| Dollars Per Million Btu | Three Months Ended March 31, | | Twelve Months Ended March 31, | | Cents Per kWh | Three Months Ended March 31, | | Twelve Months Ended March 31, | |
|-------------------------|---------------------------------|-------------------|----------------------------------|-------------------|----------------------------|---------------------------------|-------------------|----------------------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 | | 2004 | 2003 | 2004 | 2003 |
| Oil (Catalina) | \$10.83 | \$ 9.29 | \$9.18 | \$8.18 | Purchased Power: | | | | |
| Gas ¹ | 7.56 | 9.40 | 6.40 | 5.57 | Other power producers: | | | | |
| Nuclear | 0.46 | 0.44 | 0.45 | 0.43 | Biomass | 7.93 | 7.80 | 9.15 | 8.74 |
| Coal | 1.35 | 1.29 | 1.25 | 1.25 | Cogeneration | 7.21 | 7.49 | 8.37 | 7.38 |
| Average cost | | | | | Geothermal | 5.92 | 7.00 | 7.32 | 7.86 |
| all sources | 0.81 | 0.82 ² | 0.77 ² | 0.76 ² | Small Hydro | 4.52 | 5.34 | 6.37 | 5.90 |
| | | | | | Solar | 7.85 | 8.27 | 14.46 | 13.32 |
| Cents Per kWh | | | | | Wind | 5.84 | 6.08 | 6.57 | 7.18 |
| Oil (Catalina) | 10.51 ¢ | 9.62 ¢ | 10.86 ¢ | 10.23 ¢ | Average cost — other | | | | |
| Nuclear | 0.47 | 0.45 | 0.47 | 0.45 | power producers | 6.72 | 7.27 | 8.10 | 7.74 |
| Coal | 1.39 | 1.29 | 1.27 | 1.25 | Average cost — all | | | | |
| | | | | | sources ³ | 5.64 | 5.13 ² | 5.62 ² | 5.23 ² |

¹ Cost of gas used to start-up coal plants.

² Excludes payments for fuel-related settlements.

³ Excludes ISO/other sales, includes firm purchased power.

TOTAL ENERGY REQUIREMENT

(Millions of kWh)

| | Three Months Ended March 31, | | % of Total | | Twelve Months Ended March 31, | | % of Total | |
|--------------------------------------|---------------------------------|--------|------------|---------|----------------------------------|---------|------------|---------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | Edison Owned: | | | | | | | |
| Nuclear | 3,631 | 3,959 | 20.4 | 22.5 | 17,927 | 17,606 | 23.2 | 24.2 |
| Coal | 2,147 | 2,854 | 12.1 | 16.2 | 10,277 | 10,990 | 13.3 | 15.1 |
| Hydro | 663 | 648 | 3.7 | 3.7 | 4,005 | 3,504 | 5.2 | 4.8 |
| Oil (Catalina) | 8 | 8 | — | — | 30 | 28 | — | — |
| Purchased Power ¹ : | | | | | | | | |
| Firm ² | 1,811 | 1,383 | 10.2 | 7.9 | 7,538 | 3,105 | 9.7 | 4.3 |
| Economy/Other ³ | (554) | (421) | (3.1) | (2.4) | (1,425) | (2,091) | (1.8) | (2.9) |
| Other power producers ¹ : | | | | | | | | |
| Biomass | 363 | 366 | 2.0 | 2.1 | 1,388 | 1,486 | 1.8 | 2.0 |
| Cogeneration | 3,354 | 3,415 | 18.8 | 19.4 | 13,776 | 13,804 | 17.8 | 19.0 |
| Geothermal | 1,958 | 1,456 | 11.0 | 8.3 | 7,572 | 6,117 | 9.8 | 8.4 |
| Small Hydro | 49 | 42 | 0.3 | 0.2 | 246 | 242 | 0.3 | 0.3 |
| Solar | 71 | 77 | 0.4 | 0.4 | 754 | 843 | 1.0 | 1.2 |
| Wind | 503 | 452 | 2.8 | 2.6 | 2,392 | 2,730 | 3.1 | 3.8 |
| CDWR/ISO ¹ | 3,796 | 3,375 | 21.4 | 19.1 | 12,865 | 14,382 | 16.6 | 19.8 |
| Total ⁴ | 17,800 | 17,614 | 100.0 % | 100.0 % | 77,345 | 72,746 | 100.0 % | 100.0 % |

¹ Calculated consistent with the accrual basis of accounting.

² Bilateral and long-term contracts.

³ Includes economy energy, exchange energy, fringe energy, and net interchange.

⁴ Excludes direct access and resale customer requirements. Includes generation line losses.

OPERATING REVENUE (Unaudited)¹

(In millions)

| Class of Service | Three Months Ended March 31, | |
|--------------------------------|---------------------------------|--------------|
| | 2004 | 2003 |
| Residential | 621 | 638 |
| Commercial | 643 | 750 |
| Industrial | 121 | 156 |
| Public Authorities | 89 | 114 |
| Agricultural | 14 | 16 |
| Other | 1 | 1 |
| Resale | 126 | 31 |
| Sales of electric energy | 1,615 | 1,706 |
| Other electric revenue | 95 | 82 |
| Deferred revenue ² | (14) | 26 |
| Total operating revenue | 1,696 | 1,814 |

¹ Does not include energy revenues from direct access customers.

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

BALANCING ACCOUNTS (Unaudited)¹

(In millions)

Current:

| | Cumulative Over/(Under) Collections March 31, 2004 | December 31, 2003 |
|---|---|-------------------|
| Baseline | \$ (39) | \$ (58) |
| CARE — California Alternative Rates for Energy | (31) | (43) |
| Catastrophic Event Account | (47) | (27) |
| Demand Responsiveness | 93 | 86 |
| Demand-side management | 98 | 97 |
| Demand-side management earnings account | 11 | 11 |
| Electric Distribution Revenue Adjustment | 96 | 47 |
| Energy Resource Recovery Account | 79 | 141 |
| Native Load | (102) | (20) |
| Transmission Revenue | (54) | (44) |
| Transmission Revenue Requirement Reclassification | 138 | 138 |
| Other — net ² | 6 | 33 |
| Subtotal | 248 | 361 |

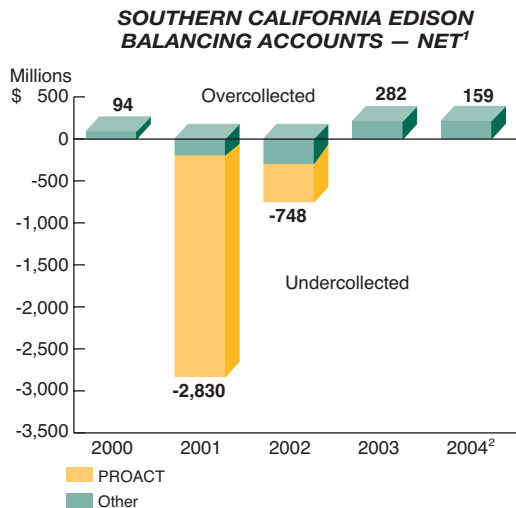
Long-Term:

| | | |
|--------------------------|---------------|---------------|
| Other — net ³ | (89) | (79) |
| Total | \$ 159 | \$ 282 |

¹ Includes interest.

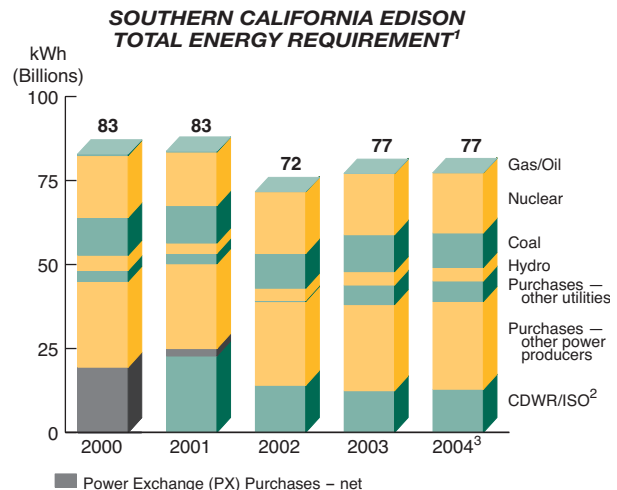
² Includes other current regulatory assets/liabilities and balancing accounts.

³ Includes other long-term regulatory assets/liabilities and balancing accounts.



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

² As of March 31, 2004



■ Power Exchange (PX) Purchases - net

¹ Excludes direct access and resale customers' energy requirements. Includes generation line losses.

² In 2002 includes CDWR and PX purchases - net; In 2003 and 2004 includes CDWR and ISO/other sales.

³ Twelve months ended March 31, 2004

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|---|---------------------------------|---------|
| | 2004 | 2003 |
| Electric revenue | \$773 | \$ 681 |
| Net gains (losses) from price risk management and energy trading | 2 | (7) |
| Operation and maintenance services | 8 | 9 |
| Total operating revenue | 783 | 683 |
| Fuel | 294 | 277 |
| Plant operations and transmission costs | 218 | 203 |
| Plant operating leases | 51 | 51 |
| Operation and maintenance services | 7 | 6 |
| Depreciation and amortization | 74 | 72 |
| Administrative and general | 44 | 38 |
| Total operating expenses | 688 | 647 |
| Operating income | 95 | 36 |
| Equity in income from unconsolidated affiliates | 65 | 64 |
| Interest and other income | 5 | 7 |
| Gain on sale of assets | 44 | — |
| Interest expense | (136) | (117) |
| Dividends on preferred securities | — | (6) |
| Total other income (deductions) — net | (22) | (52) |
| Income (Loss) from continuing operations before income taxes and minority interest | 73 | (16) |
| Income tax expense (benefit) | 29 | (12) |
| Minority interest | (13) | (4) |
| Income (Loss) from continuing operations | 31 | (8) |
| Income from operations of discontinued foreign subsidiaries, net of tax | — | — |
| Income (Loss) before accounting change | 31 | (8) |
| Cumulative effect of change in accounting, net of tax | — | (9) |
| Net income (loss) | \$ 31 | \$ (17) |

CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions)

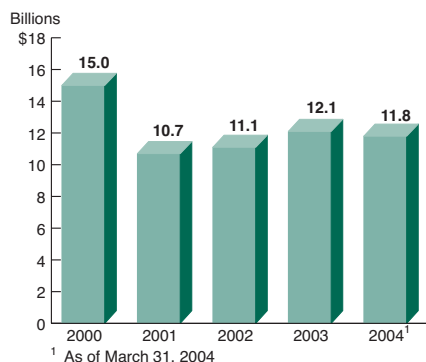
| ASSETS | March 31, | December 31, | LIABILITIES AND SHAREHOLDER'S EQUITY | March 31, | December 31, |
|---|-----------|--------------|---|-----------|--------------|
| | 2004 | 2003 | | 2004 | 2003 |
| Cash and cash equivalents | \$ 555 | \$ 504 | Accounts payable and accrued liabilities | \$ 397 | \$ 485 |
| Receivables, net | 323 | 384 | Liabilities under price risk management and energy trading | 263 | 163 |
| Assets under price risk management and energy trading | 33 | 48 | Interest payable | 94 | 101 |
| Inventory | 149 | 166 | Short-term obligations | 36 | 52 |
| Prepaid expenses and other | 153 | 204 | Current maturities of long-term obligations | 838 | 856 |
| Total current assets | 1,213 | 1,306 | Total current liabilities | 1,628 | 1,657 |
| Investments in unconsolidated affiliates | 1,584 | 1,607 | Long-term obligations net of current maturities | 5,182 | 5,331 |
| Property, plant and equipment, net | 7,269 | 7,422 | Deferred taxes and tax credits | 1,271 | 1,290 |
| Other Assets | | | Deferred revenue | 467 | 577 |
| Goodwill | 887 | 867 | Long-term incentive compensation | 29 | 30 |
| Deferred financing costs | 60 | 67 | Long-term liabilities under price risk management and energy trading | 115 | 138 |
| Long-term assets under price risk management and energy trading | 108 | 97 | Junior subordinated debentures | 155 | 155 |
| Restricted cash | 278 | 338 | Preferred securities subject to mandatory redemption | 167 | 164 |
| Rent payments in excess of levelized rent expense under plant operating leases | 218 | 214 | Other | 323 | 318 |
| Other long-term assets | 165 | 154 | Total long-term deferred liabilities | 2,527 | 2,672 |
| Total other assets | 1,716 | 1,737 | Total liabilities | 9,337 | 9,660 |
| Assets of discontinued operations | 6 | 6 | Minority Interest | 520 | 515 |
| Total assets | \$11,788 | \$12,078 | Common stock and additional paid-in capital | 2,698 | 2,697 |
| | | | Retained deficit | (742) | (772) |
| | | | Accumulated other comprehensive loss | (25) | (22) |
| | | | Total shareholder's equity | 1,931 | 1,903 |
| | | | Total liabilities and shareholder's equity | \$11,788 | \$12,078 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

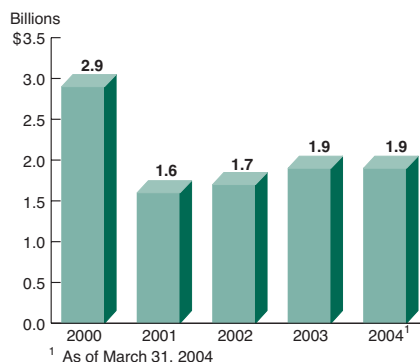
(In millions)

| | Three Months Ended March 31, | |
|---|---------------------------------|---------|
| | 2004 | 2003 |
| Cash Flows From Operating Activities: | | |
| Income (Loss) from continuing operations, after accounting change, net | \$ 31 | \$ (17) |
| Adjustments to reconcile income to net cash provided by (used in) operating activities: | | |
| Equity in income from unconsolidated affiliates | (65) | (64) |
| Distributions from unconsolidated affiliates | 26 | 30 |
| Depreciation and amortization | 74 | 72 |
| Minority Interest | 13 | 4 |
| Deferred taxes and tax credits | 8 | (18) |
| Gain on sale of assets | (44) | — |
| Cumulative effect of change in accounting net of tax | — | 9 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 36 | (57) |
| Decrease in inventory | 9 | 18 |
| Decrease (increase) in prepaid expenses and other | — | 34 |
| Decrease (increase) in rent payments in excess of levelized rent expense | — | (5) |
| Increase (decrease) in accounts payable and accrued liabilities | (72) | 12 |
| Decrease in interest payable | (4) | (3) |
| Decrease in net assets under risk management | 10 | 5 |
| Other operating net | (15) | (21) |
| Net cash provided by (used in) operating activities | 7 | (1) |
| Cash Flows From Financing Activities: | | |
| Borrowings on long-term debt and lease swap agreements | 22 | 227 |
| Payments on long-term debt agreements | (68) | (37) |
| Short-term financing and lease swap agreements, net | (17) | 134 |
| Financing costs | — | (1) |
| Net cash provided by (used in) financing activities | (63) | 323 |
| Cash Flows From Investing Activities: | | |
| Investments in and loans to energy projects | 7 | (22) |
| Purchase of common stock of acquired companies | — | (275) |
| Capital expenditures | (22) | (56) |
| Proceeds from return of capital and loan repayments | 2 | 12 |
| Proceeds from sales of interest in projects | 118 | — |
| Decrease in restricted cash | 44 | 3 |
| Investments in other assets | (10) | 10 |
| | 139 | (328) |
| Investing cash flows from discontinued operations | — | 4 |
| Net cash provided by (used in) investing activities | 139 | (324) |
| Effect of exchange rate changes on cash | 2 | 9 |
| Effect on cash from de-consolidation of subsidiary | (34) | — |
| Net increase in cash and equivalents | 51 | 7 |
| Cash and cash equivalents at beginning of period | 504 | 647 |
| Cash and cash equivalents of continuing operations at end of period | \$ 555 | \$ 654 |

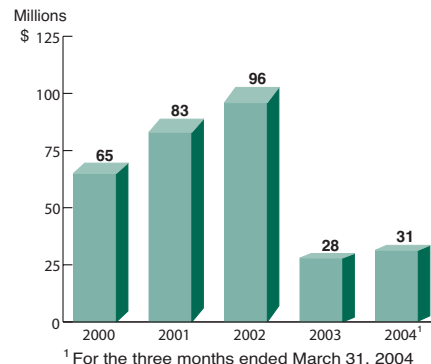
**EDISON MISSION ENERGY
TOTAL ASSETS**



**EDISON MISSION ENERGY
TOTAL EQUITY**



**EDISON MISSION ENERGY
INCOME FROM CONTINUING OPERATIONS**



OPERATING PROJECTS

| No. | Project Name | Plant Type | Fuel Source | Commercial Operation/ Acquisition Date | Ownership Interest | Megawatts | | Location |
|-----------------------------------|--------------------------------|------------|-----------------------|---|--------------------|-----------|-----------|---------------|
| | | | | | | Total | EME Share | |
| Americas | | | | | | | | |
| 1 | American Bituminous | Q | Coal | 4/93 | 50% | 80 | 40 | West Virginia |
| 2 | Coalinga | Q | Natural Gas | 11/91 | 50% | 38 | 19 | California |
| 3 | EcoElectrica | — | Liquefied Natural Gas | 3/00 | 50% | 524 | 262 | Puerto Rico |
| 4 | Homer City | E | Coal | 3/99 | 100% | 1,884 | 1,884 | Pennsylvania |
| 5 | Illinois Plants (11 plants) | E | Coal, Natural Gas | 12/99 | 100% | 9,218 | 9,218 | Illinois |
| 16 | Kern River | Q | Natural Gas | 8/85 | 50% | 300 | 150 | California |
| 17 | March Point | Q | Natural Gas | 11/91, 1/93 | 50% | 140 | 70 | Washington |
| 18 | Mid-Set | Q | Natural Gas | 5/89 | 50% | 38 | 19 | California |
| 19 | Midway-Sunset | Q | Natural Gas | 5/89 | 50% | 225 | 113 | California |
| 20 | Salinas River | Q | Natural Gas | 11/91 | 50% | 38 | 19 | California |
| 21 | Sargent Canyon | Q | Natural Gas | 11/91 | 50% | 38 | 19 | California |
| 22 | Sunrise | E | Natural Gas | 6/01, 6/03 | 50% | 572 | 286 | California |
| 23 | Sycamore | Q | Natural Gas | 1/88 | 50% | 300 | 150 | California |
| 24 | Watson | Q | Natural Gas | 4/88 | 49% | 385 | 189 | California |
| Total Americas Operating Projects | | | | | | 13,780 | 12,438 | |

Asia Pacific

| | | | | | | | | |
|----|---------------------|--|--|---------------------|-------|-------|-------|--------------------------|
| 1 | Contact (11 plants) | | Hydro, Natural Gas, 5/99, 1/00, 4/00 Geothermal | | 51.2% | 2,597 | 1,215 | New Zealand ¹ |
| 12 | CBK (3 plants) | | Hydro | 10/00, 12/02, 06/03 | 50% | 608 | 304 | Philippines |
| 15 | Kwinana | | Natural Gas | 12/96 | 70% | 118 | 83 | Australia |
| 16 | Loy Yang B | | Coal | 10/93, 10/96, 5/97 | 100% | 940 | 940 | Australia |
| 17 | Paiton | | Coal | 7/99 | 45% | 1,230 | 550 | Indonesia |
| 18 | Tri Energy | | Natural Gas | 7/00 | 25% | 700 | 175 | Thailand |
| 19 | Valley Power | | Gas | 2002 | 80% | 300 | 241 | Australia |

Europe

| | | | | | | | | |
|--|--|--|-------------|-------------------------|-------------------|--------|--------|--------|
| 20 | Derwent | | Natural Gas | 5/95 | 33% | 214 | 71 | U.K. |
| 21 | Doga | | Natural Gas | 5/99 | 80% | 180 | 144 | Turkey |
| 22 | First Hydro (2 plants) | | Hydro | 12/95 | 100% | 2,088 | 2,088 | U.K. |
| 24 | Iberian Hy-Power I & II (18 plants) | | Hydro | 12/92, 1/96, 8/93, 1/96 | 100% ² | 84 | 81 | Spain |
| 42 | ISAB | | Oil | 4/00 | 49% | 528 | 259 | Italy |
| 55 | Italian Wind (13 plants) | | Wind | 3/00, 11/02 | 50% | 303 | 152 | Italy |
| Total International Operating Projects | | | | | | 9,890 | 6,303 | |
| Total Operating Projects | | | | | | 23,670 | 18,741 | |

¹ Minority interest in two projects in Australia

² Minority interests are owned by third parties in three of the projects

Q = Qualifying Facility

E = Exempt Wholesale Generation

PROJECTS UNDER CONSTRUCTION

| | | | | | | | | |
|-----------------------------------|----------------------|--|-------|------|-----|-----|----|-------------|
| 1 | Kalayaan II – Unit 2 | | Hydro | 2004 | 50% | 184 | 92 | Philippines |
| Total Projects Under Construction | | | | | | 184 | 92 | |

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------|
| | 2004 | 2003 |
| Lease revenue | \$ 24 | \$ 21 |
| Other | 5 | 1 |
| Total operating revenue | 29 | 22 |
| Operating expenses | 14 | 9 |
| Operating income | 15 | 13 |
| Interest expense | (8) | (6) |
| Equity in loss from unconsolidated entities | (1) | (4) |
| Other income (loss) | 2 | 2 |
| Income before income taxes | 8 | 5 |
| Income tax benefit | 3 | 10 |
| Net income | \$ 11 | \$ 15 |

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions)

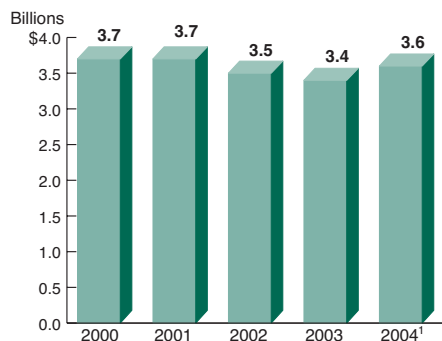
| | March 31, 2004 | December 31, 2003 | | March 31, 2004 | December 31, 2003 |
|---|-------------------|----------------------|--|-------------------|----------------------|
| Current assets | \$ 491 | \$ 487 | Current liabilities | \$ 187 | \$ 193 |
| Lease investments | 2,385 | 2,361 | Long-term liabilities | 2,684 | 2,610 |
| Partnership investments | 377 | 278 | Total liabilities | 2,871 | 2,803 |
| Property, plant and equipment — net, and other | 370 | 292 | Minority Interest | 127 | — |
| Total assets | \$3,623 | \$3,418 | Contributed capital | 81 | 81 |
| | | | Other comprehensive income | (7) | (6) |
| | | | Retained earnings | 551 | 540 |
| | | | Total shareholder's equity | 625 | 615 |
| | | | Total liabilities and shareholder's equity | \$3,623 | \$3,418 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

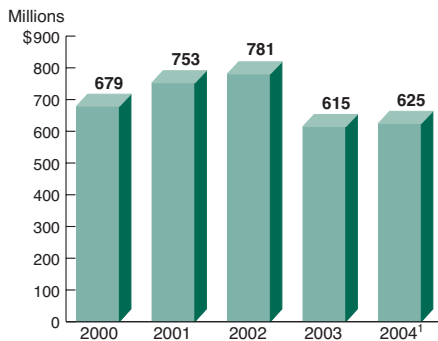
| | Three Months Ended March 31, | |
|--|---------------------------------|--------|
| | 2004 | 2003 |
| Cash flows from operating activities: | | |
| Net income | \$ 11 | \$ 15 |
| Adjustments for non-cash items | 14 | 9 |
| Changes in working capital components | (50) | (67) |
| Net cash provided by operating activities | (25) | (43) |
| Cash flows from financing activities: | | |
| Repayment of debt | (14) | — |
| Net cash used by financing activities | (14) | — |
| Cash flows from investing activities: | | |
| Investments | 3 | (24) |
| Proceeds from sale of assets | 7 | — |
| Other | — | 3 |
| Net cash provided (used) by investing activities | 10 | (21) |
| Net (decrease) increase in cash and equivalents | (29) | (64) |
| Cash and equivalents, beginning of period | 366 | 488 |
| Cash and equivalents, end of period | \$ 337 | \$ 424 |

**EDISON CAPITAL
TOTAL ASSETS**



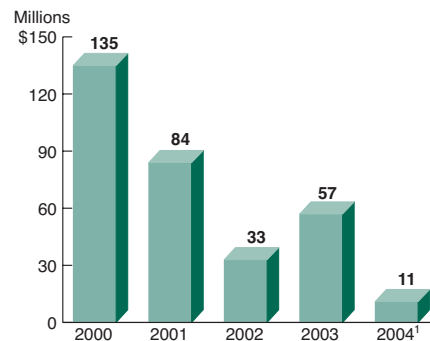
¹ As of March 31, 2004

**EDISON CAPITAL
TOTAL EQUITY**



¹ As of March 31, 2004

**EDISON CAPITAL
NET INCOME**



¹ For the three months ended March 31, 2004

ENERGY/INFRASTRUCTURE PROJECTS

Edison Capital invests in energy/infrastructure projects which span the globe.

| <i>Infrastructure Project Name</i> | <i>Country/Region</i> | <i>Project Type</i> | <i>Gen. Capacity (MW)</i> | <i>Transaction Size (\$ Millions)</i> | <i>Lessor Interest/Equity Interest</i> |
|------------------------------------|-----------------------|----------------------|---------------------------|---------------------------------------|--|
| ESKOM/Majuba | South Africa | Coal Power | 4,110 | \$ 1,500 | 100% |
| Swisscom AG | Switzerland | Telecommunications | — | 2,356 | 100% |
| Midland Cogeneration Plant | U.S. | Gas Power | 1,500 | 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 | 23% |
| 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% |
| Cablemas | Mexico | Cable Television | — | 314 | 8% |
| Paz Holdings | Bolivia | Distribution Systems | — | 77 | 11% |
| Woodstock Hills | U.S. | Wind Power | 10 | 12 | 75% |
| Shaokatan Hills | U.S. | Wind Power | 12 | 16 | 75% |
| Lakota Ridge | U.S. | Wind Power | 11 | 15 | 75% |
| Total | | | 9,065 | \$16,533 | |

AFFORDABLE HOUSING PROJECTS

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

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