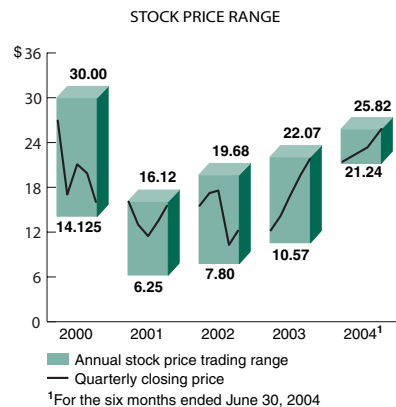
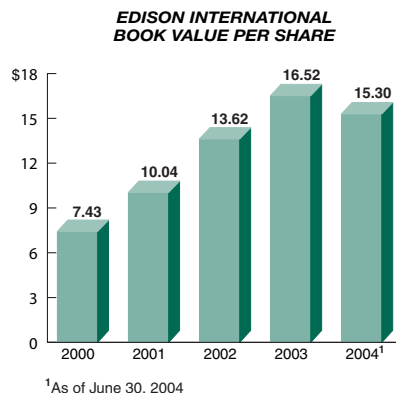
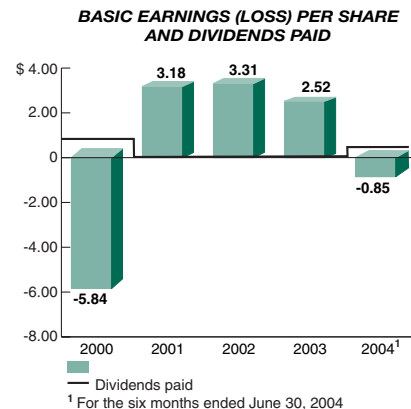


2004 Second Quarter Financial and Statistical Supplement



KEY FINANCIAL AND OPERATING DATA

	As of June 30, or Three Months Ended June 30,	
	2004	2003
Edison International (EIX)		
Basic Earnings (Loss) Per Share	\$(1.15)	\$0.07
Income (Loss) From Continuing Operations (millions)	\$(374)	\$24
Net Income (Loss) (millions)	\$(374)	\$24
Dividends Paid Per Share ¹	\$0.20	—
Book Value Per Share	\$15.30	\$14.12
Market Price/Book Value Ratio	1.7x	1.2x
Market Price Per Share	\$25.57	\$16.43
Stock Price Range	\$21.77-\$25.82	\$13.30-\$17.12
One-Year Total Shareholder Return (appreciation and dividends) ^{1,2}	59.6%	(3.4)%
Weighted-Average Common Shares Outstanding (thousands)	325,811	325,811
Recourse Financial Capital Structure ³ :		
Common Equity	34.3%	32.2%
Preferred Securities	0.9	0.9
Debt (includes preferred securities subject to mandatory redemption)	64.8	66.9
Total	100.0%	100.0%
Southern California Edison (SCE)		
Basic Earnings Per Edison International Common Share	\$0.74	\$0.69
Net Income Available for Common Stock (millions)	\$242	\$225
Ratemaking Rate of Return on Common Equity — Annual Authorized	11.6%	11.6%
Ratemaking Capitalization Ratios:		
Common Equity	48.2%	64.1%
Preferred Stock	3.1	3.7
Long-Term Debt	48.7	32.2
Total	100.0%	100.0%
Kilowatt-hour Sales (millions)	25,006	22,587
Peak Demand (MW) ⁴	18,744	17,546
Customers (thousands)	4,633	4,564
Generating Capacity Resources (MW) ⁵	9,865	9,771
Employees	12,997	12,357
Mission Energy Holding Company (consolidated) (MEHC)⁶		
Basic (Loss) Per Edison International Common Share	\$(1.88)	\$(0.59)
Equity (millions)	\$234	\$585
Loss from Continuing Operations	\$(610)	\$(189)
Loss (millions)	\$(610)	\$(191)
Employees	2,574	2,682
Edison Capital		
Basic Earnings Per Edison International Common Share	\$0.04	\$0.04
Equity (millions)	\$654	\$806
Net Income (millions)	\$11	\$12
Employees	59	62



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 \$6.3 billion as outlined on pages 5 - 7 of this document and non-recourse other preferred securities subject to mandatory redemption of \$158 million. The comparable 2004 ratios, based on the same balance sheet classifications, including non-recourse items for common equity, preferred securities and debt are 23.8%, 0.6%, and 75.6% 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 \$147 million and non-recourse debt of \$5.7 billion are excluded. The comparable 2003 ratios, including non-recourse amounts, and based on 2003 balance sheet classifications which classify preferred securities subject to mandatory redemption as preferred stock, are 22.9%, 6.8% and 70.3% 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.
⁶ Beginning in the second quarter of 2004, the results for Mission Energy Holding Company parent and its wholly owned subsidiary, EME, will be presented on a consolidated basis as Mission Energy Holding Company (consolidated) (MEHC).

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

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CONSOLIDATED STATEMENTS OF INCOME (LOSS) (Unaudited)

(In millions, except per-share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Electric utility	\$2,176	\$2,386	\$3,872	\$4,200
Nonutility power generation	713	716	1,496	1,399
Financial services and other	30	23	61	48
Total operating revenue	2,919	3,125	5,429	5,647
Fuel	465	293	806	627
Purchased power	527	722	1,107	1,174
Provisions for regulatory adjustment clauses — net	(33)	505	(51)	809
Other operation and maintenance	927	827	1,832	1,610
Asset impairment and loss on lease termination	954	251	954	251
Depreciation, decommissioning and amortization	302	252	598	539
Property and other taxes	57	51	107	102
Total operating expenses	3,199	2,901	5,353	5,112
Operating income (loss)	(280)	224	76	535
Interest and dividend income	14	47	27	93
Equity in income from partnerships and unconsolidated subsidiaries — net	51	60	115	120
Other nonoperating income	13	21	93	36
Interest expense - net of amounts capitalized	(324)	(290)	(640)	(589)
Other nonoperating deductions	(21)	(12)	(37)	(20)
Minority interest	(63)	(10)	(76)	(14)
Dividends on preferred securities subject to mandatory redemption	—	(28)	—	(56)
Dividends on utility preferred stock not subject to mandatory redemption	(1)	(1)	(3)	(3)
Income (loss) from continuing operations before taxes	(611)	11	(445)	102
Income tax (benefit)	(237)	(13)	(170)	17
Income (loss) from continuing operations	(374)	24	(275)	85
Income from discontinued operations — net of tax	—	—	—	4
Income (loss) before accounting change	(374)	24	(275)	89
Cumulative effect of accounting change — net of tax	—	—	(1)	(9)
Net income (loss)	\$ (374)	\$ 24	\$ (276)	\$ 80
Weighted-average shares of common stock outstanding	326	326	326	326
Basic earnings (loss) per share:				
Continuing operations	\$ (1.15)	\$ 0.07	\$ (0.85)	\$ 0.27
Discontinued operations	—	—	—	0.01
Cumulative effect of accounting change	—	—	—	(0.03)
Total	\$ (1.15)	\$ 0.07	\$ (0.85)	\$ 0.25
Weighted-average shares, including effect of dilutive securities	326	329	326	329
Diluted earnings (loss) per share:				
Continuing operations	\$ (1.15)	\$ 0.07	\$ (0.85)	\$ 0.26
Discontinued operations	—	—	—	0.01
Cumulative effect of accounting change	—	—	—	(0.03)
Total	\$ (1.15)	\$ 0.07	\$ (0.85)	\$ 0.24
Dividends declared per common share	\$ 0.20	\$ —	\$ 0.40	\$ —

EDISON INTERNATIONAL BUSINESS SEGMENTS (Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating Revenue:				
Electric utility	\$2,176	\$2,386	\$3,872	\$4,200
Nonutility power generation	713	716	1,496	1,399
Financial services	27	22	56	44
Corporate and other	3	1	5	4
Consolidated Edison International	\$2,919	\$3,125	\$5,429	\$5,647
Net Income (Loss):				
Electric utility ¹	\$ 242	\$ 225	\$ 341	\$ 327
Nonutility power generation ²	(610)	(191)	(603)	(232)
Financial services ³	11	12	21	27
Corporate and other	(17)	(22)	(35)	(42)
Consolidated Edison International	\$ (374)	\$ 24	\$ (276)	\$ 80

¹ Net income available for common stock. Includes earnings from discontinued operations of \$3 million and \$6 million, respectively, for the three and six months ended June 30, 2003.

² Includes a loss of \$9 million from the cumulative effect of an accounting change for the six months ended June 30, 2003. Also includes losses from discontinued operations of \$2 million for both the three and six months ended June 30, 2003.

³ Includes a loss of \$1 million from the cumulative effect of an accounting change for the six months ended June 30, 2004.

CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except share amounts)

ASSETS	June 30,	December 31,	LIABILITIES AND SHAREHOLDERS' EQUITY	June 30,	December 31,
	2004	2003		2004	2003
Cash and equivalents	\$ 2,605	\$ 2,198	Short-term debt	\$ 31	\$ 252
Restricted cash	67	79	Long-term debt due within one year	1,296	2,003
Receivables, less allowances of \$40 and \$37 for uncollectible accounts at respective dates	1,221	1,200	Preferred stock to be redeemed within one year	9	9
Accrued unbilled revenue	555	408	Accounts payable	1,230	1,086
Fuel inventory	91	92	Accrued taxes	432	515
Materials and supplies, at average cost	272	252	Trading and price risk management liabilities	221	168
Accumulated deferred income taxes — net	725	563	Regulatory liabilities — net	256	361
Trading and price risk management assets	31	48	Other current liabilities	1,590	1,827
Prepayments	100	88	Total current liabilities	5,065	6,221
Other current assets	155	176	Long-term debt	14,230	11,787
Total current assets	5,822	5,104	Accumulated deferred income taxes — net	5,979	5,967
Nonutility property — less accumulated provision for depreciation of \$1,896 and \$1,318 at respective dates	8,060	7,701	Accumulated deferred investment tax credits	144	149
Nuclear decommissioning trusts	2,581	2,530	Customer advances and other deferred credits	1,453	1,554
Investments in partnerships and unconsolidated subsidiaries	1,808	1,908	Power-purchase contracts	186	213
Investments in leveraged leases	2,395	2,361	Other preferred securities subject to mandatory redemption	298	305
Other investments	169	176	Accumulated provision for pensions and benefits	486	425
Total investments and other assets	15,013	14,676	Asset retirement obligations	2,150	2,106
Utility plant, at original cost:			Other long-term liabilities	259	247
Transmission and distribution	15,183	14,861	Total deferred credits and other liabilities	10,955	10,966
Generation	1,360	1,371	Liabilities of discontinued operations	11	13
Accumulated provision for depreciation	(4,507)	(4,386)	Total liabilities	30,261	28,987
Construction work in progress	734	600	Minority interest	856	517
Nuclear fuel, at amortized cost	143	141	Preferred stock not subject to mandatory redemption	129	129
Total utility plant	12,913	12,587	Common stock (325,811,206 shares outstanding at each date)	1,980	1,970
Goodwill	854	868	Accumulated other comprehensive loss	(47)	(53)
Restricted cash	286	339	Retained earnings	3,054	3,466
Regulatory assets — net	369	510	Total common shareholders' equity	4,987	5,383
Other deferred charges	965	916	Total liabilities and shareholders' equity	\$36,233	\$35,016
Total deferred charges	2,474	2,633			
Assets of discontinued operations	11	16			
Total assets	\$36,233	\$35,016			

EDISON INTERNATIONAL RESULTS OF OPERATIONS (Unaudited)

(In millions, except per share amounts)

Three Months Ended June 30,	Basic Earnings (Loss) Per Share		Earnings (Loss)	
	2004	2003	2004	2003
SCE	\$ 0.74	\$ 0.68	\$ 242	\$ 223
Mission Energy Holding Company (consolidated)	(1.88)	(0.58)	(610)	(189)
MEHC parent	(0.08)	(0.08)	(25)	(24)
Edison Mission Energy (EME)	(1.80)	(0.50)	(585)	(165)
Edison Capital	0.04	0.04	11	12
EIX parent company and other	(0.05)	(0.07)	(17)	(22)
EIX Consolidated Earnings (Loss) from Continuing Operations	(1.15)	0.07	(374)	24
Earnings from Discontinued Operations - SCE	—	0.01	—	2
Loss from Discontinued Operations - EME	—	(0.01)	—	(2)
Total EIX Consolidated Earnings (Loss)	\$ (1.15)	\$ 0.07	\$ (374)	\$ 24

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Income (loss) from continuing operations, after accounting change, net of tax	\$ (276)	\$ 76
Adjustments to reconcile to net cash provided by operating activities:		
Cumulative effect of accounting change, net of tax	1	9
Depreciation, decommissioning and amortization	598	539
Other amortization	49	54
Minority interest	76	14
Deferred income taxes and investment tax credits	(156)	(85)
Equity in income from partnerships and unconsolidated subsidiaries	(115)	(120)
Income from leveraged leases	(44)	(42)
Regulatory assets — long-term — net	152	147
Asset impairment	—	251
Gain on sale of assets	(43)	—
Levelized rent expense	(54)	(92)
Other assets	(11)	38
Other liabilities	34	(169)
Changes in working capital net of effects from consolidation and deconsolidation of variable interest entities:		
Receivables and accrued unbilled revenue	(160)	(225)
Regulatory liabilities — short-term — net	(105)	579
Prepayments and other current assets	(16)	1
Accrued interest and taxes	(34)	118
Accounts payable and other current liabilities	(172)	193
Distributions and dividends from unconsolidated entities	54	65
Operating cash flows from discontinued operations	(1)	(9)
Net cash provided (used) by operating activities	<u>(223)</u>	<u>1,342</u>
Cash flows from financing activities:		
Long-term debt issued	3,327	214
Long-term debt repaid	(1,698)	(907)
Bonds remarketed — net	350	—
Redemption of preferred securities	(2)	(5)
Rate reduction notes repaid	(115)	(115)
Short-term debt financing — net	(229)	303
Dividends to minority shareholders	(37)	(9)
Dividends paid	(130)	—
Net cash provided (used) by financing activities	<u>1,466</u>	<u>(519)</u>
Cash flows from investing activities:		
Additions to property and plant	(768)	(619)
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	(42)	(1)
Distributions from (investments in) partnerships and unconsolidated subsidiaries	24	(58)
Investments in other assets	63	19
Investing cash flows from discontinued operations	1	5
Net cash used by investing activities	<u>(889)</u>	<u>(929)</u>
Effect of exchange rate changes on cash	8	19
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	407	(87)
Cash and equivalents — beginning of period	2,198	2,468
Cash and equivalents — end of period, continuing operations	<u>\$2,605</u>	<u>\$ 2,381</u>

EDISON INTERNATIONAL CONSOLIDATED SHORT-TERM DEBT (Unaudited)

(In millions)

	June 30, 2004	December 31, 2003
Southern California Edison		
Bank loan against credit line	\$ —	\$ 200
Mission Energy Holding Company (consolidated)		
Other short-term obligations (non-recourse)	<u>31</u>	<u>52</u>
Edison International total consolidated short-term debt	<u>\$ 31</u>	<u>\$ 252</u>

AVAILABLE CREDIT UNDER EXISTING LINES AT SCE, EME (parent) AND MWG (Unaudited)

(In millions)

	June 30, 2004	December 31, 2003
Southern California Edison	\$ 698	\$ 500
Edison Mission Energy (parent)	98	145
Midwest Generation (MWG)	<u>157</u>	<u>150</u>
Total	<u>\$ 953</u>	<u>\$ 795</u>

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

(In millions)

	For The Twelve Months Ending June 30,				
	2005	2006	2007	2008	2009
Edison International	\$ 571	\$ —	\$ —	\$ —	\$ —
Southern California Edison	372	928	1,213	183	219
Mission Energy Holding Co. (consolidated)	212 ²	258	1,272	228	1,862
Edison Capital	141 ³	55	154	—	—
Intercompany debt	<u>—</u>	<u>—</u>	<u>(153)</u>	<u>(27)</u>	<u>—</u>
Total ⁴	<u>\$1,296</u>	<u>\$1,241</u>	<u>\$2,485</u>	<u>\$385</u>	<u>\$2,081</u>

¹ Includes recourse and non-recourse long-term debt as of June 30, 2004.

² The Term Loan Put-Option for \$100 million of principal plus interests, was paid on July 2, 2004.

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 may include differences due to rounding.

EDISON INTERNATIONAL CONSOLIDATED LONG-TERM DEBT (Unaudited)

(In millions)

Year	Series	Due Date	Interest Rate (%)	First Call Date	Jun. 30, 2004	Dec. 31, 2003	Year	Series	Due Date	Interest Rate (%)	First Call Date	Jun. 30, 2004	Dec. 31, 2003						
Edison International							Pollution control indebtedness:												
1999	Notes	09/15/04	6 ⁷ / ₈	N/A	\$ 571	\$ 617	Four Corners Generating Station												
1999	Note	07/26/29	7.875	N/A	515	516	1991	Series A ⁵	04/01/21	7.20	04/01/01	49	49						
1999	Note	10/29/29	8.60	N/A	335	335	1993	Series A ⁵	06/01/23	5 ⁷ / ₈	06/01/03	155	155						
Subtotal						1,421	1,468	1999	Series A ⁶	04/01/29	5 ¹ / ₈	04/01/09	55	55					
Less current portion of long-term debt						(571)	(618)	Huntington Beach Generating Station											
Less unamortized discount — net						—	1	1999	Series D ⁶	09/01/15	5.20	09/01/09	8	8					
EIX long-term debt						\$ 850	\$ 851	Mohave Generating Station											
Southern California Edison							1988	Series A	02/01/10	5.40	02/01/02	—	20						
Recourse long-term debt:							2000	Series A	03/01/09	3.25	N/A	40	40						
First and refunding mortgage bonds:							2000	Series B	03/01/09	3.25	N/A	15	15						
1993	Series 93H	09/01/04	5 ⁷ / ₈	N/A	\$ 125	\$ 125	2000	Series C	03/01/09	3.25	N/A	20	20						
2003	Series 2003 A	02/15/07	8.00	N/A	— ¹	— ¹	Palo Verde Nuclear Generating Station												
2003	Series 2003 B	02/15/07	8.00	N/A	966	966	2000	Series A-B ⁵	03/01/09	2.90	N/A	144	144						
1993	Series 931 ²	10/01/18	6.90	10/01/98	—	200	San Onofre Nuclear Generating Station												
1993	Series 93G ²	07/15/25	7 ¹ / ₈	07/15/03	—	225	1986	Series A-D ⁵	02/28/06	2.00	03/08/05	196	196						
1993	Series 93C ²	03/01/26	7 ¹ / ₄	03/01/03	—	300	1985	Series A-D ⁵	02/28/06	2.00	03/08/05	135	135						
2004	Series 2004A	01/15/14	5.00	N/A	300	—	1991	Series ⁵	12/01/17	6.90	12/01/01	29	29						
2004	Series 2004B	01/15/34	6.00	N/A	525	—	1992	Series A ⁵	07/01/27	6.00	07/01/02	30	30						
2004	Series 2004C	01/13/06	Variable	N/A	150	—	1992	Series B ⁵	12/01/24	6.40	12/01/02	190	190						
2004	Series 2004F	04/01/15	4.65	N/A	300	—	1999	Series A-B ⁶	09/01/29	5.45	09/01/09	100	100						
2004	Series 2004G	04/01/35	5.75	N/A	350	—	1999	Series C ⁶	09/01/31	5.55	09/01/09	30	30						
Subtotal						\$2,716	\$1,816	Subtotal						1,196	1,216				
Other:							Non-recourse long-term debt:												
1996	Notes	01/15/06	6 ³ / ₈	N/A	200	200	VIE Debt ⁷	2008	5.0	N/A	54	—							
1999	Notes	04/01/29	6.65	N/A	300	300	Rate reduction notes ⁸												
2000	Notes	01/15/10	7.625	N/A	250	250	1997	Various	Various	Various	N/A	870	985						
Junior Subordinated Deferrable Interest Debentures ³ :							Subtotal						924	985					
1995	Series A ²	06/30/44	8 ³ / ₈	05/25/00	—	100	SCE principal amount outstanding						5,594	4,875					
Other obligation ⁴							08/01/53	5.06	N/A	8	8	Less current portion of long-term debt						(372)	(371)
Subtotal						758	858	Less unamortized discount — net						(29)	(29)				
								Less bonds repurchased						—	(354)				
								SCE long-term debt						\$5,193	\$4,121				

¹ Balance of \$50,000.

² Called for early redemption on January 26, 2004.

³ Also known as quarterly income debt securities (QUIDS).

⁴ Fort Irwin acquisition debt, not a publicly traded security.

⁵ Secured by first and refunding mortgage bonds.

⁶ Insured.

⁷ Long-term debt of Variable Interest Entities (VIE). This debt is non-recourse to SCE and EIX.

⁸ Also known as rate reduction bonds. The notes are non-recourse to SCE and EIX.

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

Year	Series	Due Date	Interest Rate (%)	First Call Date	Jun. 30, 2004	Dec. 31, 2003
Mission Energy Holding Company (consolidated)						
Recourse long-term debt:						
MEHC (parent only)						
2001	Senior Secured Notes	2008	13.5	N/A	\$ 800	\$ 800
2001	Term Loan ¹	2004	LIBOR+7.50 ²	N/A	100	—
2001	Term Loan	2006	LIBOR+7.50 ²	N/A	285	385
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 ²	N/A	—	28
Long-term obligations — Affiliate						
		2007	LIBOR+0.275 ²	N/A	78	78
EME Non-recourse long-term debt:						
1996	Due to EME Funding Corp.	2004–2008	7.330	Any Time + Prem. Penalty	164	190
Midwest Generation						
2004	Senior Secured Notes ³	2034	8.75	05/01/09	1,000	—
2004	Term Loan	2011	LIBOR+3.25 ²	N/A	700	—
2004	Working Capital Facility	2009	LIBOR+3.25 ²	N/A	40	—
1999	Tranche B	2004	LIBOR+2.00 ²	N/A	—	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 ²	N/A	800	800
Contact Project						
	Credit Facilities and Notes	2004–2018	Various	N/A	742	791
Doga Project						
1997	Finance Agmt.	2010	11.20	N/A	—	62
1997	Credit Agmt.	2010	LIBOR+1.25 ²	N/A	—	23
First Hydro Plants						
1996	Secured Bonds	2021	9.0	Any Time + Gross Redemption Yield	725	714
Iberian Hy-Power Plants						
1997	Credit Facility	1997–2012	EURIBOR+0.875 ²	N/A	39	43
1991	Loan	2008	9.408	N/A	28	28
2002	Banco Vitalicio	2002–2006	6.17	N/A	1	2
Kwinana Plant						
1995	Facility Agmt.	2011	BBR+1.3 to 1.4 ²	N/A	—	58
Loy Yang B Plant						
1997	Term Facility	1997–2017	BBR+0.6 to 1.0 ²	N/A	455	502
1997	Term Facility	2012	BBR+0.6 to 0.75 ²	N/A	341	369
1997	Working Capital Facility	2017	BBR+0.6 to 1.0 ²	N/A	7	8
2003	Amortising Cash Advance Facility	2009	BBR+3.0 ²	N/A	11	11
2003	Amortising Loan Facility	2009	BBR+0.1+3.25 ²	N/A	35	38
Valley Power Plant						
2002	Amortising Facility	2002–2011	BBR+1.55 ²	N/A	38	45
2002	Bullet Facility	2007	BBR+1.55 ²	N/A	26	28
MEHC principal amount outstanding					8,097	7,379
Less current portion of long-term debt					(212)	(856)
Unamortized debt discount — net ⁴					(22)	(26)
MEHC long-term debt					7,863	6,497
EME junior subordinated debentures series A/B ⁵	2024/2025	9.875 / 8.50	11/30/99 / 08/08/00		155	155
MEHC long-term debt and EME junior subordinated debentures					\$ 8,018	\$ 6,652
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	54	69
2000	Medium Term Notes	2005	8.04	N/A	25	25
2000	Medium Term Notes	2007	7.61	N/A	34	34
2000	Medium Term Notes	2010	7.44	N/A	47	46
2000	Medium Term Notes	2015	7.25	N/A	54	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	18	—
1999	Storm Lake Pwr Ptnr I (Tranche A Loan)	2017	8.71	N/A	27	29
1999	Storm Lake Pwr Ptnr I (Tranche B Loan)	2011	LIBOR+1.45	N/A	28	31
Edison Capital total principal amount outstanding					490	474
Less current portion of long-term debt					(141)	(158)
Edison Capital long-term debt					\$ 349	\$ 316
Intercompany debt					(180)	(153)
EIX total consolidated long-term debt					\$14,230	\$11,787

¹The Term Loan Put Option for \$100 million, plus interest, was paid on July 2, 2004.

²Interest rates may vary based on debt agreements.

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

⁴Includes \$3 million and \$5 million related to non-recourse debt in 2004 and 2003, respectively.

⁵EME's junior subordinated debentures are classified as long-term debt in EIX's financial statements.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating revenue	\$ 2,176	\$2,386	\$ 3,872	\$4,200
Fuel	248	49	296	107
Purchased power	527	722	1,107	1,174
Provisions for regulatory adjustment clauses — net	(33)	505	(51)	809
Other operation and maintenance	574	474	1,149	957
Depreciation, decommissioning and amortization	222	177	439	389
Property and other taxes	46	42	91	82
Total operating expenses	1,584	1,969	3,031	3,518
Operating income	592	417	841	682
Interest and dividend income	4	40	9	79
Other nonoperating income	11	21	44	30
Interest expense — net of amounts capitalized	(104)	(114)	(209)	(239)
Other nonoperating deductions	(20)	(8)	(33)	(16)
Minority interest	(85)	—	(85)	—
Income from continuing operations before taxes	398	356	567	536
Income tax	155	130	223	208
Income from continuing operations	243	226	344	328
Income from discontinued operations — net of tax	—	3	—	6
Net income	243	229	344	334
Dividends on preferred stock subject to mandatory redemption	—	3	—	4
Dividends on preferred stock not subject to mandatory redemption	1	1	3	3
Net Income available for common stock	\$ 242	\$ 225	\$ 341	\$ 327

CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except share amounts)

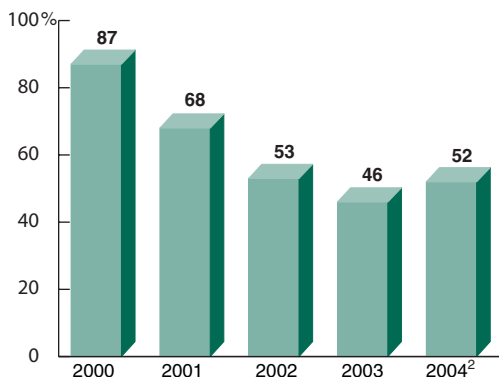
ASSETS	June 30,	December 31,	LIABILITIES AND SHAREHOLDERS' EQUITY	June 30,	December 31,
	2004	2003		2004	2003
Cash and equivalents	\$ 401	\$ 95	Short-term debt	\$ —	\$ 200
Restricted cash	67	66	Long-term debt due within one year	372	371
Receivables, less allowances of \$33 and \$30 for uncollectible accounts at respective dates	812	751	Preferred stock to be redeemed within one year	9	9
Accrued unbilled revenue	555	408	Accounts payable	1,088	891
Fuel inventory	7	10	Accrued taxes	547	475
Materials and supplies, at average cost	195	168	Regulatory liabilities — net	256	361
Accumulated deferred income taxes — net	300	563	Other current liabilities	1,095	1,308
Prepayments and other current assets	96	58	Total current liabilities	3,367	3,615
Total current assets	2,433	2,119	Long-term debt	5,193	4,121
Nonutility property — less accumulated provision for depreciation of \$29 and \$24 at respective dates	458	116	Accumulated deferred income taxes — net	2,698	2,726
Property of variable interest entities — net	393	—	Accumulated deferred investment tax credits	131	136
Nuclear decommissioning trusts	2,581	2,530	Customer advances and other deferred credits	491	429
Other investments	144	153	Power-purchase contracts	186	213
Total investments and other assets	3,576	2,799	Preferred stock subject to mandatory redemption	139	141
Utility plant, at original cost:			Accumulated provision for pensions and benefits	379	330
Transmission and distribution	15,183	14,861	Asset retirement obligations	2,131	2,084
Generation	1,360	1,371	Other long-term liabilities	254	242
Accumulated provision for depreciation	(4,507)	(4,386)	Total deferred credits and other liabilities	6,409	6,301
Construction work in progress	734	600	Total liabilities	14,969	14,037
Nuclear fuel, at amortized cost	143	141	Minority interest	455	—
Total utility plant	12,913	12,587	Common stock (434,888,104 shares outstanding at each date)	2,168	2,168
Regulatory assets — net	369	510	Additional paid-in capital	345	338
Other deferred charges	519	506	Accumulated other comprehensive loss	(17)	(19)
Total deferred charges	888	1,016	Retained earnings	1,761	1,868
Total assets	\$19,810	\$18,521	Total common shareholder's equity	4,257	4,355
			Preferred stock not subject to mandatory redemption	129	129
			Total shareholders' equity	4,386	4,484
			Total liabilities and shareholders' equity	\$ 19,810	\$18,521

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Income from continuing operations	\$ 344	\$ 328
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, decommissioning and amortization	439	389
Other amortization	46	50
Minority interest	85	—
Deferred income taxes and investment tax credits	163	(28)
Regulatory assets — long-term — net	152	147
Gas options	(13)	2
Other assets	(3)	34
Other liabilities	57	(152)
Changes in working capital net of effects from consolidation of variable interest entities:		
Receivables and accrued unbilled revenue	(157)	(155)
Regulatory liabilities — short-term — net	(105)	579
Fuel inventory, materials and supplies	7	(5)
Prepayments and other current assets	(36)	(83)
Accrued interest and taxes	97	151
Accounts payable and other current liabilities	(95)	143
Operating cash flows from discontinued operations	—	8
Net cash provided by operating activities	<u>981</u>	<u>1,408</u>
Cash flows from financing activities:		
Long-term debt issued	1,598	(11)
Long-term debt repaid	(842)	(729)
Bonds remarketed — net	350	—
Redemption of preferred stock	(2)	(5)
Rate reduction notes repaid	(115)	(115)
Short-term debt financing — net	(200)	—
Cash dividends to minority interest	(49)	—
Dividends paid	(448)	(8)
Net cash provided (used) by financing activities	<u>292</u>	<u>(868)</u>
Cash flows from investing activities:		
Additions to property and plant	(721)	(540)
Acquisition costs related to nonutility generation plant	(285)	—
Contributions to nuclear decommissioning trusts — net	(42)	(1)
Sales of investments in other assets	2	3
Net cash used by investing activities	<u>(1,046)</u>	<u>(538)</u>
Effect of consolidation of variable interest entities on cash	79	—
Net increase in cash and equivalents	306	2
Cash and equivalents — beginning of period	95	992
Cash and equivalents — end of period, continuing operations	<u>\$ 401</u>	<u>\$ 994</u>

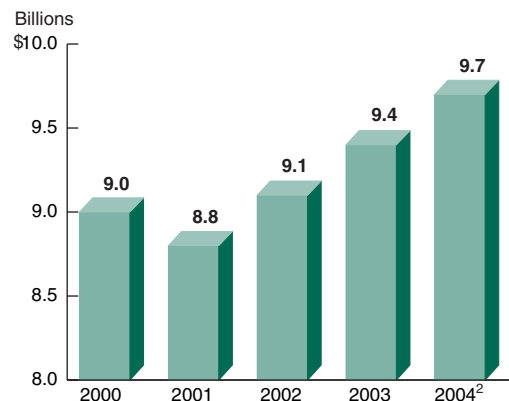
**SOUTHERN CALIFORNIA EDISON
RECOURSE FINANCIAL DEBT-TO-CAPITAL¹**



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 \$139 million. Debt excludes non-recourse debt totaling \$924 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 June 30, 2004

**SOUTHERN CALIFORNIA EDISON
SYSTEM RATE BASE¹**



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

² As of June 30, 2004

KILOWATT-HOUR SALES¹

(Millions of kWh)

Class of Service	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Residential	6,309	5,812	12,900	11,832
Commercial	9,522	8,814	18,224	17,169
Industrial	2,810	2,655	5,392	5,299
Public Authorities	1,560	1,467	2,942	2,830
Agricultural and other	378	285	569	468
Resale	4,427	3,554	7,319	4,347
Total kWh Sales	25,006	22,587	47,346	41,945

¹Includes direct access customers.

AVERAGE ENERGY COSTS

Dollars Per Million Btu	Three Months Ended June 30,		Six Months Ended June 30,		Cents Per kWh	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003		2004	2003	2004	2003
Oil (Catalina)	\$13.22	\$ 8.08	\$ 12.06	\$8.66	Purchased Power:				
Gas ¹	6.90	5.93	7.26	7.19	Other power producers:				
Nuclear	0.43	0.46	0.44	0.45	Biomass	9.36	9.30	8.65	8.50
Coal	1.42	1.34	1.39	1.31	Cogeneration	9.28	8.68	8.25	8.08
Average cost					Geothermal	7.31	7.78	6.60	7.43
all sources	0.83	0.72	0.82	0.77 ²	Small Hydro	6.52	7.22	5.75	6.42
					Solar	12.64	12.95	11.60	11.81
					Wind	7.36	7.31	6.79	6.90
Cents Per kWh					Average cost — other				
Oil (Catalina)	15.15 ¢	10.78 ¢	12.71 ¢	10.15 ¢	power producers	8.60	8.43	7.70	7.89
Nuclear	0.46	0.48	0.46	0.46	Average cost — all				
Coal	1.45	1.15	1.42	1.23	sources ³	5.82 ²	5.27	5.73 ²	5.21 ²

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

² Excludes refund (2004) and payment (2003) for fuel-related settlements.

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

TOTAL ENERGY REQUIREMENT

(Millions of kWh)

	Three Months Ended June 30,		% of Total		Twelve Months Ended June 30,		% of Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Edison Owned:								
Nuclear	4,412	4,732	24.3	27.0	17,607	18,321	22.6	25.1
Coal	2,674	2,364	14.7	13.5	10,587	10,856	13.6	14.8
Hydro	1,292	1,611	7.1	9.2	3,685	3,679	4.7	5.0
Oil (Catalina)	7	7	—	—	31	27	—	—
Purchased Power ¹ :								
Firm ²	1,725	1,558	9.5	8.9	7,705	4,064	9.9	5.5
Economy/Other ³	(256)	(367)	(1.4)	(2.1)	(1,314)	(2,103)	(1.7)	(2.9)
Other power producers ¹ :								
Biomass	368	319	2.0	1.8	1,437	1,449	1.8	2.0
Cogeneration	3,363	3,315	18.5	18.9	13,824	13,808	17.7	18.9
Geothermal	1,872	1,728	10.3	9.9	7,716	6,418	9.9	8.8
Small Hydro	78	58	0.4	0.3	266	229	0.3	0.3
Solar	259	239	1.4	1.4	773	810	1.0	1.1
Wind	854	915	4.7	5.2	2,331	2,581	3.0	3.5
CDWR/ISO ¹	1,539	1,057	8.5	6.0	13,348	13,001	17.2	17.9
Total ⁴	18,187	17,536	100.0 %	100.0 %	77,996	73,140	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 June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Residential	\$ 625	\$ 701	\$ 1,247	\$1,339
Commercial	807	990	1,450	1,740
Industrial	142	183	264	339
Public authorities	115	150	203	264
Agricultural	28	31	42	48
Other	1	2	2	3
Resale	184	148	309	178
Sales of electric energy	1,902	2,205	3,517	3,911
Other electric revenue	93	68	188	150
Deferred revenue ²	87	113	73	139
Revenue from variable interest entities	94	—	94	—
Total operating revenue	\$2,176	\$2,386	\$ 3,872	\$4,200

¹ Does not include energy revenue from direct access customers.

² In accordance with accounting standards for rate-regulated enterprises, amounts 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)

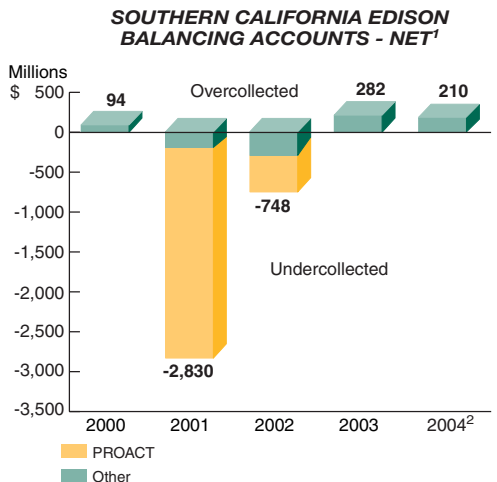
Current:

	Cumulative Over/(Under) Collections June 30, 2004	December 31, 2003
Baseline	\$ (14)	\$ (58)
CARE — California Alternative Rates for Energy	(15)	(43)
Catastrophic Event Account	(101)	(27)
Demand Responsiveness	98	86
Demand-side management	111	108
Electric Distribution Revenue Adjustment	151	47
Energy Resource Recovery Account	147	141
Native Load	(102)	(20)
Transmission Revenue	(9)	(44)
Transmission Revenue Requirement Reclassification	2	138
Other — net ²	(12)	33
Subtotal	256	361
Long-Term:		
Other — net ³	(49)	(79)
Total	\$ 207	\$ 282

¹ Includes interest.

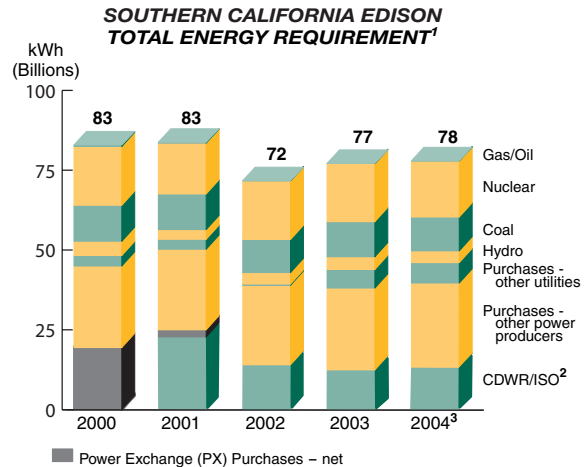
² Includes other current regulatory assets/liabilities and balancing accounts.

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 June 30, 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 June 30, 2004

CONSOLIDATED STATEMENTS OF INCOME (LOSS) (Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating Revenues:				
Electric revenue	\$ 696	\$ 686	\$1,470	\$1,367
Net gains from price risk management and energy trading	6	18	7	11
Operation and maintenance services	11	11	19	21
Total operating revenue	713	715	1,496	1,399
Operating Expenses:				
Fuel	216	243	510	520
Plant operations and transmission costs	245	248	463	450
Plant operating leases	47	52	97	103
Operation and maintenance services	9	7	17	14
Depreciation and amortization	75	72	149	144
Loss on lease termination, asset impairment and other charges	954	251	954	251
Administrative and general	47	42	91	82
Total operating expenses	1,593	915	2,281	1,564
Operating loss	(880)	(200)	(785)	(165)
Other Income (Expenses):				
Equity in income from unconsolidated affiliates	96	68	161	131
Interest and other income	5	—	10	8
Gain on sale of assets	—	—	44	—
Interest expense	(183)	(159)	(360)	(315)
Dividends on preferred securities	—	(6)	—	(11)
Total other income (expense) - net	(82)	(97)	(145)	(187)
Loss from continuing operations before income taxes and minority interest	(962)	(297)	(930)	(352)
Benefit for income taxes	(372)	(118)	(359)	(144)
Minority interest	(20)	(10)	(32)	(14)
Loss from continuing operations	(610)	(189)	(603)	(222)
Loss from operations of discontinued foreign subsidiary, net of tax	—	(2)	—	(2)
Loss before accounting change	(610)	(191)	(603)	(224)
Cumulative effect of change in accounting, net of tax	—	—	—	(8)
Net Loss	\$ (610)	\$ (191)	\$ (603)	\$ (232)

CONSOLIDATED BALANCE SHEETS (Unaudited)

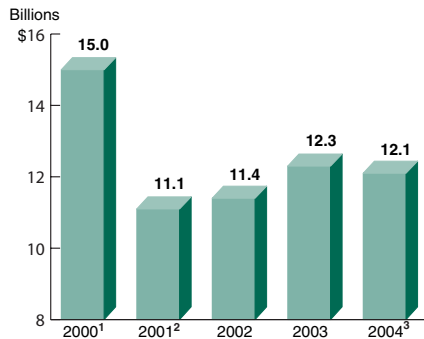
(In millions)

	June 30,	December 31,	LIABILITIES AND SHAREHOLDER'S EQUITY	June 30,	December 31,
	2004	2003		2004	2003
CURRENT ASSETS					
Cash and cash equivalents	\$ 566	\$ 654	Current Liabilities:	\$ 415	\$ 482
Receivables, net	850	387	Accounts payable and accrued liabilities		
Assets under price risk management and energy trading	31	48	Liabilities under price risk management and energy trading	221	168
Inventory	159	166	Interest payable	169	161
Prepaid expenses and other	158	204	Short-term obligations	31	53
Total current assets	1,764	1,459	Current maturities of long-term obligations	212	856
Investments in unconsolidated affiliates	1,633	1,607	Total current liabilities	1,048	1,720
Property, plant and equipment	6,994	7,422	Long-term obligations net of current maturities	7,863	6,497
Other Assets			Long-Term Deferred Liabilities:		
Goodwill	853	867	Deferred taxes and tax credits	1,277	1,294
Deferred financing costs	104	93	Deferred revenue	416	578
Long-term assets under price risk management and energy trading	98	97	Long-term incentive compensation	29	30
Restricted cash	286	339	Long-term liabilities under price risk management and energy trading	112	138
Rent payments in excess of levelized rent expense under plant operating leases	272	214	Junior subordinated debentures	155	155
Other long-term assets	119	154	Preferred securities subject to mandatory redemption	158	164
Total other assets	1,732	1,764	Other	327	318
Assets of discontinued operations	1	6	Total long-term deferred liabilities	2,474	2,677
Total assets	\$12,124	\$12,258	Total liabilities	11,385	10,894
			Minority Interest	505	515
			Additional paid-in capital	2,220	2,218
			Retained deficit	(1,949)	(1,344)
			Accumulated other comprehensive loss	(37)	(25)
			Total shareholder's equity	234	849
			Total liabilities and shareholder's equity	\$12,124	\$12,258

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (In millions)

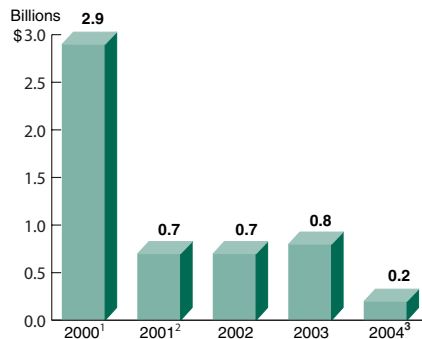
	Six Months Ended June 30,	
	2004	2003
Cash Flows From Operating Activities:		
Loss from continuing operations, after accounting change, net	\$ (603)	\$ (230)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:		
Equity in income from unconsolidated affiliates	(161)	(131)
Distributions from unconsolidated affiliates	78	65
Depreciation and amortization	149	144
Minority Interest	32	14
Deferred taxes and tax credits	43	(140)
Asset impairment charges	—	251
Gain on sale of assets	(44)	—
Cumulative effect of change in accounting net of tax	—	8
Amortization of discount on long-term obligations	2	2
Changes in operating assets and liabilities:		
Increase in accounts receivable	(494)	(45)
Decrease (increase) in inventory	(4)	13
Decrease (increase) in prepaid expenses and other	(7)	94
Increase in rent payments in excess of levelized rent expense	(54)	(91)
Increase (decrease) in accounts payable and accrued liabilities	(32)	31
Increase in interest payable	12	74
Decrease (increase) in net assets under risk management	(2)	10
Other operating, net	(26)	(20)
	(1,111)	49
Operating cash flows from discontinued operations	3	—
Net cash provided by (used in) operating activities	(1,108)	49
Cash Flows From Financing Activities:		
Borrowings on long-term debt and lease swap agreements	1,764	227
Payments on long-term debt agreements	(799)	(41)
Short-term financing and lease swap agreements, net	(20)	303
Cash dividends to minority shareholders	(12)	(9)
Financing costs	(35)	(3)
Net cash provided by financing activities	898	477
Cash Flows From Investing Activities:		
Investments in and loans to energy projects	8	(42)
Purchase of common stock of acquired companies	—	(275)
Capital expenditures	(47)	(79)
Proceeds from return of capital and loan repayments	5	12
Proceeds from sales of interest in projects	118	—
Decrease in restricted cash	30	4
Investments in other assets	33	9
	147	(371)
Investing cash flows from discontinued operations	1	5
Net cash provided by (used in) investing activities	148	(366)
Effect of exchange rate changes on cash	8	16
Effect on cash from deconsolidation of subsidiary	(34)	—
Net increase (decrease) in cash and equivalents	(88)	176
Cash and cash equivalents at beginning of period	654	734
Cash and cash equivalents of continuing operations	\$ 566	\$ 910

**MISSION ENERGY HOLDING COMPANY
TOTAL ASSETS**



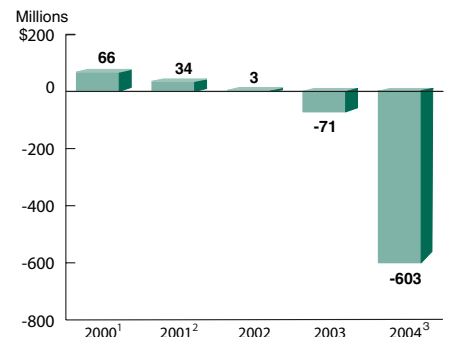
¹ EME only
² MEHC was formed in June 2001
³ As of June 30, 2004

**MISSION ENERGY HOLDING COMPANY
TOTAL EQUITY**



¹ EME only
² MEHC was formed in June 2001
³ As of June 30, 2004

**MISSION ENERGY HOLDING COMPANY
INCOME (LOSS) FROM CONTINUING OPERATIONS**



¹ EME only
² MEHC was formed in June 2001
³ For the six months ended June 30, 2004

EME 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 Pacific¹								
1	Contact Energy (11 plants)	Hydro, Natural Gas, 5/99, 1/00, 4/00 Geothermal			51.2%	2,597	1,215	New Zealand ²
12	CBK (3 plants)	Hydro		10/00, 12/02, 6/03, 1/04	50%	792	396	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
Europe¹								
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% ³	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						10,074	6,395	
Total Operating Projects						23,854	18,833	

¹ In July 2004, EME entered into agreements to sell its interest in Contact Energy and its remaining international power generation portfolio. The sales are subject to various closing conditions and approvals and are expected to close in the fourth quarter of 2004.

² Minority interest in two projects in Australia

³ Minority interests are owned by third parties in three of the projects

Q = Qualifying Facility

E = Exempt Wholesale Generation

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Lease revenue	\$ 19	\$ 21	\$ 43	\$ 42
Other	8	1	13	2
Total operating revenue	27	22	56	44
Operating expenses	13	9	27	18
Operating income	14	13	29	26
Interest expense	(10)	(6)	(18)	(13)
Equity in loss from unconsolidated entities	(3)	(7)	(4)	(11)
Other income	3	1	5	4
Income before income taxes	4	1	12	6
Income tax benefit	7	11	10	21
Net income	\$ 11	\$ 12	\$ 22	\$ 27

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions)

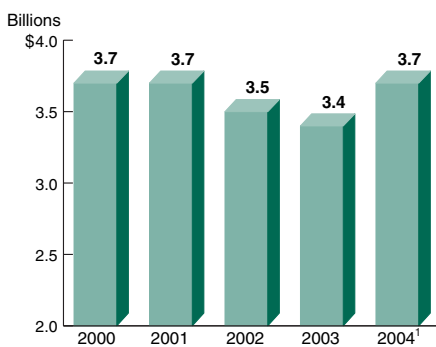
	June 30,	December 31,		June 30,	December 31,
	2004	2003		2004	2003
Current assets	\$ 638	\$ 487	Current liabilities	\$ 178	\$ 193
Lease investments	2,395	2,361	Long-term liabilities	2,709	2,610
Partnership investments	406	278	Total liabilities	2,887	2,803
Property, plant and equipment — net, and other	224	292	Minority Interest	122	—
Total assets	\$3,663	\$3,418	Contributed capital	81	81
			Other comprehensive income	11	(6)
			Retained earnings	562	540
			Total shareholder's equity	654	615
			Total liabilities and shareholder's equity	\$ 3,663	\$ 3,418

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

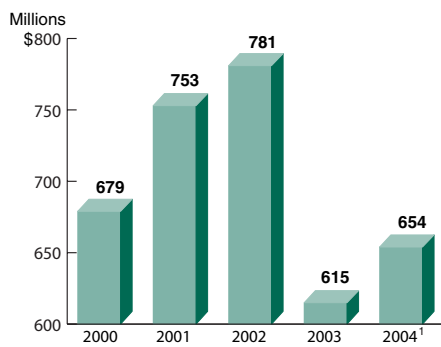
	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 22	\$ 27
Adjustments for non-cash items	6	11
Changes in working capital components	(40)	(111)
Net cash used by operating activities	(12)	(73)
Cash flows from financing activities:		
Repayment of debt	(19)	(16)
Net cash used by financing activities	(19)	(16)
Cash flows from investing activities:		
Investments	(4)	(28)
Proceeds from sale of assets	7	—
Other	7	5
Net cash provided (used) by investing activities	10	(23)
Net decrease in cash and equivalents	(21)	(112)
Cash and equivalents, beginning of period	366	488
Cash and equivalents, end of period	\$ 345	\$ 376

**EDISON CAPITAL
TOTAL ASSETS**



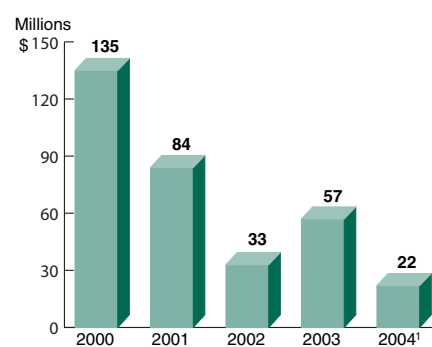
¹As of June 30, 2004

**EDISON CAPITAL
TOTAL EQUITY**



¹As of June 30, 2004

**EDISON CAPITAL
NET INCOME**



¹For the six months ended June 30, 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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