



**EDISON**  
INTERNATIONAL®

2007

Financial &

Statistical

Report



## Contents

|  |    |  |    |
|--|----|--|----|
| <i>Contents &amp; Corporate Profiles</i>                                 | 1  | <i>Southern California Edison Company (SCE) (Con't)</i>                |    |
| <i>Edison International (EIX)</i>  |    | Balancing Accounts   | 21 |
| Consolidated Earnings  | 2  | Detail of Utility Plant — Net  | 22 |
| Security Credit Ratings  | 2  | Palo Verde Plant Facts   | 23 |
| Highlights   | 3  | Palo Verde Refueling History   | 23 |
| Consolidated Per-Share Data — Common Stock                               | 4  | Palo Verde Annual Capacity Factors                                     | 23 |
| Consolidated Balance Sheets — Total Assets                               | 5  | San Onofre Plant Facts   | 24 |
| Nonutility Property  | 5  | San Onofre Refueling History   | 24 |
| Consolidated Balance Sheets — Total Liabilities and Shareholders' Equity | 6  | San Onofre Annual Capacity Factors                                     | 24 |
| Estimated Commitments For 2007–2011 And Thereafter                       | 6  | Jointly Owned Utility Projects   | 25 |
| Consolidated Statements of Income  | 7  | Cogeneration and Renewable Payments (1988-2007)                        | 25 |
| Business Segments  | 7  | Cogeneration and Renewable Resources                                   | 25 |
| Consolidated Statements of Cash Flows                                    | 8  | California Public Utilities Commission (CPUC) and Commissioners        | 26 |
| Consolidated Income Tax Schedules  | 9  | Other Regulatory Agencies  | 26 |
| Consolidated Statements of Retained Earnings                             | 10 | <i>Edison Mission Energy (EME)</i>                                     |    |
| Preferred and Preference Stock Not Subject to Mandatory Redemption       | 10 | Highlights   | 28 |
| Consolidated Recourse Financial Capitalization                           | 10 | Quarterly Financial Data   | 28 |
| Available Credit Under Existing Lines at SCE, EME (parent) and MWG       | 10 | Project List   | 29 |
| Five-Year Long-Term Debt Maturities and Sinking Funds Requirements       | 11 | Project Summary  | 30 |
| Consolidated Long-Term Debt  | 11 | Income (Loss) Before Taxes and Minority Interest — by Project          | 30 |
| Consolidated Long-Term Debt (continued)                                  | 12 | Consolidated Statements of Income                                      | 31 |
| <i>Southern California Edison Company (SCE)</i>                          |    | Historical Distributions Received by Edison Mission Energy             | 31 |
| Consolidated Balance Sheets — Total Assets                               | 13 | Consolidated Balance Sheets  | 32 |
| Operating and Financial Ratios   | 13 | Consolidated Statements of Cash Flows                                  | 33 |
| Consolidated Balance Sheets — Total Liabilities and Shareholder's Equity | 14 | Supplemental Statements of Cash Flows Information                      | 34 |
| Estimated Commitments For 2007–2011 And Thereafter                       | 14 | Contractual Obligations  | 34 |
| Consolidated Statements of Income  | 15 | Illinois Plants and Homer City Forward Month-End 24-Hour Energy Prices | 35 |
| Energy Costs   | 15 | Illinois Plants Statistics — Coal-Fired Generation                     | 35 |
| Consolidated Statements of Cash Flows                                    | 16 | Illinois Coal Requirements Under Contract                              | 35 |
| Consolidated Statements of Retained Earnings                             | 16 | Illinois 12/31/07 Hedge Position                                       | 36 |
| Kilowatt-Hour Sales  | 17 | Homer City 12/31/07 Hedge Position                                     | 36 |
| Customers  | 17 | Homer City Coal Requirements Under Contract                            | 36 |
| Changes in Operating Revenue   | 18 | <i>Edison Capital (EC)</i>   |    |
| Generating Capacity Resources as of 12/31/07 (Summer Effective Rating)   | 18 | Affordable Housing   | 37 |
| Operating Statistics   | 19 | Financial Information  | 38 |
| Line Items With VIE Activity on SCE's Consolidated Balance sheets        | 20 | <i>General Information</i>   |    |
| Line Items With VIE Activity on SCE's Consolidated Income Statements     | 20 | Management Team  | 39 |
| Regulatory Assets  | 21 | Contacts   | 40 |
| Regulatory Liabilities   | 21 |  |    |

## Corporate profiles

### *Edison International*

Edison International, through its subsidiaries, is a generator and distributor of electric power and an investor in infrastructure and energy assets, including renewable energy. The company operates in regulated and competitive markets with a power generation capacity of approximately 14,955 megawatts. Headquartered in Rosemead, California, Edison International is the parent company of a regulated electric utility and a competitive power generation business with combined assets totaling about \$37 billion as of December 31, 2007.

### *Southern California Edison Company*

Southern California Edison Company is one of the nation's largest investor-owned electric utilities, serving more than 13 million people in a 50,000 square-mile area of central, coastal and southern California excluding the City of Los Angeles and certain other cities. Based in Rosemead, California, the utility has been providing electric service in the region for 122 years.

### *Edison Mission Group*

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

### *Mission Energy Holding Company / Edison Mission Energy*

Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of developing, acquiring, owning or leasing, operating and selling energy and capacity from independent power production facilities. EME also conducts hedging and energy trading activities in power markets open to competition. As of December 31, 2007, EME's continuing operations consisted of owned or leased interests in 33 operating projects of which EME's capacity pro rata share was 9,453 MW.

### *Edison Capital*

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

## Edison International Consolidated Earnings

|   | Three Months Ended |         | Year Ended December 31, |          |          |
|---|--------------------|---------|-------------------------|----------|----------|
|   | December 31,       |         | 2007                    | 2006     | 2005     |
|   | 2007               | 2006    |                         |          |          |
| <b>Earnings (Loss) (in millions)</b>                                      |                    |         |                         |          |          |
| Southern California Edison Company  | \$ 120             | \$ 158  | \$ 707                  | \$ 776   | \$ 725   |
| Edison Mission Group  | 99                 | 113     | 412                     | 334      | 414      |
| Edison International (parent) and other                                   | (5)                | (5)     | (19)                    | (27)     | (31)     |
| EIX consolidated earnings from continuing operations                      | 214                | 266     | 1,100                   | 1,083    | 1,108    |
| Income (loss) from discontinued operations                                | (3)                | 22      | (2)                     | 97       | 30       |
| Cumulative effect of accounting change                                    | —                  | —       | —                       | 1        | (1)      |
| Total EIX consolidated earnings   | \$ 211             | \$ 288  | \$ 1,098                | \$ 1,181 | \$ 1,137 |
| <b>Earnings (Loss) per common share</b>                                   |                    |         |                         |          |          |
| Southern California Edison Company  | \$ 0.37            | \$ 0.48 | \$ 2.17                 | \$ 2.38  | \$ 2.22  |
| Edison Mission Group  | 0.30               | 0.35    | 1.27                    | 1.02     | 1.27     |
| Edison International (parent) and other                                   | (0.02)             | (0.03)  | (0.10)                  | (0.12)   | (0.11)   |
| EIX consolidated earnings from continuing operations                      | 0.65               | 0.80    | 3.34                    | 3.28     | 3.38     |
| Earnings (loss) from discontinued operations                              | (0.01)             | 0.07    | (0.01)                  | 0.30     | 0.09     |
| Total EIX consolidated earnings   | \$ 0.64            | \$ 0.87 | \$ 3.33                 | \$ 3.58  | \$ 3.47  |
| <b>Core vs. non-core presentation of earnings (loss) per common share</b> |                    |         |                         |          |          |
| Southern California Edison Company  | \$ 0.37            | \$ 0.32 | \$ 2.07                 | \$ 1.89  | \$ 1.82  |
| Edison Mission Group  | 0.30               | 0.36    | 1.72                    | 1.30     | \$ 1.42  |
| Edison International (parent) and other                                   | (0.02)             | (0.03)  | (0.10)                  | (0.12)   | (0.11)   |
| EIX consolidated core earnings  | \$ 0.65            | \$ 0.65 | \$ 3.69                 | \$ 3.07  | \$ 3.13  |
| Non-core items:   |                    |         |                         |          |          |
| SCE – Regulatory and tax items  | —                  | 0.15    | 0.10                    | 0.40     | 0.36     |
| SCE – Generator settlement / refund incentive                             | —                  | 0.01    | —                       | 0.09     | 0.04     |
| EMG – March Point impairment  | —                  | —       | —                       | —        | (0.10)   |
| EMG – Early debt retirements  | —                  | (0.01)  | (0.45)                  | (0.28)   | (0.05)   |
| EMG – Discontinued operations   | (0.01)             | 0.07    | (0.01)                  | 0.30     | 0.09     |
| Total non-core items  | (0.01)             | 0.22    | (0.36)                  | 0.51     | 0.34     |
| Total EIX consolidated earnings   | \$ 0.64            | \$ 0.87 | \$ 3.33                 | \$ 3.58  | \$ 3.47  |

## Security Credit Ratings

|                                 | Fitch    |          |          | Moody's  |          |          | Standard and Poors |          |          |
|---------------------------------|----------|----------|----------|----------|----------|----------|--------------------|----------|----------|
|                                 | 12/31/06 | 09/30/07 | 12/31/07 | 12/31/06 | 09/30/07 | 12/31/07 | 12/31/06           | 09/30/07 | 12/31/07 |
| SCE Senior Secured              | A+       | A+       | A+       | A2       | A2       | A2       | BBB+               | A        | A        |
| SCE Senior Unsecured            | A        | A        | A        | A3       | A3       | A3       | BBB                | BBB      | BBB      |
| SCE Preferred Stock             | A-       | A-       | A-       | Baa2     | Baa2     | Baa2     | BBB-               | BBB-     | BBB-     |
| SCE Commercial Paper            | F-1      | F-1      | F-1      | P-2      | P-2      | P-2      | A-2                | A-2      | A-2      |
| EME Senior Unsecured            | BB-      | BB-      | BB-      | B1       | B1       | B1       | BB-                | BB-      | BB-      |
| EME Funding Corp.               | NR       | NR       | BB-      | Ba1      | Ba1      | B1       | BB-                | BB-      | BB-      |
| MWG LLC Senior Secured          | BBB-     | BBB-     | BBB-     | Baa3     | Baa3     | Baa3     | BB                 | BB+      | BB+      |
| Homer City Funding LLC          | BBB-     | BBB-     | BBB-     | Ba2      | Ba2      | Ba2      | BB                 | BB       | BB       |
| EC Edison Funding Senior Unsec. | BB       | BB       | NR       | Ba1      | Ba1      | Ba1      | BB+                | BB+      | BB+      |

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

NR = not rated

# Highlights

As of December 31, or  
Year Ended December 31,

|  | 2007     | 2006     | 2005     |
|--|----------|----------|----------|
| <b>Edison International</b>                        |          |          |          |
| Basic earnings per share                           | \$ 3.33  | \$ 3.58  | \$ 3.47  |
| Diluted earnings per share                         | \$ 3.31  | \$ 3.57  | \$ 3.45  |
| Net income (millions)                              | \$ 1,098 | \$ 1,181 | \$ 1,137 |
| Income from continuing operations                  | \$ 1,100 | \$ 1,083 | \$ 1,108 |
| Book value per share                               | \$ 25.92 | \$ 23.66 | \$ 20.30 |
| Recourse financial capital structure: <sup>1</sup> |          |          |          |
| Common equity                                      | 42.1%    | 43.3%    | 41.1%    |
| Preferred securities                               | 4.6%     | 5.1%     | 4.5%     |
| Debt   | 53.3%    | 51.6%    | 54.4%    |
| Total  | 100.0%   | 100.0%   | 100.0%   |

## Southern California Edison

|   |         |         |         |
|---|---------|---------|---------|
| Basic earnings per Edison International common share    | \$ 2.17 | \$ 2.38 | \$ 2.22 |
| Net income available for common stock (millions)        | \$ 707  | \$ 776  | \$ 725  |
| Ratemaking rate of return on common equity — authorized | 11.6%   | 11.6%   | 11.4%   |
| Kilowatt-hour sales (millions)                          | 97,688  | 96,146  | 100,992 |
| Peak demand in megawatts (MW) <sup>2</sup>              | 23,303  | 22,889  | 21,934  |
| Generating capacity resources (MW) <sup>3</sup>         | 9,401   | 9,257   | 10,536  |
| Customers (thousands)                                   | 4,851   | 4,812   | 4,741   |
| Employees   | 15,067  | 14,362  | 14,041  |

## Edison Mission Group

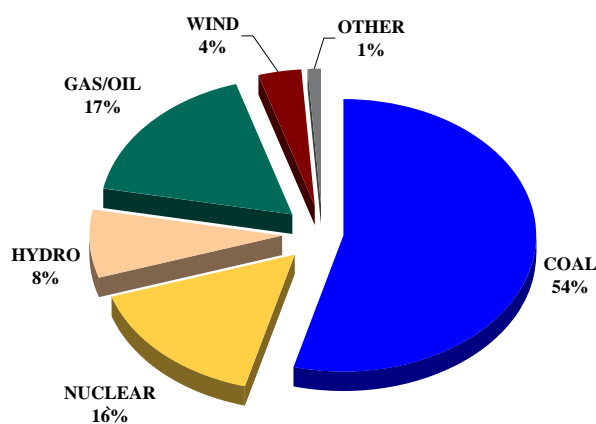
|  |          |          |          |
|--|----------|----------|----------|
| Basic earnings per Edison International common share | \$ 1.26  | \$ 1.32  | \$ 1.36  |
| Income from continuing operations (millions)         | \$ 412   | \$ 334   | \$ 414   |
| Net income (millions)                                | \$ 410   | \$ 432   | \$ 443   |
| Equity (millions)                                    | \$ 2,328 | \$ 2,308 | \$ 2,547 |
| Employees  | 1,807    | 1,751    | 1,768    |

<sup>1</sup> The 2007 ratios include common equity and preferred securities as reflected on the EIX balance sheets. Debt includes the Powerton/Joliet lease termination value of \$1.3 billion, and short and long-term debt. Debt excludes non-recourse debt from continuing operations totaling \$2.0 billion as outlined on pages 11-12 of this document. The comparable 2007 ratios, based on the same balance sheet classifications, including non-recourse debt and excluding the Powerton/Joliet lease termination value, for common equity, preferred securities and debt are 44.7%, 4.8%, and 50.5% respectively. 2006 ratios are calculated on the same basis as 2007, and include the Powerton/Joliet lease termination value of \$1.4 billion, as a component of debt. Non-recourse debt of \$1.8 billion is excluded. The comparable 2006 ratios, including non-recourse amounts and excluding the Powerton/Joliet lease termination value, are 42.3%, 5.0% and 52.7% for common equity, preferred securities and debt, respectively.

<sup>2</sup> Includes all of the load on transmission and distribution systems.

<sup>3</sup> Excludes CDWR allocated contracts starting in 2001 and transitional capacity contracts.

## Owned MW



|                    | As of<br>12/31/2007<br>EIX Share MW |
|--------------------|-------------------------------------|
| Gas/oil            | 2,583                               |
| Coal               | 8,114                               |
| Nuclear            | 2,361                               |
| Hydro              | 1,178                               |
| Wind <sup>1</sup>  | 566                                 |
| Other <sup>2</sup> | 153                                 |
| <b>Total</b>       | <b>14,955</b>                       |

<sup>1</sup> Excludes EMG's 447 MW wind projects under construction as of December 31, 2007.

<sup>2</sup> Other represents EMG's share in a biomass plant located in New York (9 MW) and the Doga natural gas plant located in Turkey (144 MW).

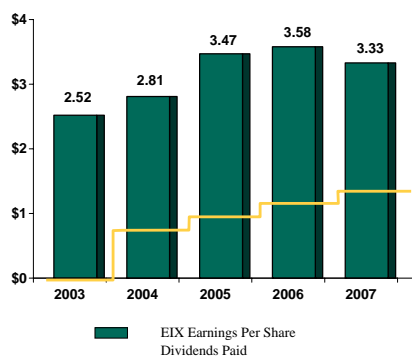
## Edison International Consolidated Per-Share Data — Common Stock

| Year Ended December 31,   | 2007     | 2006     | 2005     | 2004     | 2003     | 2002     |
|---|----------|----------|----------|----------|----------|----------|
| Basic earnings per share  | \$ 3.33  | \$ 3.58  | \$ 3.47  | \$ 2.81  | \$ 2.52  | \$ 3.31  |
| Diluted earnings per share                                      | \$ 3.31  | \$ 3.57  | \$ 3.45  | \$ 2.77  | \$ 2.50  | \$ 3.28  |
| Dividends per share:  |          |          |          |          |          |          |
| Paid <sup>1</sup>   | \$ 1.160 | \$ 1.080 | \$ 1.000 | \$ 0.800 | \$ —     | \$ —     |
| Declared <sup>1</sup>   | \$ 1.175 | \$ 1.100 | \$ 1.020 | \$ 0.850 | \$ 0.200 | \$ —     |
| Year-ended data:  |          |          |          |          |          |          |
| Dividend rate <sup>1</sup>                                      | \$ 1.22  | \$ 1.16  | \$ 1.08  | \$ 1.00  | \$ —     | \$ —     |
| Dividend yield (paid) <sup>1</sup>                              | 2.2%     | 2.4%     | 2.3%     | 2.5%     | —        | —        |
| Dividends payout ratio (paid) <sup>1</sup>                      | 34.8%    | 30.2%    | 28.8%    | 28.5%    | —        | —        |
| Book value per share  | \$ 25.92 | \$ 23.66 | \$ 20.30 | \$ 18.56 | \$ 16.52 | \$ 13.62 |
| Market price/book value ratio                                   | 2.1x     | 1.9x     | 2.1x     | 1.7x     | 1.3x     | 0.9x     |
| Price/earnings ratio  | 16.0x    | 12.7x    | 12.6x    | 11.4x    | 8.7x     | 3.6x     |
| Total shareholder return:                                       |          |          |          |          |          |          |
| Appreciation and dividends paid <sup>1,2</sup>                  | 19.9%    | 7.0%     | 39.6%    | 50.7%    | 86.8%    | (21.5)%  |
| Price:  |          |          |          |          |          |          |
| High  | \$ 60.26 | \$ 47.15 | \$ 49.16 | \$ 32.52 | \$ 22.07 | \$ 19.60 |
| Low   | \$ 42.76 | \$ 37.90 | \$ 30.43 | \$ 21.24 | \$ 10.57 | \$ 7.80  |
| Year-end  | \$ 53.37 | \$ 45.48 | \$ 43.61 | \$ 32.03 | \$ 21.93 | \$ 11.85 |
| Common shares outstanding (thousands)                           | 325,811  | 325,811  | 325,811  | 325,811  | 325,811  | 325,811  |
| Weighted-average shares of common stock outstanding (thousands) | 325,811  | 325,811  | 325,811  | 325,811  | 325,811  | 325,811  |

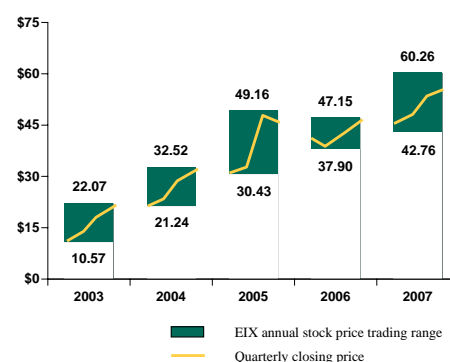
1 The quarterly common stock dividends customarily paid on January 31, April 30, July 31, and October 31, were not declared for 2002 and 2003.

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

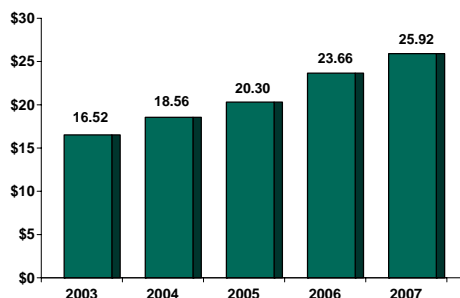
**BASIC EARNINGS PER SHARE  
AND DIVIDENDS PAID**



**STOCK PRICE RANGE**



**BOOK VALUE PER SHARE**



## Edison International Consolidated Balance Sheet

(In millions)

December 31,

|  | 2007             | 2006             | 2005             |
|--|------------------|------------------|------------------|
| <b>Assets</b>  |                  |                  |                  |
| Cash and equivalents   | \$ 1,441         | \$ 1,795         | \$ 1,893         |
| Restricted cash  | 3                | 59               | 60               |
| Margin and collateral deposits   | 141              | 124              | 739              |
| Receivables, less allowances of \$34, \$29 and \$33<br>for uncollectible accounts at respective dates                    | 1,033            | 1,014            | 1,220            |
| Accrued unbilled revenue   | 370              | 303              | 291              |
| Fuel inventory   | 116              | 122              | 80               |
| Materials and supplies   | 316              | 270              | 261              |
| Accumulated deferred income taxes — net  | 167              | 203              | 218              |
| Derivative assets  | 110              | 328              | 316              |
| Regulatory assets  | 197              | 554              | 536              |
| Short-term investments   | 81               | 558              | 211              |
| Other current assets   | 290              | 152              | 134              |
| <b>Total current assets</b>  | <b>4,265</b>     | <b>5,482</b>     | <b>5,959</b>     |
| Nonutility property — less accumulated provision for<br>depreciation of \$1,765, \$1,627 and \$1,424 at respective dates | 4,906            | 4,356            | 4,119            |
| Nuclear decommissioning trusts   | 3,378            | 3,184            | 2,907            |
| Investments in partnerships and unconsolidated subsidiaries  | 272              | 308              | 426              |
| Investments in leveraged leases  | 2,473            | 2,495            | 2,447            |
| Other investments  | 96               | 91               | 115              |
| <b>Total investments and other assets</b>  | <b>11,125</b>    | <b>10,434</b>    | <b>10,014</b>    |
| Utility plant, at original cost:   |                  |                  |                  |
| Transmission and distribution  | 18,940           | 17,606           | 16,760           |
| Generation   | 1,767            | 1,465            | 1,370            |
| Accumulated provision for depreciation   | (5,174)          | (4,821)          | (4,763)          |
| Construction work in progress  | 1,693            | 1,486            | 956              |
| Nuclear fuel, at amortized cost  | 177              | 177              | 146              |
| <b>Total utility plant</b>   | <b>17,403</b>    | <b>15,913</b>    | <b>14,469</b>    |
| Regulatory assets  | 2,721            | 2,818            | 3,013            |
| Restricted cash  | 48               | 91               | 105              |
| Margin and collateral deposits   | 18               | 4                | 137              |
| Derivative assets  | 122              | 131              | 132              |
| Rent payments in excess of levelized rent expense under plant operating leases   | 716              | 556              | 395              |
| Other long-term assets   | 1,144            | 832              | 556              |
| <b>Total long-term assets</b>  | <b>4,769</b>     | <b>4,432</b>     | <b>4,338</b>     |
| Assets of discontinued operations  | —                | —                | 11               |
| <b>Total assets</b>  | <b>\$ 37,562</b> | <b>\$ 36,261</b> | <b>\$ 34,791</b> |

## Edison International Nonutility Property

(In millions)

December 31,

|  | 2007            | 2006            | 2005            |
|--|-----------------|-----------------|-----------------|
| Furniture and equipment                | \$ 90           | \$ 107          | \$ 102          |
| Building, plant and equipment          | 4,490           | 4,026           | 3,663           |
| Land (including easements)             | 85              | 78              | 78              |
| Emission allowances                    | 1,305           | 1,305           | 1,305           |
| Leasehold improvements                 | 110             | 100             | 90              |
| Construction in progress               | 591             | 367             | 305             |
|  | 6,671           | 5,983           | 5,543           |
| Accumulated provision for depreciation | (1,765)         | (1,627)         | (1,424)         |
| <b>Nonutility property — net</b>       | <b>\$ 4,906</b> | <b>\$ 4,356</b> | <b>\$ 4,119</b> |

## Edison International Consolidated Balance Sheet

(In millions)

December 31,

|   | 2007             | 2006             | 2005             |
|---|------------------|------------------|------------------|
| <b>Liabilities and shareholders' equity</b>                                   |                  |                  |                  |
| Short-term debt   | \$ 500           | \$ —             | \$ —             |
| Long-term debt due within one year  | 18               | 488              | 745              |
| Accounts payable  | 979              | 926              | 961              |
| Accrued taxes   | 49               | 155              | 262              |
| Accrued interest  | 160              | 196              | 212              |
| Counterparty collateral   | 42               | 36               | 183              |
| Customer deposits   | 219              | 198              | 183              |
| Book overdrafts   | 212              | 140              | 257              |
| Derivative liabilities  | 149              | 181              | 418              |
| Regulatory liabilities  | 1,019            | 1,000            | 681              |
| Other Current Liabilities   | 933              | 983              | 1,057            |
| <b>Total current liabilities</b>  | <b>4,280</b>     | <b>4,303</b>     | <b>4,959</b>     |
| Long-term debt  | 9,016            | 9,101            | 8,833            |
| Accumulated deferred income taxes — net                                       | 5,196            | 5,297            | 5,256            |
| Accumulated deferred investment tax credits                                   | 114              | 122              | 130              |
| Customer advances   | 155              | 160              | 153              |
| Derivative liabilities  | 116              | 86               | 101              |
| Power-purchase contracts  | 22               | 32               | 64               |
| Accumulated provision for pensions and benefits                               | 1,089            | 1,099            | 745              |
| Asset retirement obligations  | 2,892            | 2,759            | 2,628            |
| Regulatory liabilities  | 3,433            | 3,140            | 2,962            |
| Other deferred credits and other long-term liabilities                        | 1,595            | 1,267            | 1,311            |
| <b>Total deferred credits and other liabilities</b>                           | <b>14,612</b>    | <b>13,962</b>    | <b>13,350</b>    |
| Liabilities of discontinued operations  | —                | —                | 14               |
| <b>Total liabilities</b>  | <b>27,908</b>    | <b>27,366</b>    | <b>27,156</b>    |
| Minority interest   | 295              | 271              | 301              |
| Preferred and preference stock of utility not subject to mandatory redemption | 915              | 915              | 719              |
| Common stock, no par value (325,811,206 shares outstanding at each date)      | 2,225            | 2,080            | 2,043            |
| Accumulated other comprehensive income (loss)                                 | (92)             | 78               | (226)            |
| Retained earnings   | 6,311            | 5,551            | 4,798            |
| <b>Total common shareholders' equity</b>                                      | <b>8,444</b>     | <b>7,709</b>     | <b>6,615</b>     |
| <b>Total liabilities and shareholders' equity</b>                             | <b>\$ 37,562</b> | <b>\$ 36,261</b> | <b>\$ 34,791</b> |

## Edison International Estimated Commitments For 2008 - 2011 And Thereafter

(In millions)

As of December 31, 2007

|   | 2008            | 2009            | 2010            | 2011            | 2012            | Thereafter       |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Long-term debt maturities and interest            | \$ 574          | \$ 724          | \$ 841          | \$ 538          | \$ 539          | \$ 14,371        |
| Fuel supply contract payments                     | 541             | 407             | 223             | 77              | 73              | 243              |
| Gas and coal transportation payments              | 253             | 168             | 172             | 8               | 8               | 43               |
| Purchased-power capacity payments                 | 410             | 324             | 294             | 290             | 339             | 1,152            |
| Operating lease obligations                       | 980             | 1,056           | 1,001           | 765             | 598             | 3,897            |
| Capital lease obligations                         | 4               | 3               | 4               | 1               | 1               | 7                |
| Turbine commitments                               | 484             | 540             | 49              | —               | —               | —                |
| Capital improvements                              | 249             | —               | —               | —               | —               | —                |
| Other commitments                                 | 34              | 28              | 29              | 18              | 10              | 27               |
| Employee benefit plans contributions <sup>2</sup> | 110             | —               | —               | —               | —               | —                |
| <b>Total<sup>3</sup></b>                          | <b>\$ 3,639</b> | <b>\$ 3,250</b> | <b>\$ 2,613</b> | <b>\$ 1,697</b> | <b>\$ 1,568</b> | <b>\$ 19,740</b> |

<sup>1</sup> Amount includes scheduled principal payments for debt outstanding as of December 31, 2007 and related forecast interest payments over the applicable period of debt.

<sup>2</sup> Amount includes estimated contributions to the pension and PBOP plans. The estimated contributions for EME and SCE are not available beyond 2008.

<sup>3</sup> At December 31, 2007, Edison International had a total net liability recorded for uncertain tax positions of \$374 million, which is excluded from the table. Edison International cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open issues with the IRS.

## Edison International Consolidated Statement of Income

(In millions, except per-share data)

|  | Three Months Ended December 31, |                | Year Ended December 31, |                 |                 |
|--|---------------------------------|----------------|-------------------------|-----------------|-----------------|
|  | 2007                            | 2006           | 2007                    | 2006            | 2005            |
| Electric utility   | \$ 2,581                        | \$ 2,494       | \$ 10,476               | \$ 10,312       | \$ 9,500        |
| Nonutility power generation  | 623                             | 554            | 2,575                   | 2,228           | 2,248           |
| Financial services and other   | 7                               | 19             | 62                      | 82              | 104             |
| Total operating revenue  | <u>3,211</u>                    | <u>3,067</u>   | <u>13,113</u>           | <u>12,622</u>   | <u>11,852</u>   |
| Fuel   | 449                             | 431            | 1,875                   | 1,757           | 1,810           |
| Purchased power  | 694                             | 590            | 3,124                   | 3,409           | 2,622           |
| Provisions for regulatory adjustment clauses — net   | 82                              | 281            | 271                     | 25              | 435             |
| Other operation and maintenance  | 1,176                           | 1,034          | 4,067                   | 3,762           | 3,609           |
| Asset impairment and loss on lease termination   | —                               | —              | —                       | —               | 12              |
| Depreciation, decommissioning and amortization   | 327                             | 258            | 1,264                   | 1,181           | 1,061           |
| Net loss (gain) on sale of utility property and plant                                      | 2                               | (1)            | 3                       | (2)             | (10)            |
| Total operating expenses   | <u>2,730</u>                    | <u>2,593</u>   | <u>10,604</u>           | <u>10,132</u>   | <u>9,539</u>    |
| Operating income   | 481                             | 474            | 2,509                   | 2,490           | 2,313           |
| Interest and dividend income   | 29                              | 48             | 154                     | 169             | 112             |
| Equity in income from partnerships and unconsolidated subsidiaries — net                   | 7                               | 26             | 79                      | 79              | 136             |
| Other nonoperating income  | 21                              | 43             | 95                      | 133             | 136             |
| Interest expense — net of amounts capitalized  | (175)                           | (200)          | (752)                   | (807)           | (794)           |
| Impairment loss on equity method investment  | —                               | —              | —                       | —               | (55)            |
| Other nonoperating deductions  | (13)                            | (28)           | (45)                    | (63)            | (67)            |
| Loss on early extinguishment of debt   | —                               | (3)            | (241)                   | (146)           | (25)            |
| Income from continuing operations before tax and minority interest                         | 350                             | 360            | 1,799                   | 1,855           | 1,756           |
| Income tax expense   | 100                             | 66             | 492                     | 582             | 457             |
| Dividends on preferred and preference stock of utility not subject to mandatory redemption | 13                              | 13             | 51                      | 51              | 24              |
| Minority interest  | 23                              | 15             | 156                     | 139             | 167             |
| Income from continuing operations  | 214                             | 266            | 1,100                   | 1,083           | 1,108           |
| Income (loss) from discontinued operations — net of tax                                    | (3)                             | 22             | (2)                     | 97              | 30              |
| Income before accounting change  | 211                             | 288            | 1,098                   | 1,180           | 1,138           |
| Cumulative effect of accounting change — net of tax  | —                               | —              | —                       | 1               | (1)             |
| Net income   | <u>\$ 211</u>                   | <u>\$ 288</u>  | <u>\$ 1,098</u>         | <u>\$ 1,181</u> | <u>\$ 1,137</u> |
| Weighted-average shares of common stock outstanding  | 326                             | 326            | 326                     | 326             | 326             |
| Basic earnings (loss) per share:   |                                 |                |                         |                 |                 |
| Continuing operations  | \$ 0.65                         | \$ 0.80        | \$ 3.34                 | \$ 3.28         | \$ 3.38         |
| Discontinued operations  | (0.01)                          | 0.07           | (0.01)                  | 0.30            | 0.09            |
| Total  | <u>\$ 0.64</u>                  | <u>\$ 0.87</u> | <u>\$ 3.33</u>          | <u>\$ 3.58</u>  | <u>\$ 3.47</u>  |
| Weighted-average shares, including effect of dilutive securities                           | 330                             | 330            | 331                     | 330             | 332             |
| Diluted earnings (loss) per share:   |                                 |                |                         |                 |                 |
| Continuing operations  | \$ 0.65                         | \$ 0.80        | \$ 3.32                 | \$ 3.27         | \$ 3.36         |
| Discontinued operations  | (0.01)                          | 0.07           | (0.01)                  | 0.30            | 0.09            |
| Total  | <u>\$ 0.64</u>                  | <u>\$ 0.87</u> | <u>\$ 3.31</u>          | <u>\$ 3.57</u>  | <u>\$ 3.45</u>  |
| Dividends declared per common share  | \$ 0.305                        | \$ 0.290       | \$ 1.175                | \$ 1.100        | \$ 1.020        |

## Edison International Business Segments <sup>1</sup>

| <i>In millions</i>   | Electric Utility | Nonutility Power Generation | Financial Services | Corporate & Other <sup>2</sup> | Edison International |
|--|------------------|-----------------------------|--------------------|--------------------------------|----------------------|
| <b>2007</b>  |                  |                             |                    |                                |                      |
| Operating revenue  | \$ 10,476        | \$ 2,575                    | \$ 56              | \$ 6                           | \$ 13,113            |
| Depreciation, decommissioning, and amortization                          | 1,094            | 161                         | 9                  | —                              | 1,264                |
| Interest and dividend income   | 39               | 96                          | 15                 | 4                              | 154                  |
| Equity in income from partnerships and unconsolidated subsidiaries — net | —                | 51                          | 28                 | —                              | 79                   |
| Interest expense — net of amounts capitalized                            | 429              | 309                         | 10                 | 4                              | 752                  |
| Income tax expense (benefit) — continuing operations                     | 337              | 173                         | 4                  | (22)                           | 492                  |
| Income (loss) from continuing operations                                 | 707              | 342                         | 69                 | (18)                           | 1,100                |
| Net income (loss) <sup>3</sup>   | 707              | 340                         | 69                 | (18)                           | 1,098                |
| Total assets   | 27,449           | 7,054                       | 2,820              | 239                            | 37,562               |
| Capital expenditures   | 2,286            | 540                         | —                  | —                              | 2,826                |

<sup>1</sup> Includes the elimination of intercompany transactions.

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

<sup>3</sup> Net income available for common stock.

## Edison International Consolidated Statement of Cash Flows

(In millions)

Year Ended December 31,

|   | 2007            | 2006            | 2005            |
|---|-----------------|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                                  |                 |                 |                 |
| Net income  | \$ 1,098        | \$ 1,181        | \$ 1,137        |
| Less: income (loss) from discontinued operations                              | (2)             | 97              | 30              |
| Income from continuing operations   | <u>1,100</u>    | <u>1,084</u>    | <u>1,107</u>    |
| Adjustments to reconcile to net cash provided by operating activities:        |                 |                 |                 |
| Cumulative effect of accounting change, net of tax                            | —               | (1)             | 1               |
| Depreciation, decommissioning and amortization                                | 1,264           | 1,181           | 1,061           |
| Loss on impairment of nuclear decommissioning trust                           | 58              | 54              | —               |
| Other amortization  | 111             | 99              | 107             |
| Stock-based compensation  | 37              | 47              | 48              |
| Minority interest   | 156             | 139             | 167             |
| Deferred income taxes and investment tax credits                              | (39)            | (136)           | 160             |
| Equity in income from partnerships and unconsolidated subsidiaries            | (75)            | (76)            | (136)           |
| Income from leveraged leases  | (49)            | (67)            | (71)            |
| Regulatory assets — long-term   | 148             | 92              | 387             |
| Regulatory liabilities — long-term  | 157             | 18              | (168)           |
| Loss on early extinguishment for debt   | 241             | 146             | 25              |
| Impairment losses   | —               | —               | 67              |
| Levelized rent expense  | (160)           | (161)           | (117)           |
| Derivative assets — long-term   | (14)            | (8)             | (42)            |
| Derivative liabilities — long-term  | (67)            | 50              | 97              |
| Other assets  | (180)           | (231)           | 75              |
| Other liabilities   | 197             | 307             | 1               |
| Margin and collateral deposits - net of collateral received                   | (24)            | 601             | (586)           |
| Receivables and accrued unbilled revenue                                      | (59)            | 208             | (321)           |
| Derivative assets — short-term  | 111             | 182             | (233)           |
| Derivative liabilities — short-term   | (108)           | (103)           | 137             |
| Inventory and other current assets  | (121)           | (68)            | (47)            |
| Regulatory assets — short-term  | 357             | (18)            | 17              |
| Regulatory liabilities — short-term   | 19              | 318             | 192             |
| Book overdrafts   | 72              | —               | —               |
| Accrued interest and taxes  | 12              | (123)           | 36              |
| Accounts payable and other current liabilities                                | 18              | (121)           | 203             |
| Distributions and dividends from unconsolidated entities                      | 33              | 61              | 58              |
| Operating cash flows from discontinued operations                             | (2)             | 94              | 22              |
| <b>Net cash provided by operating activities</b>                              | <u>3,193</u>    | <u>3,568</u>    | <u>2,247</u>    |
| <b>Cash flows from financing activities:</b>                                  |                 |                 |                 |
| Long-term debt issued   | 2,930           | 2,350           | 1,325           |
| Premiums paid on extinguishment of debt issuance costs                        | (241)           | (181)           | (25)            |
| Long-term debt repaid   | (3,215)         | (2,110)         | (2,071)         |
| Bonds repurchased   | (37)            | —               | —               |
| Issuance of preference stock  | —               | 196             | 591             |
| Redemption of preferred stock   | —               | —               | (148)           |
| Rate reduction notes repaid   | (246)           | (246)           | (246)           |
| Book overdrafts   | —               | (118)           | 25              |
| Short-term debt financing — net   | 500             | —               | (88)            |
| Shares purchased for stock-based compensation                                 | (215)           | (173)           | (192)           |
| Proceeds from stock option exercises  | 86              | 66              | 85              |
| Excess tax benefits related to stock option exercises                         | 45              | 27              | —               |
| Dividends to minority shareholders  | (106)           | (162)           | (174)           |
| Dividends paid  | (378)           | (352)           | (326)           |
| <b>Net cash used by financing activities</b>                                  | <u>(877)</u>    | <u>(703)</u>    | <u>(1,244)</u>  |
| <b>Cash flows from investing activities:</b>                                  |                 |                 |                 |
| Capital expenditures  | (2,826)         | (2,536)         | (1,868)         |
| Purchase of interest of acquired companies                                    | (33)            | (18)            | (154)           |
| Proceeds from sale of property and interests in projects                      | 2               | 89              | 10              |
| Proceeds from sale of discontinued operations                                 | —               | —               | 124             |
| Proceeds from nuclear decommissioning trust sales                             | 3,697           | 3,010           | 2,067           |
| Purchases of nuclear decommissioning trust investments and other              | (3,830)         | (3,150)         | (2,159)         |
| Proceeds from partnerships and unconsolidated subsidiaries, net of investment | 42              | 25              | 132             |
| Maturities and sales of short-term investments                                | 9,953           | 7,128           | 2,928           |
| Purchase of short-term investments  | (9,476)         | (7,474)         | (2,999)         |
| Restricted cash   | 99              | 13              | 53              |
| Customer advances for construction and other investments                      | (298)           | (50)            | 62              |
| Investing cash flows from discontinued operations                             | —               | —               | 5               |
| <b>Net cash used by investing activities</b>                                  | <u>(2,670)</u>  | <u>(2,963)</u>  | <u>(1,799)</u>  |
| <b>Effect of consolidation of variable interest entities on cash</b>          | —               | —               | 3               |
| <b>Effect of exchange rate changes on cash</b>                                | —               | —               | (1)             |
| <b>Net decrease in cash and equivalents</b>                                   | <u>(354)</u>    | <u>(98)</u>     | <u>(794)</u>    |
| Cash and equivalents, beginning of year                                       | <u>1,795</u>    | <u>1,893</u>    | <u>2,689</u>    |
| Cash and equivalents, end of year   | <u>1,441</u>    | <u>1,795</u>    | <u>1,895</u>    |
| Cash and equivalents — discontinued operations                                | —               | —               | (2)             |
| <b>Cash and equivalents — continuing operations</b>                           | <u>\$ 1,441</u> | <u>\$ 1,795</u> | <u>\$ 1,893</u> |

## Edison International Consolidated Income Tax Schedules

(In millions)

Year Ended December 31,

|  | 2007          | 2006          | 2005          |
|--|---------------|---------------|---------------|
| The components of income tax expense (benefit) by location of taxing jurisdiction are: |               |               |               |
| Current:   |               |               |               |
| Federal  | \$ 359        | \$ 652        | \$ 400        |
| State  | 95            | 149           | 103           |
| Foreign  | —             | 1             | (1)           |
| Subtotal Current   | <u>454</u>    | <u>802</u>    | <u>502</u>    |
| Deferred:  |               |               |               |
| Federal  | 57            | (159)         | 16            |
| State  | (19)          | (61)          | (61)          |
| Subtotal Deferred  | <u>38</u>     | <u>(220)</u>  | <u>(45)</u>   |
| Total continuing operations  | 492           | 582           | 457           |
| Discontinued operations  | 5             | 22            | (40)          |
| Accounting change  | —             | —             | (1)           |
| Total  | <u>\$ 497</u> | <u>\$ 604</u> | <u>\$ 416</u> |

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

| Year Ended December 31,              | 2007         | 2006         | 2005         |
|--------------------------------------|--------------|--------------|--------------|
| Federal statutory rate               | 35.0%        | 35.0%        | 35.0%        |
| Tax reserve adjustments              | (3.5)        | 2.5          | (2.1)        |
| Resolution of state audit issue      | —            | (3.0)        | —            |
| Resolution of 1991-1993 audit cycle  | —            | —            | (3.9)        |
| Housing and production credits       | (2.9)        | (2.1)        | (2.0)        |
| Property — related                   | (0.2)        | 0.2          | 0.2          |
| Amortization of ITC credits          | (0.6)        | (0.5)        | (0.5)        |
| State tax — net of federal deduction | 4.1          | 3.7          | 3.3          |
| ESOP dividend payment                | (0.6)        | (0.6)        | (0.7)        |
| Other                                | (0.4)        | (0.2)        | (0.1)        |
| Effective tax rate                   | <u>30.9%</u> | <u>35.0%</u> | <u>29.2%</u> |

Edison International's composite federal and state statutory tax rate was approximately 40% (net of the federal benefit for state income taxes) for all years presented. The effective tax rate from continuing operations in 2007 was 30.9%. The decreased effective tax rate was caused primarily by reductions made to the income tax reserve to reflect progress in an administrative appeals process with the IRS related to SCE's income tax treatment of costs associated with environmental remediation, reductions made to the income tax reserves to reflect settlement of a state tax issue related to an April 2007 State Notice of Proposed Adjustment and due to production and low income housing credits at EMG.

The effective tax rate of 35.0% in 2006 reflected an SCE settlement with the California Franchise Tax Board regarding a state apportionment issue and production and low income housing tax credits at EMG, which served to reduce the effective tax rate, but this was partially offset by additional tax reserve accruals at SCE. The lower effective tax rate of 29.2% in 2005 was primarily due to the favorable resolution of the 1991 - 1993 IRS audit cycle, adjustments made to the tax reserve to reflect the impact of new IRS regulations and the favorable settlement of other federal and state tax audit issues at SCE and EMG.

Edison International and its subsidiaries had California net operating loss carryforwards with expirations dates beginning in 2012 of \$54 million and \$69 million at December 31, 2007 and 2006, respectively.

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

## Edison International Consolidated Statement of Retained Earnings

(In millions)

| Year Ended December 31,                        | 2007            | 2006            | 2005            | 2004            | 2003            | 2002            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance at beginning of year                   | \$ 5,551        | \$ 4,798        | \$ 4,078        | \$ 3,466        | \$ 2,711        | \$ 1,634        |
| Net income                                     | 1,098           | 1,181           | 1,137           | 916             | 821             | 1,077           |
| FIN 48 adoption                                | 250             | —               | —               | —               | —               | —               |
| Dividends declared on common stock             | (383)           | (358)           | (332)           | (277)           | (65)            | —               |
| Shares purchased for stock-based compensation  | (216)           | (136)           | (162)           | (75)            | —               | —               |
| Proceeds from stock option exercises and other | 11              | 66              | 77              | 48              | (1)             | —               |
| <b>Balance at end of year</b>                  | <b>\$ 6,311</b> | <b>\$ 5,551</b> | <b>\$ 4,798</b> | <b>\$ 4,078</b> | <b>\$ 3,466</b> | <b>\$ 2,711</b> |

## Preferred and Preference Stock Not Subject To Mandatory Redemption

(In millions)

|   | Trading Exchanges | Trading Symbol | Shares Outstanding | Redemption Price Per Share | December 31,  |               |
|---|-------------------|----------------|--------------------|----------------------------|---------------|---------------|
|   |                   |                |                    |                            | 2007          | 2006          |
| <b>SCE:</b>   |                   |                |                    |                            |               |               |
| Cumulative preferred stock not subject to mandatory redemption: |                   |                |                    |                            |               |               |
| \$25 par value preferred stock: (Recourse securities)           |                   |                |                    |                            |               |               |
| 4.08% Series  | American          | SCEPrB         | 1,000,000          | \$25.50                    | \$ 25         | \$ 25         |
| 4.24% Series  | American          | SCEPrC         | 1,200,000          | 25.80                      | 30            | 30            |
| 4.32% Series  | American          | SCEPrD         | 1,653,429          | 28.75                      | 41            | 41            |
| 4.78% Series  | American          | SCEPrE         | 1,296,769          | 25.80                      | 33            | 33            |
| Non-cumulative preference stock:                                |                   |                |                    |                            |               |               |
| \$100 stated value preference stock: (Recourse securities)      |                   |                |                    |                            |               |               |
| 5.349% Series A   | Unlisted          | —              | 4,000,000          | 100.00                     | 400           | 400           |
| 6.125% Series B   | Unlisted          | —              | 2,000,000          | 100.00                     | 200           | 200           |
| 6.000% Series C   | Unlisted          | —              | 2,000,000          | 100.00                     | 200           | 200           |
| Less issuance cost  |                   |                |                    |                            | (14)          | (14)          |
| <b>Total</b>  |                   |                |                    |                            | <b>\$ 915</b> | <b>\$ 915</b> |

## Edison International Consolidated Recourse Financial Capitalization

(In millions)

| December 31,                                      | 2007             | 2006             | 2005             |
|---|------------------|------------------|------------------|
| Short-term debt                                   | \$ 500           | \$ —             | \$ —             |
| Long-term debt due within one year                | 18               | 488              | 745              |
| Long-term debt — detailed on pages 11-12          | 9,016            | 9,101            | 8,833            |
| Powerton/Joliet lease termination value           | 1,269            | 1,365            | 1,451            |
| Total debt <sup>1</sup>                           | <b>10,803</b>    | <b>10,954</b>    | <b>11,029</b>    |
| Total preferred securities                        | 915              | 915              | 719              |
| Common shareholders' equity                       | 8,444            | 7,709            | 6,615            |
| Total capitalization                              | <b>20,162</b>    | <b>19,578</b>    | <b>18,363</b>    |
| Less: non-recourse debt — detailed on pages 11-12 | (127)            | (1,779)          | (2,263)          |
| <b>Recourse capitalization</b>                    | <b>\$ 20,035</b> | <b>\$ 17,799</b> | <b>\$ 16,100</b> |

<sup>1</sup> Excluding the Powerton/Joliet lease termination values, long-term debt and long-term debt due within one year, as reflected on the EIX balance sheets, total \$9,578 and \$9,589 in 2005 and 2006, respectively.

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

(In millions)

| December 31,                                | 2007            | 2006            | 2005            |
|---|-----------------|-----------------|-----------------|
| Edison International                        | \$ 1,500        | \$ 1,000        | \$ 1,000        |
| Southern California Edison                  | 1,770           | 1,541           | 1,520           |
| Edison Mission Energy (parent) <sup>1</sup> | 507             | 473             | 98              |
| Midwest Generation (MWG)                    | 497             | 495             | 325             |
| <b>Total</b>                                | <b>\$ 4,274</b> | <b>\$ 3,509</b> | <b>\$ 2,943</b> |

<sup>1</sup> As of December 31, 2007 and 2006, excludes \$3 million and \$48 million, respectively, under Midwest Generation EME, LLC's \$5 million and \$50 million respectively, letter of credit facility that requires a cash deposit

## Edison International Consolidated Short-Term Debt (Unaudited)

(In millions)

| December 31,  | 2007          | 2006        | 2005        |
|---|---------------|-------------|-------------|
| Southern California Edison                              | \$ 500        | \$ —        | \$ —        |
| Edison International Total Consolidated Short-term Debt | <b>\$ 500</b> | <b>\$ —</b> | <b>\$ —</b> |

## Five-Year Long-Term Debt Maturities and Sinking Funds Requirements (unaudited) <sup>1</sup>

(In millions)

|                            | 2008         | 2009          | 2010          | 2011         | 2012         |
|----------------------------|--------------|---------------|---------------|--------------|--------------|
| Southern California Edison | \$ —         | \$ 150        | \$ 250        | \$ —         | \$ —         |
| Edison Mission Energy      | 17           | 25            | 12            | 14           | 15           |
| Edison Capital             | —            | —             | 52            | —            | —            |
| Edison International       | —            | —             | —             | —            | —            |
| Intercompany debt          | —            | —             | —             | —            | —            |
| Total <sup>2</sup>         | <u>\$ 18</u> | <u>\$ 175</u> | <u>\$ 314</u> | <u>\$ 14</u> | <u>\$ 15</u> |

<sup>1</sup> Includes recourse and non-recourse long-term debt as of December 31, 2007.

<sup>2</sup> Totals may not add due to rounding.

## Edison International Consolidated Long-Term Debt (unaudited)

(In millions)

| Year                                      | Series                        | Due Date | Interest Rate | First Call Date | Dec. 31, 2007 | Dec. 31, 2006 |
|---|-------------------------------|----------|---------------|-----------------|---------------|---------------|
| <b>Southern California Edison Company</b> |                               |          |               |                 |               |               |
| <b>Recourse long-term debt:</b>           |                               |          |               |                 |               |               |
| <u>First and refunding mortgage bonds</u> |                               |          |               |                 |               |               |
| 2004                                      | Series 2004A                  | 01/15/14 | 5.000%        | N/A             | \$ 300        | \$ 300        |
| 2004                                      | Series 2004B                  | 01/15/34 | 6.000%        | N/A             | 525           | 525           |
| 2004                                      | Series 2004F                  | 04/01/15 | 4.650%        | N/A             | 300           | 300           |
| 2004                                      | Series 2004G                  | 04/01/35 | 5.750%        | N/A             | 350           | 350           |
| 2004                                      | Series 2004H                  | 12/13/07 | Variable      | 06/01/07        | —             | 150           |
| 2005                                      | Series 2005A                  | 01/15/16 | 5.000%        | N/A             | 400           | 400           |
| 2005                                      | Series 2005B                  | 01/15/36 | 5.550%        | N/A             | 250           | 250           |
| 2005                                      | Series 2005E                  | 07/15/35 | 5.350%        | N/A             | 350           | 350           |
| 2006                                      | Series 2006A                  | 02/01/36 | 5.630%        | N/A             | 350           | 350           |
| 2006                                      | Series 2006B                  | 02/02/09 | Variable      | N/A             | 150           | 150           |
| 2006                                      | Series 2006E                  | 01/15/37 | 5.550%        | N/A             | 400           | 400           |
|   | Subtotal                      |          |               |                 | <u>3,375</u>  | <u>3,525</u>  |
| <u>Other</u>                              |                               |          |               |                 |               |               |
| 1999                                      | Notes                         | 04/01/29 | 6.650%        | N/A             | 300           | 300           |
| 2000                                      | Notes                         | 01/15/10 | 7.630%        | N/A             | 250           | 250           |
| N/A                                       | Other obligation <sup>1</sup> | 08/01/53 | 5.060%        | N/A             | 7             | 7             |
|   | Subtotal                      |          |               |                 | <u>557</u>    | <u>557</u>    |

| Year   | Series                  | Due Date | Interest Rate       | First Call Date | Dec. 31, 2007   | Dec. 31, 2006   |
|--|-------------------------|----------|---------------------|-----------------|-----------------|-----------------|
| <b>Pollution control indebtedness:</b>       |                         |          |                     |                 |                 |                 |
| <u>Four Corners Generating Station</u>       |                         |          |                     |                 |                 |                 |
| 1999   | Series A <sup>2</sup>   | 04/01/29 | 5.125%              | 04/01/09        | \$ 55           | \$ 55           |
| 2005   | Series A-B <sup>3</sup> | 04/01/29 | 3.550% <sup>4</sup> | 04/01/10        | 204             | 204             |
| <u>Huntington Beach Generating Station</u>   |                         |          |                     |                 |                 |                 |
| 1999   | Series D <sup>2</sup>   | 09/01/15 | 5.200%              | 09/01/09        | 8               | 8               |
| <u>Mohave Generating Station</u>             |                         |          |                     |                 |                 |                 |
| 2000   | Series A-C              | 06/01/31 | 3.250% <sup>4</sup> | 03/02/09        | 75              | 75              |
| <u>Palo Verde Nuclear Generating Station</u> |                         |          |                     |                 |                 |                 |
| 2000   | Series A-B <sup>5</sup> | 06/01/35 | 2.900% <sup>4</sup> | 03/02/09        | 144             | 144             |
| <u>San Onofre Nuclear Generating Station</u> |                         |          |                     |                 |                 |                 |
| 1999   | Series A-B <sup>2</sup> | 09/01/29 | 5.450%              | 09/01/09        | 100             | 100             |
| 1999   | Series C <sup>2</sup>   | 09/01/31 | 5.550%              | 09/01/09        | 30              | 30              |
| 2005   | Series A-C <sup>2</sup> | 08/01/35 | Variable            | Variable        | 249             | 249             |
| 2006   | Series A-B <sup>3</sup> | 04/01/28 | 4.100% <sup>4</sup> | 04/01/13        | 196             | 196             |
| 2006   | Series C-D <sup>3</sup> | 11/01/33 | 4.250% <sup>4</sup> | 11/01/16        | 135             | 135             |
|  | Subtotal                |          |                     |                 | <u>1,196</u>    | <u>1,196</u>    |
| <b>Non-recourse long-term debt:</b>          |                         |          |                     |                 |                 |                 |
| VIE debt <sup>6</sup>                        |                         |          |                     |                 |                 |                 |
|  |                         | 2008     | 5.000%              | N/A             | —               | 54              |
| <u>Rate reduction notes <sup>7</sup></u>     |                         |          |                     |                 |                 |                 |
| 1997   | Class A-7               | 12/26/07 | 6.420%              | N/A             | —               | 246             |
|  | Subtotal                |          |                     |                 | <u>—</u>        | <u>300</u>      |
| Total SCE principal amount outstanding       |                         |          |                     |                 | 5,128           | 5,578           |
| Less: bonds repurchased <sup>8</sup>         |                         |          |                     |                 | (37)            | —               |
| Less: current portion of long-term debt      |                         |          |                     |                 | —               | (396)           |
| Less: unamortized discount — net             |                         |          |                     |                 | (10)            | (11)            |
| SCE long-term debt                           |                         |          |                     |                 | <u>\$ 5,081</u> | <u>\$ 5,171</u> |

<sup>1</sup> Fort Irwin acquisition debt, not a publicly traded security.

<sup>2</sup> Insured.

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

<sup>4</sup> Subject to remarketing.

<sup>5</sup> Secured by first and refunding mortgage bonds.

<sup>6</sup> Long-term debt of Variable Interest Entities (VIE). This debt is non-recourse to SCE and EIX.

<sup>7</sup> Also known as Rate Reduction Bonds. The notes are non-recourse to SCE and EIX.

<sup>8</sup> Repurchase of 2005C bonds.

## Edison International Consolidated Long-Term Debt (unaudited) (continued)

(In millions)

| Year  | Series  | Due Date  | Interest Rate <sup>1</sup> | First Call<br>Date | Dec. 31, 2007   | Dec. 31, 2006   |
|---|---|-----------|----------------------------|--------------------|-----------------|-----------------|
| <b>Mission Energy Holding Company (parent only)</b> |   |           |                            |                    |                 |                 |
| 2001  | Senior secured notes                              | 2008      | 13.50%                     | N/A                | \$ —            | \$ 800          |
|   | Less unamortized debt discount - net              |           |                            |                    | —               | (5)             |
|   | MEHC long-term debt                               |           |                            |                    | <u>\$ —</u>     | <u>\$ 795</u>   |
| <b>Edison Mission Energy</b>                        |   |           |                            |                    |                 |                 |
| <u>EME (parent only)</u>                            |   |           |                            |                    |                 |                 |
| 1999  | Senior notes                                      | 2009      | 7.73%                      | N/A                | \$ 13           | \$ 600          |
| 2006  | Senior notes                                      | 2013      | 7.50%                      | N/A                | 500             | 500             |
| 2006  | Senior notes                                      | 2016      | 7.75%                      | N/A                | 500             | 500             |
| 2007  | Senior notes                                      | 2017      | 7.00%                      | N/A                | 1,200           | —               |
| 2007  | Senior notes                                      | 2019      | 7.20%                      | N/A                | 800             | —               |
| 2007  | Senior notes                                      | 2027      | 7.63%                      | N/A                | 700             | —               |
|   | Obligations to affiliates                         | 2007      | LIBOR+0.275%               | N/A                | —               | 78              |
| <b>Non-recourse long-term debt:</b>                 |   |           |                            |                    |                 |                 |
| 1996  | Due to EME Funding Corp.                          | 2008      | 7.33%                      | N/A                | 8               | 51              |
| <u>Midwest Generation</u>                           |   |           |                            |                    |                 |                 |
| 2004  | Senior secured notes (2nd priority)               | 2034      | 8.75%                      | 5/1/09             | —               | 1,000           |
| 2004  | Senior secured term loan (1st priority)           | 2011      | LIBOR+1.5%                 | Anytime            | —               | 330             |
| <u>EME CP Holdings Co.</u>                          |   |           |                            |                    |                 |                 |
| 2002  | Note purchase agreement                           | 2015      | 7.31%                      | N/A                | 72              | 76              |
| 2005  | Other long-term non-recourse debt                 | Various   | Various                    | N/A                | 31              | 34              |
|   | EME total principal amount outstanding            |           |                            |                    | <u>3,824</u>    | <u>3,169</u>    |
|   | Less current portion of long-term debt            |           |                            |                    | (17)            | (132)           |
|   | Less unamortized debt discount - net              |           |                            |                    | (1)             | (2)             |
|   | EME long-term debt                                |           |                            |                    | <u>\$ 3,806</u> | <u>\$ 3,035</u> |
| <b>Edison Capital</b>                               |   |           |                            |                    |                 |                 |
| <b>Recourse long-term debt:</b>                     |   |           |                            |                    |                 |                 |
| 2000  | Medium term notes                                 | 2007      | 7.61%                      | N/A                | \$ —            | \$ 38           |
| 2000  | Medium term notes                                 | 2010      | 7.44%                      | N/A                | 52              | 51              |
| 2000  | Medium term notes                                 | 2015      | 7.25%                      | N/A                | 60              | 58              |
| 1998  | Affordable housing mortgage guarantee             | 2028      | 6.27%                      | N/A                | 1               | 1               |
| <b>Non-recourse amortizing debt:</b>                |   |           |                            |                    |                 |                 |
| 1998-2000   | Affordable housing mortgages                      | 2016-2028 | Various                    | N/A                | 16              | 16              |
|   | Edison Capital total principal amount outstanding |           |                            |                    | <u>129</u>      | <u>164</u>      |
|   | Less current portion of long-term debt            |           |                            |                    | —               | (38)            |
|   | Edison Capital long-term debt                     |           |                            |                    | <u>\$ 129</u>   | <u>\$ 126</u>   |
|   | EIX (parent) due to affiliates <sup>2</sup>       |           |                            |                    | \$ 19           | \$ 13           |
|   | Elimination of intercompany debt                  |           |                            |                    | (19)            | (39)            |
|   | EIX total consolidated long-term debt             |           |                            |                    | <u>\$ 9,016</u> | <u>\$ 9,101</u> |

<sup>1</sup> Interest rates may vary based on debt agreements.

<sup>2</sup> Not considered debt at the EIX consolidated level as intercompany debt eliminates in consolidation. Excludes current portion of long-term debt of \$75 million for 2006.

## SCE Consolidated Balance Sheet

(In millions)

| <i>December 31,</i>   | 2007      | 2006      | 2005      |
|---|-----------|-----------|-----------|
| <b>Assets</b>   |           |           |           |
| Cash and equivalents  | \$ 252    | \$ 83     | \$ 143    |
| Restricted cash   | —         | 56        | 57        |
| Margin and collateral deposits  | 37        | 55        | 178       |
| Receivables, less allowances of \$34, \$29 and \$33 for uncollectible accounts at respective dates              | 725       | 939       | 849       |
| Accrued unbilled revenue  | 370       | 303       | 291       |
| Inventory   | 283       | 232       | 220       |
| Accumulated deferred income taxes — net   | 146       | 250       | —         |
| Derivative assets   | 54        | 56        | 237       |
| Regulatory assets   | 197       | 554       | 536       |
| Other current assets  | 188       | 54        | 92        |
| Total current assets  | 2,252     | 2,582     | 2,603     |
| Nonutility property — less accumulated provision for depreciation of \$701, \$633 and \$569 at respective dates | 1,000     | 1,046     | 1,086     |
| Nuclear decommissioning trusts  | 3,378     | 3,184     | 2,907     |
| Other investments   | 69        | 62        | 80        |
| Total investments and other assets  | 4,447     | 4,292     | 4,073     |
| Utility plant, at original cost:  |           |           |           |
| Transmission and distribution   | 18,940    | 17,606    | 16,760    |
| Generation  | 1,767     | 1,465     | 1,370     |
| Accumulated provision for depreciation  | (5,174)   | (4,821)   | (4,763)   |
| Construction work in progress   | 1,693     | 1,486     | 956       |
| Nuclear fuel, at amortized cost   | 177       | 177       | 146       |
| Total utility plant   | 17,403    | 15,913    | 14,469    |
| Regulatory assets   | 2,721     | 2,818     | 3,013     |
| Derivative assets   | 28        | 17        | 42        |
| Other long-term assets  | 629       | 488       | 503       |
| Total long-term assets  | 3,378     | 3,323     | 3,558     |
| Total assets  | \$ 27,480 | \$ 26,110 | \$ 24,703 |

## SCE Operating and Financial Ratios

| <i>Year Ended December 31,</i>                            | 2007   | 2006   | 2005   | 2004   | 2003   | 2002   |
|---|--------|--------|--------|--------|--------|--------|
| <b>Percent of operating revenue:</b>                      |        |        |        |        |        |        |
| Fuel  | 11.4%  | 10.8%  | 12.6%  | 9.6%   | 2.6%   | 2.8%   |
| Purchased power   | 29.8   | 33.1   | 27.6   | 27.6   | 31.5   | 23.1   |
| Provisions for regulatory adjustment clauses              | 2.6    | 0.2    | 4.6    | (2.4)  | 12.8   | 17.3   |
| Other operating expenses and maintenance                  | 27.1   | 26.0   | 26.5   | 29.1   | 23.2   | 22.1   |
| Depreciation, decommissioning and amortization            | 10.4   | 9.9    | 9.6    | 10.2   | 10.0   | 9.0    |
| Property and other taxes                                  | 2.1    | 2.0    | 2.0    | 2.1    | 1.9    | 1.3    |
| Operating expenses (before income taxes)                  | 83.4   | 82.0   | 82.9   | 76.2   | 82.0   | 75.6   |
| Taxes on operating income                                 | 3.2    | 4.2    | 3.0    | 5.2    | 5.2    | 7.0    |
| Operating income  | 13.4   | 13.8   | 14.1   | 18.6   | 12.8   | 17.4   |
| Total   | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| <b>Regulatory embedded cost of capital (at year-end):</b> |        |        |        |        |        |        |
| Long-term debt  | 6.24%  | 6.15%  | 6.09%  | 7.03%  | 8.44%  | 8.20%  |
| Preferred and preference stock                            | 5.80%  | 5.88%  | 5.82%  | 6.17%  | 6.20%  | 6.53%  |
| <b>Other:</b>   |        |        |        |        |        |        |
| Customers to employees ratio                              | 323    | 335    | 338    | 347    | 362    | 374    |

## SCE Consolidated Balance Sheet

(In millions)

| <i>December 31,</i>  | 2007             | 2006             | 2005             |
|--|------------------|------------------|------------------|
| <b>Liabilities and shareholders' equity</b>                              |                  |                  |                  |
| Short-term debt  | \$ 500           | \$ —             | \$ —             |
| Long-term debt due within one year                                       | —                | 396              | 596              |
| Accounts payable   | 914              | 856              | 898              |
| Accrued taxes  | 42               | 193              | 242              |
| Accrued interest   | 126              | 114              | 106              |
| Counterparty collateral  | 42               | 36               | 183              |
| Customer deposits  | 218              | 198              | 183              |
| Book overdrafts  | 204              | 140              | 257              |
| Accumulated deferred income taxes — net                                  | —                | —                | 5                |
| Derivative liabilities   | 100              | 99               | 87               |
| Regulatory liabilities   | 1,019            | 1,000            | 681              |
| Other current liabilities  | 548              | 624              | 723              |
| Total current liabilities  | <u>3,713</u>     | <u>3,656</u>     | <u>3,961</u>     |
| Long-term debt   | 5,081            | 5,171            | 4,669            |
| Accumulated deferred income taxes — net                                  | 2,556            | 2,675            | 2,815            |
| Accumulated deferred investment tax credits                              | 105              | 112              | 119              |
| Customer advances  | 155              | 160              | 153              |
| Derivative liabilities   | 13               | 77               | 101              |
| Power-purchase contracts   | 22               | 32               | 64               |
| Accumulated provision for pensions and benefits                          | 786              | 809              | 500              |
| Asset retirement obligations   | 2,877            | 2,749            | 2,621            |
| Regulatory liabilities   | 3,433            | 3,140            | 2,962            |
| Other deferred credits and other long-term liabilities                   | 1,136            | 802              | 681              |
| Total deferred credits and other liabilities                             | <u>11,083</u>    | <u>10,556</u>    | <u>10,016</u>    |
| Total liabilities  | <u>19,877</u>    | <u>19,383</u>    | <u>18,646</u>    |
| Minority interest  | 446              | 351              | 398              |
| Common stock, no par value (434,888,104 shares outstanding at each date) | 2,168            | 2,168            | 2,168            |
| Additional paid-in capital   | 507              | 383              | 361              |
| Accumulated other comprehensive loss                                     | (15)             | (14)             | (16)             |
| Retained earnings  | 3,568            | 2,910            | 2,417            |
| Total common shareholders' equity  | <u>6,228</u>     | <u>5,447</u>     | <u>4,930</u>     |
| Preferred and preference stock not subject to mandatory redemption       | 929              | 929              | 729              |
| Total shareholders' equity   | <u>7,157</u>     | <u>6,376</u>     | <u>5,659</u>     |
| Total liabilities and shareholders' equity                               | <u>\$ 27,480</u> | <u>\$ 26,110</u> | <u>\$ 24,703</u> |

## SCE Estimated Commitments For 2008–2012 And Thereafter

(In millions)

| <i>As of December 31, 2007</i>                    | 2008            | 2009            | 2010            | 2011            | 2012          | Thereafter       |
|---|-----------------|-----------------|-----------------|-----------------|---------------|------------------|
| Long-term debt maturities and interest            | \$ 269          | \$ 413          | \$ 495          | \$ 244          | \$ 244        | \$ 8,886         |
| Fuel supply contract payments                     | 101             | 79              | 71              | 68              | 64            | 241              |
| Purchased-power capacity payments                 | 410             | 324             | 294             | 290             | 339           | 1,152            |
| Operating lease obligations                       | 617             | 697             | 655             | 436             | 270           | 1,515            |
| Capital lease obligations                         | 4               | 3               | 4               | 1               | 1             | 7                |
| Other commitments                                 | 5               | 5               | 6               | 6               | 6             | 25               |
| Employee benefit plans contributions <sup>1</sup> | 84              | —               | —               | —               | —             | —                |
| <b>Total<sup>2</sup></b>                          | <u>\$ 1,490</u> | <u>\$ 1,521</u> | <u>\$ 1,525</u> | <u>\$ 1,045</u> | <u>\$ 924</u> | <u>\$ 11,826</u> |

<sup>1</sup> Amount includes estimated contributions to the pension and PBOP plans. The estimated contributions for SCE are not available beyond 2008.

<sup>2</sup> At December 31, 2007, SCE had a total net liability recorded for uncertain tax positions of \$257 million, which is excluded from the table. Edison International cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open issues with the IRS.

## SCE Consolidated Statement of Income

| (In millions)   | Three Months Ended December 31, |          | Year Ended December 31, |           |          |
|---|---------------------------------|----------|-------------------------|-----------|----------|
|   | 2007                            | 2006     | 2007                    | 2006      | 2005     |
| <b>Operating revenue</b>  | <b>\$ 2,582</b>                 | \$ 2,494 | <b>\$ 10,478</b>        | \$ 10,312 | \$ 9,500 |
| Fuel  | 285                             | 276      | 1,191                   | 1,112     | 1,193    |
| Purchased power   | 694                             | 590      | 3,124                   | 3,409     | 2,622    |
| Provisions for regulatory adjustment clauses — net                              | 82                              | 281      | 271                     | 25        | 435      |
| Other operation and maintenance   | 852                             | 762      | 2,840                   | 2,678     | 2,523    |
| Depreciation, decommissioning and amortization                                  | 281                             | 220      | 1,094                   | 1,026     | 915      |
| Property and other taxes  | 53                              | 48       | 217                     | 206       | 193      |
| Net gain on sale of utility property and plant                                  | —                               | —        | —                       | (1)       | (10)     |
| <b>Total operating expenses</b>   | <b>2,247</b>                    | 2,177    | <b>8,737</b>            | 8,455     | 7,871    |
| <b>Operating income</b>   | <b>335</b>                      | 317      | <b>1,741</b>            | 1,857     | 1,629    |
| Interest income   | 11                              | 14       | 44                      | 58        | 44       |
| Other nonoperating income   | 19                              | 24       | 89                      | 85        | 127      |
| Interest expense — net of amounts capitalized                                   | (99)                            | (103)    | (429)                   | (400)     | (360)    |
| Other nonoperating deductions   | (14)                            | (28)     | (45)                    | (60)      | (65)     |
| <b>Income before tax and minority interest</b>                                  | <b>252</b>                      | 224      | <b>1,400</b>            | 1,540     | 1,375    |
| Income tax expense  | 74                              | 22       | 337                     | 438       | 292      |
| Minority interest   | 45                              | 31       | 305                     | 275       | 334      |
| <b>Net income</b>   | <b>133</b>                      | 171      | <b>758</b>              | 827       | 749      |
| Dividends on preferred and preference stock not subject to mandatory redemption | 13                              | 13       | 51                      | 51        | 24       |
| <b>Net income available for common stock</b>                                    | <b>\$ 120</b>                   | \$ 158   | <b>\$ 707</b>           | \$ 776    | \$ 725   |

## SCE Energy Costs

|  | Three Months Ended December 31, |           | Year Ended December 31, |                     |                     |
|--|---------------------------------|-----------|-------------------------|---------------------|---------------------|
|  | 2007                            | 2006      | 2007                    | 2006                | 2005                |
| <b>Average annual fuel cost — unit of expense:</b> |                                 |           |                         |                     |                     |
| Oil (\$/bbl) (Catalina)                            | \$ 134.19                       | \$ 104.35 | \$ 117.16               | \$ 108.12           | \$ 97.06            |
| Gas (\$/mcf) <sup>1</sup>                          | 8.28                            | 9.46      | 9.28                    | 10.91               | 10.05               |
| Coal (\$/ton)                                      | 20.02                           | 18.89     | 27.08                   | 26.27               | 29.30               |
| Gas-fired CCGT (\$/mcf)                            | 7.23                            | 7.01      | 7.09                    | 6.86 <sup>2</sup>   | 11.77 <sup>2</sup>  |
| Peakers (\$/mcf) <sup>2</sup>                      | 7.96                            | —         | 7.41                    | —                   | —                   |
| <b>Average cost (\$/m<sup>2</sup>Btu):</b>         |                                 |           |                         |                     |                     |
| Oil (Catalina)                                     | \$ 23.55                        | \$ 18.63  | \$ 20.91                | \$ 19.09            | \$ 16.95            |
| Gas <sup>1</sup>                                   | 7.67                            | 8.76      | 8.59                    | 10.10               | 9.50                |
| Nuclear  | 0.46                            | 0.46      | 0.48                    | 0.44                | 0.45                |
| Coal   | 1.12                            | 1.07      | 1.53                    | 1.48                | 1.48                |
| Gas-fired CCGT (\$/mcf)                            | 7.11                            | 6.81      | 6.97                    | 6.71 <sup>2</sup>   | 11.51 <sup>2</sup>  |
| Peakers <sup>2</sup>                               | 7.73                            | —         | 7.20                    | —                   | —                   |
| Average cost — all sources                         | 1.99 <sup>2</sup>               | 1.79      | 1.74 <sup>2</sup>       | 1.63 <sup>2</sup>   | 0.97 <sup>2</sup>   |
| <b>Average cost (cents/kwh):</b>                   |                                 |           |                         |                     |                     |
| Oil (Catalina)                                     | 24.64                           | 20.12     | 21.81                   | 21.06               | 18.78               |
| Peakers <sup>2</sup>                               | 8.15                            | —         | 7.99                    | —                   | —                   |
| Nuclear  | 0.48                            | 0.48      | 0.50                    | 0.47                | 0.47                |
| Coal   | 1.12                            | 1.07      | 1.53                    | 1.47                | 1.50                |
| Gas-fired CCGT                                     | 5.07                            | 4.89      | 4.89                    | 4.82 <sup>2</sup>   | 9.89 <sup>2</sup>   |
| <b>Purchased power:</b>                            |                                 |           |                         |                     |                     |
| <b>Other power producers:</b>                      |                                 |           |                         |                     |                     |
| Cogeneration                                       | 8.20                            | 7.71      | 9.60                    | 9.62                | 10.65               |
| Biomass  | 7.60                            | 7.06      | 8.91                    | 9.47                | 9.96                |
| Small hydro  | 4.05                            | 4.49      | 6.05                    | 6.43                | 7.14                |
| Wind   | 6.75                            | 5.61      | 7.80                    | 6.91                | 7.25                |
| Geothermal   | 7.76                            | 5.91      | 7.98                    | 7.23                | 7.27                |
| Solar  | 9.99                            | 7.40      | 16.33                   | 16.34               | 16.61               |
| Average cost — other power producers               | 7.91                            | 6.89      | 9.04                    | 8.76                | 9.39                |
| Average cost — all sources <sup>3,4</sup>          | 6.86 <sup>2</sup>               | 6.81      | 6.90 <sup>2</sup>       | 6.93 <sup>2</sup>   | 6.13 <sup>2,3</sup> |
| <b>Fuel consumption (in thousands):</b>            |                                 |           |                         |                     |                     |
| Oil (bbl)  | 14                              | 15        | 58                      | 62                  | 60                  |
| Gas (mcf)  | 27                              | 26        | 95                      | 109                 | 214                 |
| Coal (ton)   | 785                             | 758       | 2,750                   | 3,132               | 5,695               |
| Gas-fired CCGT (mcf)                               | 11,082                          | 10,581    | 43,765                  | 34,670 <sup>2</sup> | 2,745 <sup>2</sup>  |
| Peakers (mcf) <sup>2</sup>                         | 157                             | —         | 341                     | —                   | —                   |
| Oil inventory — year end (bbl)                     | 3                               | 2         | 3                       | 2                   | 2                   |

<sup>1</sup> Cost of gas used to start-up coal plants (years 2006 and 2007 exclude Mohave charges due to shutdown of plant)

<sup>2</sup> Includes energy incurred during initial testing of power plant

<sup>3</sup> Excludes miscellaneous prior period adjustments

<sup>4</sup> Excludes ISO/other sales. Includes firm purchased power and CDWR energy purchases (Years 2005, 2006, and 2007 cents per kwh, of 7.99, 10.41, and 9.49 respectively, for CWDR.)

CCGT = Combined-cycle gas turbine

## SCE Consolidated Statements of Cash Flows

(In millions)

| Year Ended December 31,  | 2007           | 2006           | 2005           |
|--|----------------|----------------|----------------|
| <b>Cash flows from operating activities:</b>                           |                |                |                |
| Net income   | \$ 758         | \$ 827         | \$ 749         |
| Adjustments to reconcile to net cash provided by operating activities: |                |                |                |
| Depreciation, decommissioning and amortization                         | 1,094          | 1,026          | 915            |
| Loss on impairment of nuclear decommissioning trusts                   | 58             | 54             | —              |
| Other amortization   | 95             | 79             | 96             |
| Stock-based compensation   | 18             | 27             | 21             |
| Minority interest  | 305            | 275            | 334            |
| Deferred income taxes and investment tax credits                       | (111)          | (358)          | 34             |
| Regulatory assets — long-term  | 148            | 92             | 387            |
| Regulatory liabilities — long-term                                     | 157            | 18             | (168)          |
| Derivative assets — long-term  | (11)           | 25             | (42)           |
| Derivative liabilities — long-term                                     | (64)           | (24)           | 97             |
| Other assets   | (156)          | (119)          | 88             |
| Other liabilities  | 195            | 325            | (46)           |
| Margin and collateral deposits — net of collateral received            | 24             | (24)           | 70             |
| Receivables and accrued unbilled revenue                               | 147            | 51             | (202)          |
| Derivative assets — short-term   | 2              | 181            | (211)          |
| Derivative liabilities — short-term                                    | (32)           | 12             | 74             |
| Inventory and other current assets                                     | (185)          | (7)            | (42)           |
| Regulatory assets — short-term   | 357            | (18)           | 17             |
| Regulatory liabilities — short-term                                    | 19             | 318            | 192            |
| Book overdrafts  | 64             | —              | —              |
| Accrued interest and taxes   | 74             | (41)           | (126)          |
| Accounts payable and other current liabilities                         | 17             | (138)          | 184            |
| Net cash provided by operating activities                              | <u>2,973</u>   | <u>2,581</u>   | <u>2,421</u>   |
| <b>Cash flows from financing activities:</b>                           |                |                |                |
| Long-term debt issued  | —              | 900            | 1,000          |
| Long-term debt issuance costs  | (1)            | (24)           | (20)           |
| Long-term debt repaid  | (207)          | (352)          | (1,040)        |
| Bonds repurchased  | (37)           | —              | —              |
| Issuance of preference stock   | —              | 196            | 591            |
| Redemption of preferred stock  | —              | —              | (148)          |
| Rate reduction notes repaid  | (246)          | (246)          | (246)          |
| Short-term debt financing — net  | 500            | —              | (88)           |
| Book overdrafts  | —              | (118)          | 25             |
| Shares purchased for stock-based compensation                          | (135)          | (107)          | (122)          |
| Proceeds from stock option exercises                                   | 56             | 45             | 53             |
| Excess tax benefits related to stock option exercises                  | 28             | 17             | —              |
| Minority interest  | (210)          | (322)          | (345)          |
| Dividends paid   | (186)          | (300)          | (234)          |
| Net cash used by financing activities                                  | <u>(438)</u>   | <u>(311)</u>   | <u>(574)</u>   |
| <b>Cash flows from investing activities:</b>                           |                |                |                |
| Capital expenditures   | (2,286)        | (2,226)        | (1,808)        |
| Proceeds from nuclear decommissioning trust sales                      | 3,697          | 3,010          | 2,067          |
| Purchases of nuclear decommissioning trust investments and other       | (3,830)        | (3,150)        | (2,159)        |
| Sales of short-term investments  | 7,069          | 6,446          | 2,748          |
| Purchases of short-term investments                                    | (7,069)        | (6,418)        | (2,776)        |
| Restricted cash  | 56             | 1              | 4              |
| Customer advances for construction and other investments               | (3)            | 7              | 98             |
| Net cash used by investing activities                                  | <u>(2,366)</u> | <u>(2,330)</u> | <u>(1,826)</u> |
| Net increase (decrease) in cash and equivalents                        | 169            | (60)           | 21             |
| Cash and equivalents, beginning of year                                | 83             | 143            | 122            |
| Cash and equivalents, end of year                                      | <u>\$ 252</u>  | <u>\$ 83</u>   | <u>\$ 143</u>  |

## SCE Consolidated Statements of Retained Earnings

(In millions)

| Year Ended December 31,                              | 2007            | 2006            | 2005            | 2004            | 2003            | 2002            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance at beginning of year                         | \$ 2,910        | \$ 2,417        | \$ 2,020        | \$ 1,868        | \$ 1,892        | \$ 664          |
| Net income   | 758             | 827             | 749             | 921             | 932             | 1,247           |
| FIN 48   | 213             | —               | —               | —               | —               | —               |
| Dividends declared on common stock                   | (100)           | (240)           | (285)           | (750)           | (945)           | —               |
| Dividends declared on preferred and preference stock | (51)            | (51)            | (24)            | (6)             | (10)            | (19)            |
| Shares purchased for stock-based compensation        | (135)           | (88)            | (95)            | (43)            | (4)             | —               |
| Proceeds from stock option exercises and other       | (27)            | 45              | 52              | 30              | 3               | —               |
| <b>Balance at end of year</b>                        | <u>\$ 3,568</u> | <u>\$ 2,910</u> | <u>\$ 2,417</u> | <u>\$ 2,020</u> | <u>\$ 1,868</u> | <u>\$ 1,892</u> |

## SCE Kilowatt-Hour Sales<sup>1</sup>

|  | Three Months Ended December 31, |               | Year Ended December 31, |               |                |
|--|---------------------------------|---------------|-------------------------|---------------|----------------|
|  | 2007                            | 2006          | 2007                    | 2006          | 2005           |
| <b>Class of service — millions of kWh:</b> |                                 |               |                         |               |                |
| Residential                                | 6,862                           | 6,730         | 29,943                  | 30,194        | 28,889         |
| Commercial                                 | 10,228                          | 10,055        | 41,447                  | 40,865        | 39,451         |
| Industrial                                 | 2,405                           | 2,534         | 9,929                   | 10,434        | 10,738         |
| Public authorities                         | 1,475                           | 1,488         | 6,001                   | 6,038         | 6,037          |
| Agricultural and other                     | 307                             | 277           | 1,485                   | 1,198         | 1,150          |
| Resale                                     | 2,628                           | 2,041         | 8,883                   | 7,417         | 14,727         |
| <b>Total kilowatt-hoursales</b>            | <b>23,905</b>                   | <b>23,125</b> | <b>97,688</b>           | <b>96,146</b> | <b>100,992</b> |
| <b>Class of service — percent:</b>         |                                 |               |                         |               |                |
| Residential                                | 28.7%                           | 29.1%         | 30.7%                   | 31.4%         | 28.6%          |
| Commercial                                 | 42.8                            | 43.5          | 42.4                    | 42.5          | 39.1           |
| Industrial                                 | 10.0                            | 11.0          | 10.2                    | 10.9          | 10.6           |
| Public authorities                         | 6.2                             | 6.4           | 6.1                     | 6.3           | 6.0            |
| Agricultural and other                     | 1.3                             | 1.2           | 1.5                     | 1.2           | 1.1            |
| Resale                                     | 11.0                            | 8.8           | 9.1                     | 7.7           | 14.6           |
| <b>Total</b>                               | <b>100.0%</b>                   | <b>100.0%</b> | <b>100.0%</b>           | <b>100.0%</b> | <b>100.0%</b>  |

<sup>1</sup> Includes direct access customers.

## SCE Customers

| Year Ended December 31,         | 2007             | 2006             | 2005             | 2004             | 2003             | 2002             |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Customers:</b>               |                  |                  |                  |                  |                  |                  |
| Residential                     | 4,234,674        | 4,205,495        | 4,146,123        | 4,086,531        | 4,030,473        | 3,977,245        |
| Commercial                      | 532,734          | 523,304          | 510,626          | 495,584          | 481,509          | 467,976          |
| Industrial                      | 13,909           | 14,289           | 15,118           | 17,380           | 18,693           | 19,200           |
| Public authorities              | 47,289           | 47,166           | 46,885           | 46,749           | 46,726           | 46,684           |
| Agricultural                    | 22,325           | 22,140           | 22,203           | 22,251           | 22,722           | 23,019           |
| Railroads and railways          | 56               | 58               | 55               | 50               | 47               | 43               |
| Interdepartmental               | 23               | 22               | 24               | 24               | 20               | 11               |
| <b>Total ultimate customers</b> | <b>4,851,010</b> | <b>4,812,474</b> | <b>4,741,034</b> | <b>4,668,569</b> | <b>4,600,190</b> | <b>4,534,178</b> |

## SCE Operating Revenue<sup>1</sup>

| (In millions)                           | Three Months Ended December 31, |                 | Year Ended December 31, |                  |                 |
|---|---------------------------------|-----------------|-------------------------|------------------|-----------------|
|   | 2007                            | 2006            | 2007                    | 2006             | 2005            |
| <b>Class of service:</b>                |                                 |                 |                         |                  |                 |
| Residential                             | \$ 772                          | \$ 784          | \$ 3,760                | \$ 3,859         | \$ 3,046        |
| Commercial                              | 885                             | 873             | 4,143                   | 4,228            | 3,596           |
| Industrial                              | 150                             | 166             | 681                     | 750              | 643             |
| Public authorities                      | 124                             | 124             | 568                     | 579              | 505             |
| Agricultural                            | 24                              | 23              | 132                     | 110              | 91              |
| Other                                   | 2                               | 2               | 7                       | 7                | 7               |
| Resale                                  | 156                             | 110             | 489                     | 370              | 832             |
| Sales of electric energy                | 2,113                           | 2,082           | 9,780                   | 9,903            | 8,720           |
| Other operating revenue                 | 133                             | 66              | 506                     | 432              | 411             |
| Deferred revenue <sup>2</sup>           | 243                             | 254             | (187)                   | (409)            | (93)            |
| Revenue from variable interest entities | 93                              | 92              | 379                     | 386              | 462             |
| <b>Total operating revenue</b>          | <b>\$ 2,582</b>                 | <b>\$ 2,494</b> | <b>\$ 10,478</b>        | <b>\$ 10,312</b> | <b>\$ 9,500</b> |
| <b>Class of service — percent:</b>      |                                 |                 |                         |                  |                 |
| Residential                             | 29.9%                           | 31.4%           | 35.9%                   | 37.4%            | 32.1%           |
| Commercial                              | 34.3                            | 35.0            | 39.5                    | 41.0             | 37.8            |
| Industrial                              | 5.8                             | 6.7             | 6.5                     | 7.3              | 6.8             |
| Public authorities                      | 4.8                             | 5.0             | 5.4                     | 5.6              | 5.3             |
| Agricultural                            | 0.9                             | 0.9             | 1.3                     | 1.0              | 1.0             |
| Other                                   | 0.1                             | 0.1             | 0.1                     | 0.1              | 0.1             |
| Resale                                  | 6.0                             | 4.4             | 4.7                     | 3.6              | 8.7             |
| Sales of electric energy                | 81.8                            | 83.5            | 93.4                    | 96.0             | 91.8            |
| Other operating revenue                 | 5.2                             | 2.6             | 4.8                     | 4.2              | 4.3             |
| Deferred revenue <sup>2</sup>           | 9.4                             | 10.2            | (1.8)                   | (3.9)            | (1.0)           |
| Revenue from variable interest entities | 3.6                             | 3.7             | 3.6                     | 3.7              | 4.9             |
| <b>Total operating revenue</b>          | <b>100.0%</b>                   | <b>100.0%</b>   | <b>100.0%</b>           | <b>100.0%</b>    | <b>100.0%</b>   |

<sup>1</sup> Does not include energy revenue from direct access customers.

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

## SCE Changes in Operating Revenue

(In millions)

Year Ended December 31,

|   | 2007 vs. 2006 | 2006 vs. 2005 |
|---|---------------|---------------|
| Rate changes (including unbilled)           | \$ (545)      | \$ 1,441      |
| Sales volume changes (including unbilled)   | 119           | 311           |
| Balancing account overcollections           | 405           | (422)         |
| Sales for resale                            | 120           | (463)         |
| SCE's VIE's                                 | (6)           | (75)          |
| Other (including intercompany transactions) | 73            | 20            |
| <b>Total</b>                                | <b>\$ 166</b> | <b>\$ 812</b> |

## SCE Generating Capacity Resources (Summer Effective Rating)

As of December 31, 2007

| Plant   | Location   | No. of Units     | Entered Operation | Ownership Interest | Type                         | SCE-Owned Total Capacity (Megawatts) |
|---|--|------------------|-------------------|--------------------|------------------------------|--------------------------------------|
| <b>Thermal</b>  |  |                  |                   |                    |                              |                                      |
| <b>Gas and oil (isolated diesel system on Catalina Island):</b> |  |                  |                   |                    |                              |                                      |
| Pebble Beach  | Los Angeles, CA  | 7                | 1958-1995         | 100%               | Diesel                       | 9                                    |
| <b>Nuclear:</b>   |  |                  |                   |                    |                              |                                      |
| San Onofre  | San Diego, CA  | 2                | 1983, 1984        | 78%                | PWR                          | 1,682                                |
| Palo Verde <sup>1</sup>   | Maricopa, AZ   | 3                | 1986-1988         | 16%                | PWR                          | 612                                  |
| Subtotal  |  | <u>5</u>         |                   |                    |                              | <u>2,294</u>                         |
| <b>Coal:</b>  |  |                  |                   |                    |                              |                                      |
| Four Corners <sup>1</sup>                                       | San Juan, NM   | 2                | 1969-1970         | 48%                | Boiler                       | 720                                  |
| Off-System Losses <sup>2</sup>                                  |  |                  |                   |                    |                              | (22)                                 |
| Subtotal  |  | <u>2</u>         |                   |                    |                              | <u>698</u>                           |
| <b>Gas-fired generation:</b>                                    |  |                  |                   |                    |                              |                                      |
| Mountainview  | San Bernardino, CA   | 2                | 2005              | 100%               | CCGT                         | 969                                  |
| SCE peakers   | Norwalk, Ontario, Rancho Cucamonga, Stanton                        | 4                | 2007              | 100%               | GT                           | 176                                  |
| Subtotal  |  | <u>6</u>         |                   |                    |                              | <u>1,145</u>                         |
| <b>Total thermal generation</b>                                 |  | <b><u>20</u></b> |                   |                    |                              | <b><u>4,146</u></b>                  |
| <b>Hydroelectric plants:</b>                                    |  |                  |                   |                    |                              |                                      |
| Northern region:  | Fresno, Madera, Tulare   | 23               | 1913-1987         | 100%               | Storage and Run-of-the-River | 1,000                                |
| Eastern region:   | San Bernardino, Kern, Los Angeles, Inyo, Mono, Tulare <sup>3</sup> | 53               | 1893-1999         | 100%               | Storage and Run-of-the-River | 153                                  |
| Subtotal  |  | <u>76</u>        |                   |                    |                              | <u>1,153</u>                         |
| <b>Total SCE-owned generation</b>                               |  | <b><u>96</u></b> |                   |                    |                              | <b><u>5,299</u></b>                  |

<sup>1</sup> Operated by Arizona Public Service.

<sup>2</sup> Represents a constant value of line loss from Four Corners.

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

CCGT= Combined-cycle gas turbine

GT= Gas turbine

PWR = Pressurized water reactor

| Plant   | Seller                             | Initial Year of Purchase Under Current Contract | Point of Delivery | Total Capacity (Megawatts) |
|---|------------------------------------|---|-------------------|----------------------------|
| <b>Purchases (other utilities):</b>                     |                                    |   |                   |                            |
| <b>System (firm purchase/interchange):</b>              |                                    |   |                   |                            |
| Hoover — SCE  | Western Area Power Admin.          | 1987  | Mead substation   | 278                        |
| Off-System Losses                                       |                                    |   |                   | —                          |
| Subtotal  |                                    |   |                   | <u>278</u>                 |
| <b>Other area resources:</b>                            |                                    |   |                   |                            |
| MWD, Hoover to SCE                                      | MWD                                | 1987  | Hoover plant      | 248                        |
| MWD, Parker to SCE                                      | MWD                                | 1987  | Hoover plant      | 60                         |
| USDOE, Parker/Davis                                     | Department of Defense, Edwards AFB | 2001  | Blythe substation | 18                         |
| USDOE, Parker/Davis                                     | Department of Defense, March AFB   | 2004  | Blythe substation | 5                          |
| Subtotal  |                                    |   |                   | <u>331</u>                 |
| <b>Total other utility purchases</b>                    |                                    |   |                   | <b><u>609</u></b>          |
| <b>Purchases (other power producers):</b>               |                                    |   |                   |                            |
| Cogeneration  |                                    |   |                   | 1,682                      |
| Biomass   |                                    |   |                   | 152                        |
| Small hydro   |                                    |   |                   | 45                         |
| Wind  |                                    |   |                   | 197                        |
| Geothermal  |                                    |   |                   | 878                        |
| Solar   |                                    |   |                   | 355                        |
| <b>Total other power producers</b>                      |                                    |   |                   | <b><u>3,309</u></b>        |
| <b>Total purchases/exchanges</b>                        |                                    |   |                   | <b><u>3,918</u></b>        |
| <b>Total generation capacity resources <sup>1</sup></b> |                                    |   |                   | <b><u>9,217</u></b>        |

<sup>1</sup> Includes isolated resources.

# SCE Operating Statistics

| Year Ended December 31,  | 2007         |               | 2006         |               | 2005          |               | 2004          |               | 2003         |               | 2002         |               |
|--|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|
|  | MW           | %             | MW           | %             | MW            | %             | MW            | %             | MW           | %             | MW           | %             |
| <b>SCE generating capacity resources (MW) — summer effective rating:</b> |              |               |              |               |               |               |               |               |              |               |              |               |
| <b>SCE owned:</b>  |              |               |              |               |               |               |               |               |              |               |              |               |
| Oil and gas (Catalina)   | 9            | 0.1%          | 9            | 0.1%          | 9             | 0.1%          | 9             | 0.1%          | 9            | 0.1%          | 9            | 0.1%          |
| Nuclear  | 2,294        | 24.9          | 2,294        | 24.8          | 2,215         | 21.0          | 2,215         | 22.2          | 2,204        | 22.6          | 2,204        | 22.6          |
| Coal   | 698          | 7.6           | 688          | 7.4           | 1,573         | 14.9          | 1,573         | 15.4          | 1,573        | 16.1          | 1,573        | 16.1          |
| Hydro  | 1,153        | 12.5          | 1,153        | 12.4          | 1,153         | 11.0          | 1,153         | 11.3          | 1,153        | 12.0          | 1,173        | 12.0          |
| Gas-fired CCGT / GT <sup>1</sup>   | 1,145        | 12.4          | 969          | 10.5          | 484           | 4.6           | —             | —             | —            | —             | —            | —             |
| <b>Purchases:</b>  |              |               |              |               |               |               |               |               |              |               |              |               |
| Other utilities <sup>2</sup>   | 609          | 6.7           | 820          | 8.9           | 1,667         | 15.8          | 1,667         | 16.3          | 1,667        | 17.0          | 1,667        | 17.0          |
| <b>Other power producers:</b>  |              |               |              |               |               |               |               |               |              |               |              |               |
| Cogeneration   | 1,682        | 18.2          | 1,720        | 18.6          | 1,730         | 16.4          | 1,724         | 16.9          | 1,725        | 17.7          | 1,724        | 17.7          |
| Biomass  | 152          | 1.6           | 156          | 1.7           | 179           | 1.7           | 203           | 2.0           | 185          | 1.9           | 188          | 1.9           |
| Small hydro  | 45           | 0.5           | 40           | 0.4           | 34            | 0.3           | 42            | 0.4           | 25           | 0.3           | 25           | 0.3           |
| Wind   | 197          | 2.1           | 184          | 2.0           | 231           | 2.2           | 270           | 2.7           | 67           | 1.8           | 173          | 1.8           |
| Geothermal   | 878          | 9.5           | 869          | 9.4           | 901           | 8.6           | 939           | 9.2           | 900          | 6.9           | 677          | 6.9           |
| Solar  | 355          | 3.9           | 355          | 3.8           | 360           | 3.4           | 360           | 3.5           | 353          | 3.6           | 354          | 3.6           |
| <b>Total</b>   | <b>9,217</b> | <b>100.0%</b> | <b>9,257</b> | <b>100.0%</b> | <b>10,536</b> | <b>100.0%</b> | <b>10,155</b> | <b>100.0%</b> | <b>9,861</b> | <b>100.0%</b> | <b>9,767</b> | <b>100.0%</b> |

## SCE total energy requirement (millions of kWh):

|  |               |               |               |               |               |               |               |              |               |              |               |              |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|--------------|
| <b>SCE owned:</b>                          |               |               |               |               |               |               |               |              |               |              |               |              |
| Nuclear                                    | 17,687        | 21.0%         | 13,979        | 16.9%         | 17,886        | 22.7%         | 15,724        | 20.0%        | 18,255        | 23.7%        | 18,421        | 25.7%        |
| Coal                                       | 4,914         | 5.8           | 5,631         | 6.8           | 11,237        | 14.3          | 10,789        | 13.7         | 10,984        | 14.2         | 10,345        | 14.5         |
| Hydro                                      | 2,278         | 2.7           | 5,038         | 6.1           | 5,089         | 6.5           | 3,525         | 4.5          | 3,990         | 5.2          | 3,611         | 5.0          |
| Oil (Catalina)                             | 31            | —             | 32            | —             | 31            | —             | 31            | —            | 30            | —            | 27            | —            |
| Peakers GT <sup>1</sup>                    | 31            | —             | —             | —             | —             | —             | —             | —            | —             | —            | —             | —            |
| Gas-fired CCGT <sup>1</sup>                | 6,347         | 7.5           | 4,933         | 6.0           | 327           | 0.4           | —             | —            | —             | —            | —             | —            |
| <b>Purchased power: <sup>3</sup></b>       |               |               |               |               |               |               |               |              |               |              |               |              |
| PX purchases — net <sup>4</sup>            | —             | —             | —             | —             | —             | —             | —             | —            | —             | —            | (51)          | (0.1)        |
| Firm <sup>5</sup>                          | 13,975        | 16.6          | 13,108        | 15.8          | 12,234        | 15.5          | 8,346         | 10.6         | 7,110         | 9.3          | 2,263         | 3.2          |
| Economy/other <sup>6</sup>                 | (550)         | (0.7)         | (95)          | (0.1)         | (293)         | (0.4)         | (1,806)       | (2.3)        | (1,292)       | (1.7)        | (1,914)       | (2.7)        |
| <b>Other power producers: <sup>3</sup></b> |               |               |               |               |               |               |               |              |               |              |               |              |
| Cogeneration                               | 12,435        | 14.8          | 12,486        | 15.1          | 13,529        | 17.2          | 13,830        | 17.6         | 13,837        | 17.9         | 13,668        | 19.1         |
| Biomass                                    | 1,253         | 1.6           | 1,428         | 1.7           | 1,371         | 1.7           | 1,467         | 1.9          | 1,391         | 1.8          | 1,482         | 2.1          |
| Small hydro                                | 197           | 0.2           | 352           | 0.4           | 320           | 0.4           | 243           | 0.3          | 239           | 0.3          | 229           | 0.3          |
| Wind                                       | 2,385         | 2.8           | 2,226         | 2.7           | 2,229         | 2.8           | —             | —            | —             | —            | —             | —            |
| Geothermal                                 | 7,570         | 9.0           | 7,484         | 9.0           | 7,855         | 10.0          | 7,862         | 10.0         | 7,070         | 9.2          | 6,041         | 8.4          |
| Solar                                      | 663           | 0.8           | 612           | 0.7           | 610           | 0.8           | 741           | 0.9          | 759           | 1.0          | 881           | 1.2          |
| CDWR - ISO <sup>3</sup>                    | 15,065        | 17.9          | 15,614        | 18.9          | 6,347         | 8.1           | 15,610        | 19.8         | 12,444        | 16.1         | 14,036        | 19.6         |
| <b>Total <sup>7</sup></b>                  | <b>84,281</b> | <b>100.0%</b> | <b>82,828</b> | <b>100.0%</b> | <b>78,772</b> | <b>100.0%</b> | <b>76,362</b> | <b>97.0%</b> | <b>74,817</b> | <b>97.0%</b> | <b>69,039</b> | <b>96.3%</b> |
| Area peak demand (MW)                      | 23,303        |               | 22,889        |               | 21,934        |               | 20,762        |              | 20,136        |              | 18,821        |              |
| Annual area system load factor (%)         | 52.2          |               | 52.7          |               | 52.3          |               | 55.1          |              | 55.1          |              | 57.6          |              |

<sup>1</sup> CCGT = Combined-cycle gas turbine; GT = Gas turbine

<sup>2</sup> Includes system and unit purchases and net interchange. Excludes public power utilities.

<sup>3</sup> Calculated consistent with the accrual basis of accounting.

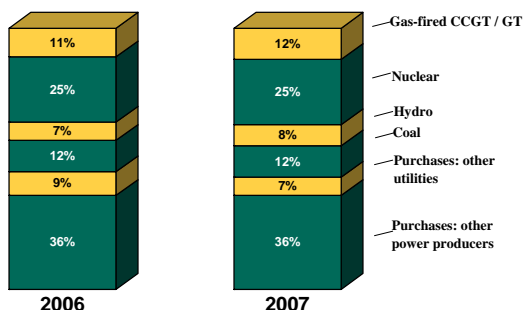
<sup>4</sup> Net purchases represent energy purchases from the PX in excess of energy sales to the PX. Includes lagged PX/ISO settlement agreement.

<sup>5</sup> Includes bilateral and long term contracts.

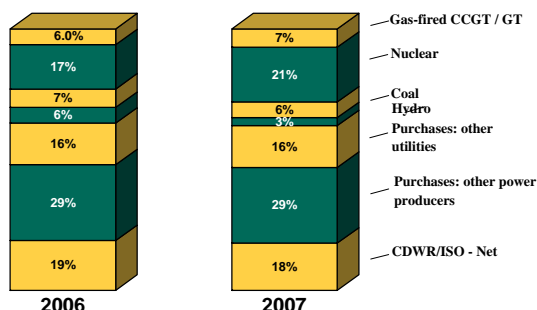
<sup>6</sup> Includes economy energy, exchange energy, fringe energy and net interchange.

<sup>7</sup> Excludes direct access and resale customer requirements. Includes generation line losses.

SOUTHERN CALIFORNIA EDISON  
GENERATING CAPACITY RESOURCE MIX



SOUTHERN CALIFORNIA EDISON  
TOTAL ENERGY REQUIREMENT



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

| <i>(In Millions)</i>                                | Electric Utility | VIEs          | Eliminations   | SCE              |
|---|------------------|---------------|----------------|------------------|
| <b>Balance sheet items as of December 31, 2007:</b> |                  |               |                |                  |
| Cash and equivalents                                | \$ 142           | \$ 110        | \$ —           | \$ 252           |
| Accounts receivable — net                           | 684              | 110           | (69)           | 725              |
| Inventory   | 265              | 18            | —              | 283              |
| Other current assets                                | 184              | 4             | —              | 188              |
| Nonutility property — net of depreciation           | 700              | 300           | —              | 1,000            |
| Other long-term assets                              | 627              | 2             | —              | 629              |
| <b>Total assets</b>                                 | <b>\$ 27,005</b> | <b>\$ 544</b> | <b>\$ (69)</b> | <b>\$ 27,480</b> |
| Accounts payable                                    | 902              | 81            | (69)           | 914              |
| Other current liabilities                           | 545              | 3             | —              | 548              |
| Asset retirement obligations                        | 2,862            | 15            | —              | 2,877            |
| Minority interest                                   | 1                | 445           | —              | 446              |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$ 27,005</b> | <b>\$ 544</b> | <b>\$ (69)</b> | <b>\$ 27,480</b> |
| <b>Balance sheet items as of December 31, 2006:</b> |                  |               |                |                  |
| Cash and equivalents                                | \$ 5             | \$ 78         | \$ —           | \$ 83            |
| Accounts receivable — net                           | 893              | 141           | (95)           | 939              |
| Inventory   | 218              | 14            | —              | 232              |
| Other current assets                                | 50               | 4             | —              | 54               |
| Nonutility property — net of depreciation           | 727              | 319           | —              | 1,046            |
| Other long-term assets                              | 481              | 7             | —              | 488              |
| <b>Total assets</b>                                 | <b>\$ 25,642</b> | <b>\$ 563</b> | <b>\$ (95)</b> | <b>\$ 26,110</b> |
| Accounts payable                                    | 809              | 142           | (95)           | 856              |
| Other current liabilities                           | 622              | 2             | —              | 624              |
| Long-term debt                                      | 5,117            | 54            | —              | 5,171            |
| Asset retirement obligations                        | 2,735            | 14            | —              | 2,749            |
| Minority interest                                   | —                | 351           | —              | 351              |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$ 25,642</b> | <b>\$ 563</b> | <b>\$ (95)</b> | <b>\$ 26,110</b> |

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

| <i>(In Millions)</i>                                   | Electric Utility | VIEs        | Eliminations <sup>1</sup> | SCE           |
|--|------------------|-------------|---------------------------|---------------|
| <b>Income statement items as of December 31, 2007:</b> |                  |             |                           |               |
| Operating revenue                                      | \$ 10,099        | \$ 1,129    | \$ (750)                  | \$ 10,478     |
| Fuel   | 482              | 709         | —                         | 1,191         |
| Purchased power  | 3,874            | —           | (750)                     | 3,124         |
| Provisions for regulatory adjustments clauses — net    | 271              | —           | —                         | 271           |
| Other operation and maintenance                        | 2,744            | 96          | —                         | 2,840         |
| Depreciation, decommissioning and amortization         | 1,058            | 36          | —                         | 1,094         |
| Property and other taxes                               | 217              | —           | —                         | 217           |
| Total operating expenses                               | 8,646            | 841         | (750)                     | 8,737         |
| Operating income                                       | 1,453            | 288         | —                         | 1,741         |
| Interest income  | 41               | 3           | —                         | 44            |
| Other nonoperating income                              | 75               | 14          | —                         | 89            |
| Interest expense — net of amounts capitalized          | (429)            | —           | —                         | (429)         |
| Other non operating deductions                         | (45)             | —           | —                         | (45)          |
| Income tax expense                                     | (337)            | —           | —                         | (337)         |
| Minority interest                                      | —                | (305)       | —                         | (305)         |
| <b>Net income</b>                                      | <b>\$ 758</b>    | <b>\$ —</b> | <b>\$ —</b>               | <b>\$ 758</b> |
| <b>Income statement items as of December 31, 2006:</b> |                  |             |                           |               |
| Operating revenue                                      | \$ 9,926         | \$ 1,137    | \$ (751)                  | \$ 10,312     |
| Fuel   | 389              | 723         | —                         | 1,112         |
| Purchased power  | 4,160            | —           | (751)                     | 3,409         |
| Provisions for regulatory adjustment clauses — net     | 25               | —           | —                         | 25            |
| Other operation and maintenance                        | 2,575            | 103         | —                         | 2,678         |
| Depreciation, decommissioning and amortization         | 990              | 36          | —                         | 1,026         |
| Property and other taxes                               | 206              | —           | —                         | 206           |
| Net gain on sale of utility property and plant         | (1)              | —           | —                         | (1)           |
| Total operating expenses                               | 8,344            | 862         | (751)                     | 8,455         |
| Operating income                                       | 1,582            | 275         | —                         | 1,857         |
| Interest income  | 58               | —           | —                         | 58            |
| Other nonoperating income                              | 85               | —           | —                         | 85            |
| Interest expense — net of amounts capitalized          | (400)            | —           | —                         | (400)         |
| Other nonoperating deductions                          | (60)             | —           | —                         | (60)          |
| Income tax expense                                     | (438)            | —           | —                         | (438)         |
| Minority interest                                      | —                | (275)       | —                         | (275)         |
| <b>Net income</b>                                      | <b>\$ 827</b>    | <b>\$ —</b> | <b>\$ —</b>               | <b>\$ 827</b> |

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

## Regulatory Assets

(In millions)

| December 31,   | 2007            | 2006            | 2005            |
|--|-----------------|-----------------|-----------------|
| <b>Current:</b>  |                 |                 |                 |
| Regulatory balancing accounts                                      | \$ 99           | \$ 128          | \$ 355          |
| Rate reduction — transition cost deferral                          | —               | 219             | —               |
| Direct access procurement charges                                  | —               | 63              | 113             |
| Energy derivatives   | 71              | 88              | —               |
| Purchased-power settlements  | 8               | 31              | 53              |
| Deferred FTR proceeds  | 15              | 14              | —               |
| Other  | 4               | 11              | 15              |
|  | <u>197</u>      | <u>554</u>      | <u>536</u>      |
| <b>Long-term:</b>  |                 |                 |                 |
| Regulatory balancing accounts                                      | 15              | —               | —               |
| Flow-through taxes — net   | 1,110           | 1,023           | 1,066           |
| Rate reduction notes — transition cost deferral                    | —               | —               | 465             |
| Unamortized nuclear investment — net                               | 405             | 435             | 487             |
| Nuclear-related Asset Retirement Obligation (ARO) investment — net | 297             | 317             | 292             |
| Unamortized coal plant investment — net                            | 94              | 102             | 97              |
| Unamortized loss on reacquired debt                                | 331             | 318             | 323             |
| Direct access procurement charges                                  | —               | —               | 40              |
| SFAS No. 158 pensions and other postretirement benefits            | 231             | 303             | —               |
| Energy derivatives   | 70              | 145             | 58              |
| Environmental remediation  | 64              | 77              | 56              |
| Other  | 104             | 98              | 129             |
|  | <u>2,721</u>    | <u>2,818</u>    | <u>3,013</u>    |
| <b>Total Regulatory Assets</b>                                     | <u>\$ 2,918</u> | <u>\$ 3,372</u> | <u>\$ 3,549</u> |

## Regulatory Liabilities

(In millions)

| December 31,  | 2007            | 2006            | 2005            |
|---|-----------------|-----------------|-----------------|
| <b>Current:</b>   |                 |                 |                 |
| Regulatory balancing accounts                           | \$ 967          | \$ 912          | \$ 370          |
| Rate reduction notes — transition cost overcollection   | 20              | —               | —               |
| Direct access procurement charges                       | —               | 63              | 113             |
| Energy derivatives                                      | 10              | 7               | 136             |
| Deferred FTR costs                                      | 19              | 11              | —               |
| Other   | 3               | 7               | 62              |
|   | <u>1,019</u>    | <u>1,000</u>    | <u>681</u>      |
| <b>Long-term:</b>                                       |                 |                 |                 |
| ARO   | 793             | 732             | 584             |
| Costs of removal  | 2,230           | 2,158           | 2,110           |
| SFAS No. 158 pensions and other postretirement benefits | 308             | 145             | —               |
| Direct access procurement charges                       | —               | —               | 39              |
| Energy derivatives                                      | 27              | 27              | —               |
| Employee benefits plan                                  | 75              | 78              | 229             |
|   | <u>3,433</u>    | <u>3,140</u>    | <u>2,962</u>    |
| <b>Total Regulatory Liabilities</b>                     | <u>\$ 4,452</u> | <u>\$ 4,140</u> | <u>\$ 3,643</u> |

## Balancing Accounts (Unaudited) <sup>1</sup>

(In millions)

| December 31,   | 2007          | 2006          | 2005          |
|--|---------------|---------------|---------------|
| <b>Assets</b>  |               |               |               |
| <b>Current:</b>  |               |               |               |
| Base rate performance                                  | \$ 77         | \$ 73         | \$ 69         |
| Catastrophic event                                     | 53            | 48            | 187           |
| Transmission revenue                                   | —             | 28            | 10            |
| Reliability service                                    | —             | 24            | 125           |
| Transmission access charge                             | 33            | 27            | 18            |
| Other — net  | (64)          | (72)          | (54)          |
|  | <u>99</u>     | <u>128</u>    | <u>355</u>    |
| <b>Long term:</b>                                      |               |               |               |
| Catastrophic event                                     | 14            | —             | —             |
| Other — net  | 1             | —             | —             |
|  | <u>15</u>     | <u>—</u>      | <u>—</u>      |
| <b>Total balancing account — assets</b>                | <u>\$ 114</u> | <u>\$ 128</u> | <u>\$ 355</u> |
| <b>Liabilities</b>                                     |               |               |               |
| <b>Current:</b>  |               |               |               |
| Base revenue requirement                               | \$ 295        | \$ 105        | \$ 179        |
| Energy settlements                                     | 46            | 57            | 52            |
| Safety and reliability performance incentive mechanism | 2             | 2             | 2             |
| Public purpose program adjustment                      | 192           | 207           | 80            |
| Generation revenue                                     | 390           | 540           | (18)          |
| Transmission revenue                                   | 31            | —             | —             |
| Reliability service                                    | 21            | —             | —             |
| Other distribution adjustment                          | —             | —             | 72            |
| Other — net  | (10)          | 1             | 3             |
|  | <u>967</u>    | <u>912</u>    | <u>370</u>    |
| <b>Total balancing account — liabilities</b>           | <u>967</u>    | <u>912</u>    | <u>370</u>    |
| <b>Total balancing account — net</b>                   | <u>\$ 853</u> | <u>\$ 784</u> | <u>\$ 15</u>  |

<sup>1</sup> Includes interest.

## SCE System Rate Base <sup>1</sup>

(In Millions)

Year Ended December 31,

|                                      | 2007 <sup>2</sup> | 2006 <sup>2</sup> | 2005 <sup>2</sup> | 2004            | 2003            | 2002            |
|--------------------------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|
| <b>Fixed capital:</b>                |                   |                   |                   |                 |                 |                 |
| Plant in service                     | \$ 26,487         | \$ 25,252         | \$ 23,661         | \$ 22,755       | \$ 22,064       | \$ 21,502       |
| Property held for future use         | 16                | 11                | 4                 | 4               | 3               | 5               |
| <b>Total fixed capital</b>           | <b>26,503</b>     | <b>25,263</b>     | <b>23,665</b>     | <b>22,759</b>   | <b>22,067</b>   | <b>21,507</b>   |
| Adjustments                          | (102)             | (87)              | (68)              | (51)            | (44)            | 35              |
| <b>Working capital</b>               | <b>(98)</b>       | <b>(101)</b>      | <b>110</b>        | <b>98</b>       | <b>93</b>       | <b>180</b>      |
| <b>Reserves:</b>                     |                   |                   |                   |                 |                 |                 |
| Depreciation                         | (12,950)          | (12,640)          | (12,416)          | (12,175)        | (11,816)        | (11,797)        |
| Accumulated deferred income taxes    | (1,533)           | (1,496)           | (1,413)           | (1,128)         | (1,050)         | (574)           |
| Other                                | (101)             | (103)             | (98)              | (95)            | (90)            | (250)           |
| <b>Total reserves</b>                | <b>(14,584)</b>   | <b>(14,239)</b>   | <b>(13,927)</b>   | <b>(13,398)</b> | <b>(12,956)</b> | <b>(12,621)</b> |
| <b>System rate base <sup>2</sup></b> | <b>\$ 11,719</b>  | <b>\$ 10,836</b>  | <b>\$ 9,780</b>   | <b>\$ 9,408</b> | <b>\$ 9,160</b> | <b>\$ 9,101</b> |

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

<sup>2</sup> Includes Mountainview.

## Detail of SCE Utility Plant — Net

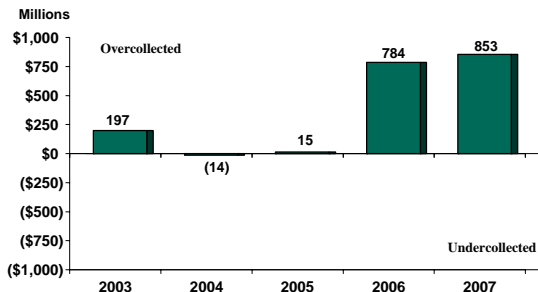
December 31,

|  | 2007               | 2006               | 2005             |
|--|--------------------|--------------------|------------------|
| <b>Generation:</b>   |                    |                    |                  |
| Nuclear <sup>1</sup>                                       | \$ 716             | \$ 643             | \$ 631           |
| Hydro  | 492                | 479                | 466              |
| Steam  | 96                 | 73                 | 100              |
| Mohave regulatory asset                                    | 93                 | 102                | 97               |
| Generation general and intangible                          | 59                 | 54                 | 49               |
| Generation-related transmission                            | 54                 | 54                 | 19               |
| Other  | 263                | 30                 | 26               |
| <b>Total generation</b>                                    | <b>1,773</b>       | <b>1,435</b>       | <b>1,388</b>     |
| Distribution   | 9,612              | 9,002              | 8,417            |
| Transmission   | 3,628              | 3,410              | 3,167            |
| T&D general and intangible                                 | 1,003              | 910                | 971              |
| Gas and water (Catalina)                                   | 15                 | 15                 | 8                |
| Construction work in progress                              | 1,693 <sup>1</sup> | 1,501 <sup>1</sup> | 956              |
| Nuclear fuel   | 177                | 177                | 146              |
| Total utility plant — net (unadjusted)                     | <b>17,901</b>      | <b>16,450</b>      | <b>15,053</b>    |
| Less: amounts classified as regulatory assets <sup>2</sup> |                    |                    |                  |
| Nuclear regulatory asset                                   | 405                | 435                | 487              |
| Mohave regulatory asset                                    | 93                 | 102                | 97               |
| Total utility plant — net — as shown in Annual Report      | <b>\$ 17,403</b>   | <b>\$ 15,913</b>   | <b>\$ 14,469</b> |

<sup>1</sup> Includes nuclear plant and regulatory asset.

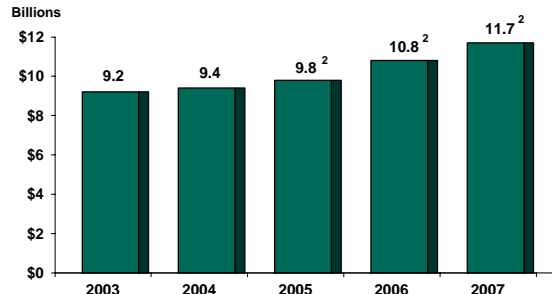
<sup>2</sup> Nuclear plant assets and related depreciation were reclassified as regulatory assets in 1998. A portion of the Mohave plant and depreciation were reclassified as a regulatory asset in 2002. In 2005, all Mohave plant assets and related depreciation were reclassified as regulatory assets.

SOUTHERN CALIFORNIA EDISON  
BALANCING ACCOUNT - NET <sup>1</sup>



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

SOUTHERN CALIFORNIA EDISON  
SYSTEM RATE BASE <sup>1</sup>



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

<sup>2</sup> Includes Mountainview.

## Palo Verde Plant Facts

|  | Unit 1            | Unit 2            | Unit 3                         |
|--|-------------------|-------------------|--------------------------------|
| Commercial operation                   | 02/01/86          | 09/19/86          | 01/20/88                       |
| Net plant capacity (MW) <sup>1</sup>   | 1311 <sup>2</sup> | 1,314             | 1,317 <sup>3</sup>             |
| 2007 net generation (MWh) <sup>1</sup> | 8,841,134         | 10,957,595        | 6,993,690                      |
| 2007 capacity factor (CF) (%)          | 77.0              | 95.2              | 64.0                           |
| Lifetime net CF through 2007 (%)       | 75.2              | 81.8              | 82.7                           |
| Last refueling outage                  | 05/19/07-07/19/07 | 09/30/06-11/14/06 | 09/29/07-01/19/08 <sup>4</sup> |
| Last refueling outage days             | 61                | 45                | 112 <sup>3</sup>               |

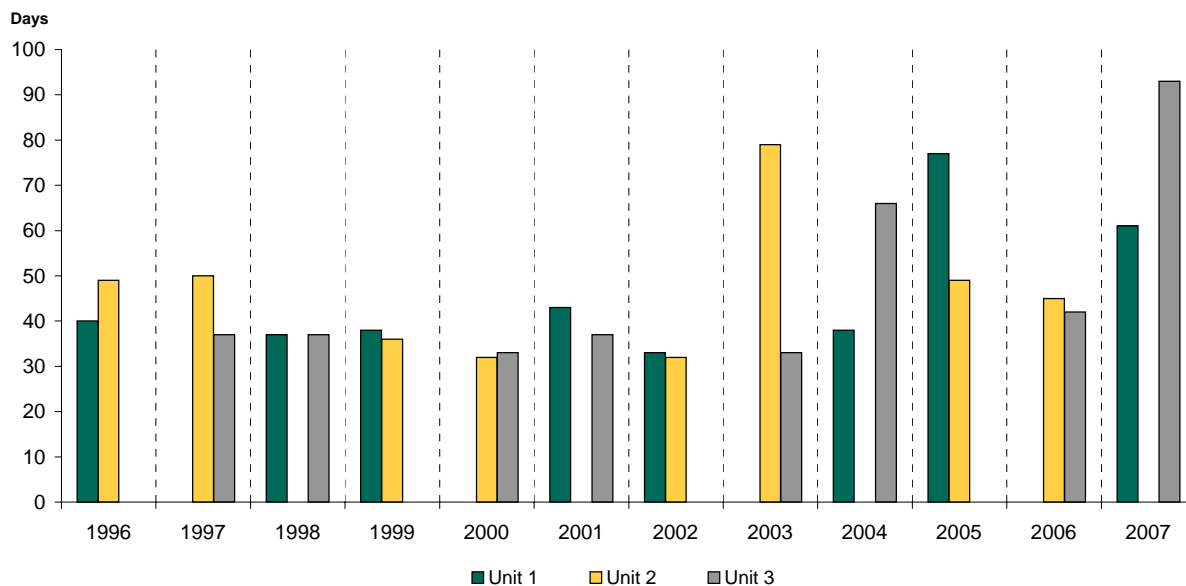
<sup>1</sup> Capacity and generation are reported at the 100% level. SCE's share is 15.8%.

<sup>2</sup> The unit was rerated effective January 1, 2007, as a result of Unit 1's power uprate modifications and Steam Generator replacement.

<sup>3</sup> The unit was rerated effective January 1, 2008, as a result of Unit 3's power uprate modifications and Steam Generator replacement.

<sup>4</sup> Unit 3's refueling outage began in 2007 (93 days) and ended in 2008 (19 days).

## Palo Verde Refueling History <sup>1</sup>



<sup>1</sup> 2007 Unit 3's refueling outage began in 2007 and ended in 2008, only 2007 outage days are reflected in the graph.

## Palo Verde Annual Capacity Factors

| Year | Unit 1 | Unit 2 | Unit 3 |
|------|--------|--------|--------|
| 1996 | 81%    | 87%    | 100%   |
| 1997 | 99%    | 86%    | 87%    |
| 1998 | 88%    | 102%   | 88%    |
| 1999 | 89%    | 90%    | 100%   |
| 2000 | 100%   | 87%    | 90%    |
| 2001 | 88%    | 93%    | 84%    |
| 2002 | 89%    | 92%    | 102%   |
| 2003 | 97%    | 78%    | 87%    |
| 2004 | 85%    | 91%    | 75%    |
| 2005 | 66%    | 82%    | 84%    |
| 2006 | 42%    | 85%    | 86%    |
| 2007 | 77%    | 95%    | 64%    |

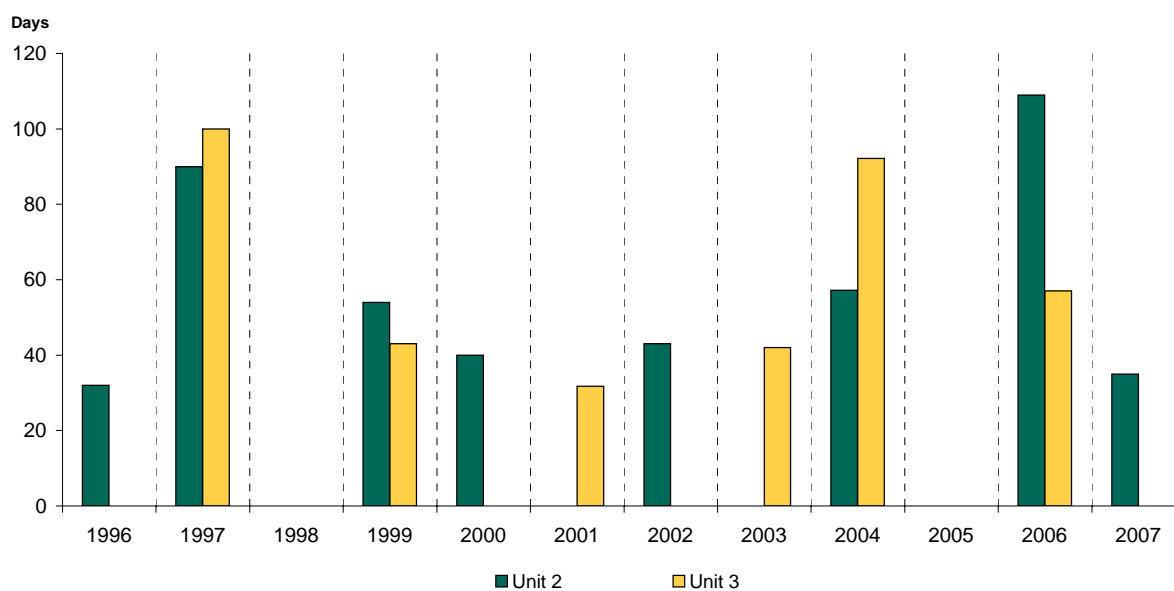
## San Onofre Plant Facts

|  | Unit 2                           | Unit 3            |
|--|----------------------------------|-------------------|
| Commercial operation                   | 08/08/83                         | 04/01/84          |
| Net plant capacity (MW) <sup>1</sup>   | 1,070                            | 1,080             |
| 2007 net generation (MWh) <sup>1</sup> | 8,298,430                        | 8,905,571         |
| 2007 net capacity factor (CF) (%)      | 88.5                             | 94.1              |
| Lifetime net CF through 2007 (%)       | 81.3                             | 80.8              |
| Last refueling outage                  | 11/26/07 - 01/19/08 <sup>2</sup> | 10/16/06-12/12/06 |
| Last refueling outage days             | 54 <sup>2</sup>                  | 57                |

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

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

## San Onofre Refueling History <sup>1</sup>



<sup>1</sup> Unit 2's refueling outage began in 2007 (35 days) and ended in 2008 (19 days), only 2007 outage days are reflected in the graph.

## San Onofre Annual Capacity Factors

| Year | Unit 2 | Unit 3 |
|------|--------|--------|
| 1996 | 91%    | 93%    |
| 1997 | 71%    | 72%    |
| 1998 | 90%    | 96%    |
| 1999 | 88%    | 89%    |
| 2000 | 91%    | 102%   |
| 2001 | 101%   | 60%    |
| 2002 | 91%    | 101%   |
| 2003 | 104%   | 91%    |
| 2004 | 86%    | 74%    |
| 2005 | 95%    | 100%   |
| 2006 | 72%    | 72%    |
| 2007 | 89%    | 94%    |

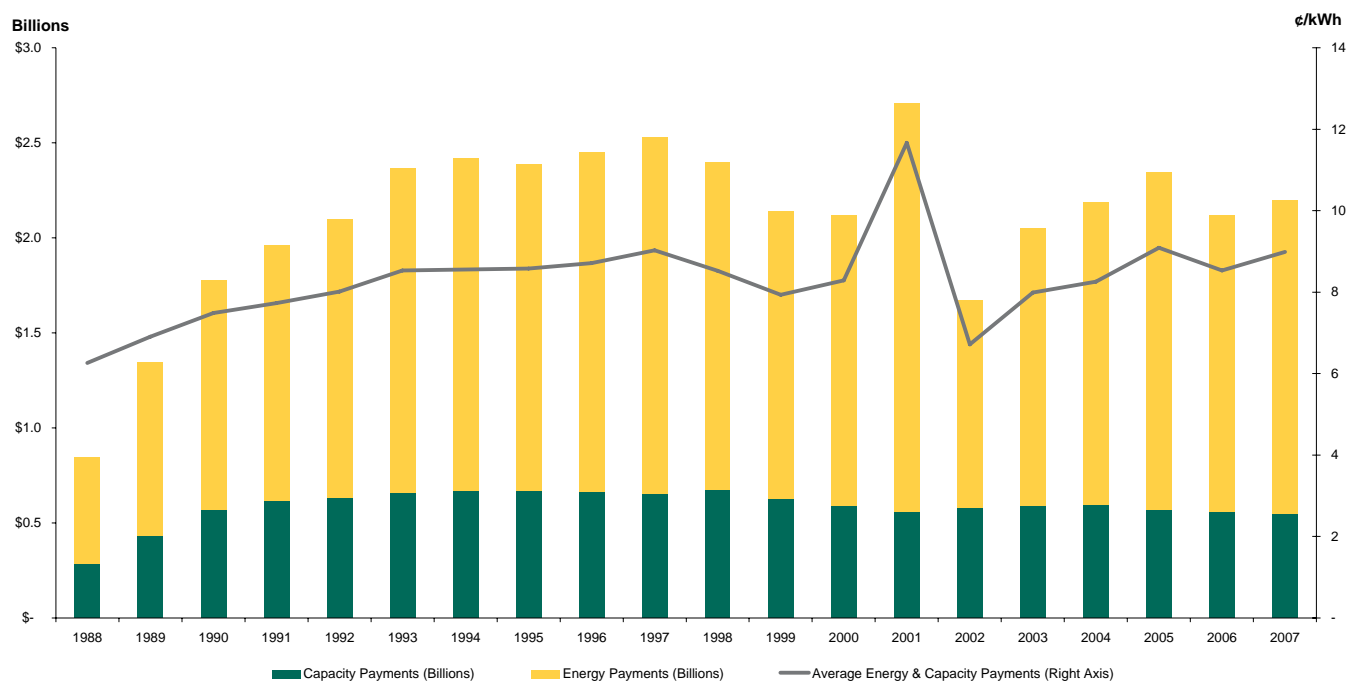
## Jointly Owned Utility Projects

(In millions)

As of December 31, 2007

|                                   | Investment<br>in Facility | Accumulated Depreciation<br>and Amortization Interest | Ownership |
|-----------------------------------|---------------------------|---|-----------|
| <b>Transmission systems:</b>      |                           |   |           |
| Eldorado                          | \$ 71                     | \$ 12   | 60%       |
| Pacific Intertie                  | 308                       | 96  | 50%       |
| <b>Generating stations:</b>       |                           |   |           |
| Four Corners Units 4 and 5 (coal) | 529                       | 435   | 48%       |
| Mohave (coal)                     | 344                       | 283   | 56%       |
| Palo Verde (nuclear)              | 1,800                     | 1,490   | 16%       |
| San Onofre (nuclear)              | 4,722                     | 4,001   | 78%       |
| <b>Total</b>                      | <b>\$ 7,774</b>           | <b>\$ 6,317</b>                                       |           |

## Cogeneration and Renewable Payments (1988-2007)



## Cogeneration and Renewable Resources

Year Ended December 31, 2007

| On-Line Projects | On-Line Dedicated<br>Capacity <sup>1</sup><br>MW | Energy Deliveries<br>GWh | Energy and<br>Capacity Payments<br>(\$ in Millions) | Average Prices for<br>Energy and<br>Capacity Payments<br>¢/kWh |
|------------------|--|--------------------------|---|--|
| BioMass          | 20   | 174                      | \$ 112  | 8.92   |
| Cogeneration     | 59   | 1,839                    | 1,164   | 9.39   |
| Geothermal       | 20   | 906                      | 620   | 8.15   |
| Small Hydro      | 34   | 94                       | 12  | 6.12   |
| Solar            | 10   | 354                      | 108   | 16.19  |
| Wind             | 62   | 1,025                    | 186   | 7.83   |
| <b>Total</b>     | <b>205</b>                                       | <b>24,500</b>            | <b>\$ 2,202</b>                                     | <b>8.99</b>  |

<sup>1</sup> On-Line Dedicated Capacity includes firm and estimated as-available capacity.

## California Public Utilities Commission (CPUC) and Commissioners

SCE is subject to regulation by the CPUC, which has authority over, among other things, retail rates, securities issues, depreciation practices, and plant additions. The CPUC is composed of five members appointed by the Governor for staggered six-year terms.

| <b>CPUC Commissioners as of December 31, 2007:</b>  | <i>Appointed</i> | <i>Term Expires</i>      |
|---|------------------|--------------------------|
| <b>Michael R. Peevey</b> - Democrat, economist and entrepreneur, former President of Southern California Edison (October 1990 to March 1993).   | <b>2003</b>      | <b>December 31, 2008</b> |
| <b>Dian M. Grueneich</b> - Democrat, served on the Board of the American Council for Energy Efficient Economy and a past President of the Board of the California League of Conservation Voters (CLCV).   | <b>2005</b>      | <b>January 1, 2011</b>   |
| <b>John Bohn</b> - Republican, a former Chairman of GlobalNet Venture Partners, former Managing Director of the public relations firm Burson-Marsteller, and a past President and Chief Executive Officer of Moody's Investors Service.                                   | <b>2005</b>      | <b>December 31, 2010</b> |
| <b>Rachelle Chong</b> - Republican, a former Commissioner of the Federal Communications Commission and former communications regulatory lawyer and partner at the law firms of Graham & James and Coudert Brothers.   | <b>2006</b>      | <b>January 1, 2009</b>   |
| <b>Timothy Alan Simon</b> - Republican, served in the Office of the Governor. Former General Counsel for Global Crown Capital, LLC. (2002 to 2005), Vice President and Chief Compliance Officer for Preferred Trade, Inc., and a consultant to Barclays Global Investors. | <b>2007</b>      | <b>February 15, 2013</b> |

## Other Regulatory Agencies

### FEDERAL ENERGY REGULATORY COMMISSION (FERC)

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

### CALIFORNIA ENERGY COMMISSION (CEC)

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

### NUCLEAR REGULATORY COMMISSION (NRC)

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

## *Competitive Businesses*

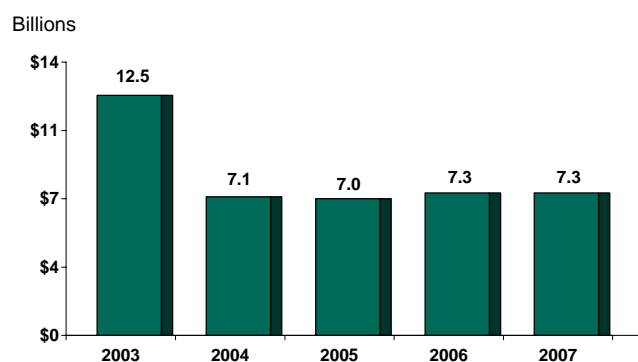


# Edison Mission Energy

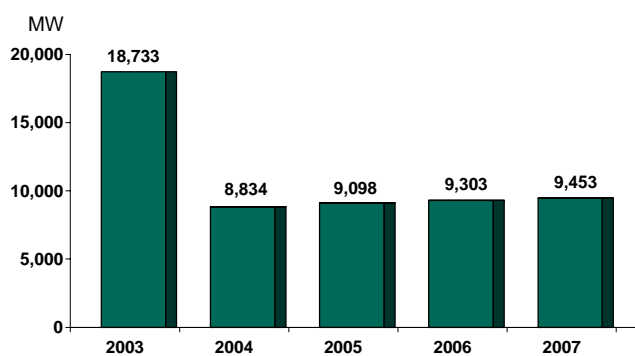
Mission Energy Holding Company is the parent company of Edison Mission Energy (EME). EME is an independent power producer engaged in the business of developing, acquiring, owning or leasing, operating and selling energy and capacity from independent power production facilities. EME also conducts hedging and energy trading activities in power markets open to competition. As of December 31, 2007, EME's continuing operations consisted of owned or leased interests in 33 operating projects with an aggregate net physical capacity of 10,623 MW of which EME's capacity pro rata share was 9,453 MW. During 2004 and early 2005, EME sold assets totaling 6,452 MW, which constituted most of its international assets. Based in Irvine, California, EME had \$7.3 billion in assets as of December 31, 2007.

## Highlights

**EDISON MISSION ENERGY  
TOTAL ASSETS**



**OWNED SHARES OF  
OPERATING PROJECTS**



1 Not restated for discontinued operations or wind transfer

## Quarterly Financial Data (Unaudited)

(In Millions)

|  | First  | Second            | Third <sup>1</sup> | Fourth | Total    |
|--|--------|-------------------|--------------------|--------|----------|
| <b>2007</b>                              |        |                   |                    |        |          |
| Operating revenues                       | \$ 673 | \$ 570            | \$ 712             | \$ 625 | \$ 2,580 |
| Operating income                         | 247    | 107               | 261                | 149    | 764      |
| Income (loss) from continuing operations | 153    | (19) <sup>2</sup> | 194                | 88     | 416      |
| Discontinued operations, net             | 3      | 2                 | (4)                | (3)    | (2)      |
| Income (loss) before accounting change   | 156    | (17)              | 190                | 85     | 414      |
| Net income (loss)                        | 156    | (17)              | 190                | 85     | 414      |
| <b>2006</b>                              |        |                   |                    |        |          |
| Operating revenues                       | \$ 514 | \$ 463            | \$ 706             | \$ 556 | \$ 2,239 |
| Operating income                         | 135    | 54                | 287                | 147    | 623      |
| Income (loss) from continuing operations | 75     | (43) <sup>3</sup> | 198                | 86     | 316      |
| Discontinued operations, net             | 73     | 4                 | (2)                | 23     | 98       |
| Income (loss) before accounting change   | 148    | (39)              | 196                | 109    | 414      |
| Net income (loss)                        | 148    | (39)              | 196                | 109    | 414      |

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

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

<sup>3</sup> Reflects a \$143 million pre-tax (\$88 million, after tax) loss on early extinguishment of debt related to the early repayment of substantially all of EME's 10% senior notes due August 15, 2008 and 9.875% senior notes due April 15, 2011.

# Edison Mission Energy Project List

## EME POWER PLANTS

| No.                             | Project Name  | Plant Type | Fuel Type      | Commercial Operation/<br>Acquisition Date | Ownership Interest | Megawatts     |              | Location      |
|---------------------------------|---|------------|----------------|---|--------------------|---------------|--------------|---------------|
|                                 |   |            |                |   |                    | Total         | EME Share    |               |
| <b>Domestic Plants</b>          |   |            |                |   |                    |               |              |               |
| <b>Merchant Power Plants</b>    |   |            |                |   |                    |               |              |               |
| 1                               | Illinois Plants <sup>1</sup><br>(6 plants, see below) | E          | Coal, Oil, Gas | 12/1999                                   | 100%               | 5,776         | 5,776        | Illinois      |
| 7                               | Homer City <sup>1</sup>                               | E          | Coal           | 03/1999                                   | 100%               | 1,884         | 1,884        | Pennsylvania  |
| <b>Contracted Power Plants</b>  |   |            |                |   |                    |               |              |               |
| <b>Big 4 Projects</b>           |   |            |                |   |                    |               |              |               |
| 8                               | Kern River <sup>1</sup>                               | Q          | Natural Gas    | 08/1985                                   | 50%                | 300           | 150          | California    |
| 9                               | Midway-Sunset <sup>1</sup>                            | Q          | Natural Gas    | 05/1989                                   | 50%                | 225           | 113          | California    |
| 10                              | Sycamore <sup>1</sup>                                 | Q          | Natural Gas    | 01/1988                                   | 50%                | 300           | 150          | California    |
| 11                              | Watson  | Q          | Natural Gas    | 04/1988                                   | 49%                | 385           | 189          | California    |
| <b>Westside Projects</b>        |   |            |                |   |                    |               |              |               |
| 12                              | Coalinga <sup>1</sup>                                 | Q          | Natural Gas    | 11/1991                                   | 50%                | 38            | 19           | California    |
| 13                              | Mid-Set <sup>1</sup>                                  | Q          | Natural Gas    | 05/1989                                   | 50%                | 38            | 19           | California    |
| 14                              | Salinas River <sup>1</sup>                            | Q          | Natural Gas    | 11/1991                                   | 50%                | 38            | 19           | California    |
| 15                              | Sargent Canyon <sup>1</sup>                           | Q          | Natural Gas    | 11/1991                                   | 50%                | 38            | 19           | California    |
| 16                              | American Bituminous <sup>1</sup>                      | Q          | Waste Coal     | 04/1993                                   | 50%                | 80            | 40           | West Virginia |
| 17                              | Huntington  | Q          | Biomass        | 04/2006                                   | 38%                | 25            | 9            | New York      |
| 18                              | March Point   | Q          | Natural Gas    | 11/1991, 01/1993                          | 50%                | 140           | 70           | Washington    |
| 19                              | Sunrise <sup>1</sup>                                  | E          | Natural Gas    | 06/2001, 06/2003                          | 50%                | 572           | 286          | California    |
| <b>Wind Projects</b>            |   |            |                |   |                    |               |              |               |
| 20                              | Bingham Lake  | Q          | Wind           | 04/2006                                   | 99%                | 15            | 15           | Minnesota     |
| 21                              | Crosswinds <sup>1</sup>                               | Q          | Wind           | 06/2007                                   | 99%                | 21            | 21           | Iowa          |
| 22                              | Eastridge   | E          | Wind           | 04/2006                                   | 99%                | 10            | 10           | Minnesota     |
| 23                              | Hardin <sup>1</sup>                                   | Q          | Wind           | 05/2007                                   | 99%                | 15            | 15           | Iowa          |
| 24                              | Lakota Ridge  | Q/E        | Wind           | 04/2006                                   | 75%                | 11            | 8            | Minnesota     |
| 25                              | San Juan Mesa <sup>1</sup>                            | E          | Wind           | 12/2005                                   | 75%                | 120           | 90           | New Mexico    |
| 26                              | Sleeping Bear <sup>1</sup>                            | E          | Wind           | 10/2007                                   | 100%               | 95            | 95           | Oklahoma      |
| 27                              | Shaokatan Hills                                       | Q/E        | Wind           | 04/2006                                   | 75%                | 12            | 9            | Minnesota     |
| 28                              | Storm Lake <sup>1</sup>                               | E          | Wind           | 04/2006                                   | 100%               | 109           | 109          | Iowa          |
| 29                              | West Pipestone  | Q/E        | Wind           | 04/2006                                   | 99%                | 8             | 8            | Minnesota     |
| 30                              | Westridge   | Q/E        | Wind           | 04/2006                                   | 97%                | 17            | 17           | Minnesota     |
| 31                              | Wildorado <sup>1</sup>                                | E          | Wind           | 04/2007                                   | 100%               | 161           | 161          | Texas         |
| 32                              | Woodstock Hills                                       | Q/E        | Wind           | 04/2006                                   | 75%                | 10            | 8            | Minnesota     |
| <b>Total Domestic Plants</b>    |   |            |                |   |                    | <b>10,443</b> | <b>9,309</b> |               |
| <b>International</b>            |   |            |                |   |                    |               |              |               |
| 33                              | Doga <sup>1</sup>                                     |            | Natural Gas    | 05/1999                                   | 80%                | 180           | 144          | Turkey        |
| <b>Total Operating Projects</b> |   |            |                |   |                    | <b>10,623</b> | <b>9,453</b> |               |

E = Exempt Wholesale Generation Q = Qualifying facility

<sup>1</sup> Plant is operated under contract by an EME operations and maintenance subsidiary or plant is operated or managed directly by an EME subsidiary.

## ILLINOIS PLANTS INCLUDE THE FOLLOWING:

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

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

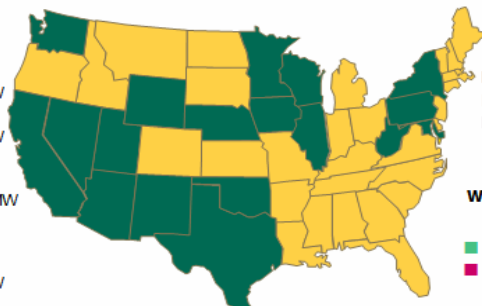
<sup>2</sup> The Will County Station is comprised of Units 1, 2, 3, and 4. Operations at Will County Station Units 1 and 2 (totaling 310 MW) were returned to service in late 2004 after being suspended in January 2003. Midwest Generation has agreed with the Illinois EPA to shut down permanently Will County Station Units 1 and 2 on or before December 31, 2010.

# Edison Mission Energy Project Summary

As of December 31, 2007

- Washington**
  - Natural Gas 70 MW
- California**
  - Natural Gas 964 MW
- Arizona**
  - Wind (Pipeline) 1,140 MW
- Wyoming**
  - Wind (UC) 141 MW
- Utah**
  - Wind (Pipeline) 70 MW
  - Wind (UC) 19 MW
- Oklahoma**
  - Wind 95 MW
  - Wind (Pipeline) 300 MW
- Nevada**
  - Wind (Pipeline) 515 MW
- New Mexico**
  - Wind 90 MW
  - Wind (Pipeline) 1,070 MW
- Texas**
  - Wind 161 MW
  - Wind (UC) 150 MW
  - Wind (Pipeline) 480 MW

- Iowa**
  - Wind 145 MW
  - Wind (Pipeline) 200 MW
- Minnesota**
  - Wind 75 MW
  - Wind (UC) 70 MW
  - Wind (Pipeline) 149 MW
- Nebraska**
  - Wind (Pipeline) 80 MW
- Illinois**
  - Coal 5,471 MW
  - Natural Gas 305 MW
  - Wind (Pipeline) 520 MW
- Maryland**
  - Wind (Pipeline) 95 MW
- Wisconsin**
  - Wind (Pipeline) 100 MW



- New York**
  - Wind (Pipeline) 140 MW
- West Virginia**
  - Coal 40 MW
  - Wind (Pipeline) 232 MW
- Pennsylvania**
  - Coal 1,884 MW
  - Wind (UC) 67 MW

|                       | EME                |                |   |
|-----------------------|--------------------|----------------|---|
|                       | Number of projects | Pro rata share | % |
| 33 Operating projects |                    | 9,453          |   |

|  | Coal     | Natural gas | Wind - operating | Other <sup>1</sup> |
|--|----------|-------------|------------------|--------------------|
|  | 7,395 MW | 1,339 MW    | 566 MW           | 153 MW             |
|  | 78%      | 14%         | 6%               | 2%                 |

## Operating Platform

|              | MW           | %           |
|--------------|--------------|-------------|
| Coal         | 7,395        | 79%         |
| Natural Gas  | 1,339        | 14%         |
| Wind         | 566          | 5%          |
| Other        | 153          | 2%          |
| <b>Total</b> | <b>9,453</b> | <b>100%</b> |

## Wind Development Pipeline<sup>1</sup>

|                      | MW    |
|----------------------|-------|
| Under Construction   | 447   |
| Pipeline             | 5,091 |
| Turbines (Not Shown) | 1,166 |

<sup>1</sup> Includes Doga (144 MW), and Huntington (9 MW) biomass projects.

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

(In Millions)

Year ended December 31,

|   | 2007          | 2006          | 2005          |
|---|---------------|---------------|---------------|
| <b>Project earnings (losses) <sup>1</sup></b>                               |               |               |               |
| <u>Consolidated operations</u>  |               |               |               |
| Illinois Plants   | \$ 658        | \$ 459        | \$ 547        |
| Homer City  | 226           | 156           | 74            |
| Energy trading <sup>2</sup>   | 143           | 130           | 195           |
| San Juan Mesa   | 6             | 7             | —             |
| Gain on sale of assets  | —             | 4             | —             |
| Minnesota wind projects   | 6             | 1             | 2             |
| Storm Lake  | 5             | 5             | 2             |
| Wildorado   | 11            | —             | —             |
| Other   | 6             | (1)           | (3)           |
| <u>Unconsolidated affiliates</u>  |               |               |               |
| Big 4 projects  | 146           | 132           | 158           |
| Sunrise   | 33            | 34            | 29            |
| March Point   | —             | —             | 9             |
| Impairment loss on equity method investment                                 | —             | —             | (55)          |
| Doga  | 14            | 1             | 7             |
| Other   | 12            | 12            | 13            |
|   | <u>1,266</u>  | <u>940</u>    | <u>978</u>    |
| Corporate interest income   | 73            | 82            | 55            |
| Corporate interest expense  | (331)         | (253)         | (270)         |
| Corporate administrative and general  | (175)         | (113)         | (126)         |
| Loss on early extinguishment of debt  | (160)         | (146)         | (4)           |
| Other income (expense), net   | (10)          | 10            | (3)           |
| Project earnings  | <u>663</u>    | <u>520</u>    | <u>630</u>    |
| Less: Production tax credits  | (29)          | (16)          | (8)           |
| Income from continuing operations before income taxes and minority interest | <u>\$ 634</u> | <u>\$ 504</u> | <u>\$ 622</u> |

<sup>1</sup> Project earnings are equal to income from continuing operations before income taxes, except with respect to wind projects, which also include production tax credits. Wind project earnings, including the production tax credits, were \$26 million, \$13 million and \$4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The project earnings for the wind projects include \$29 million, \$16 million and \$8 million of production tax credits for the years ended December 31, 2007, 2006 and 2005, respectively. Production tax credits are recognized as wind energy is generated based upon a per kilowatt-hour rate prescribed in applicable federal and state statutes. Under GAAP, production tax credits generated by the wind projects are recorded as a reduction in income taxes. Accordingly, project earnings (losses) represent a non-GAAP performance measure which may not be comparable to those of other companies. Management believes that inclusion of production tax credits in project earnings for wind projects is more meaningful for investors as federal and state subsidies are an integral part of the economics of these projects. The table above reconciles the total project earnings with income from continuing operations before income taxes and minority interest under GAAP.

<sup>2</sup> Income from energy trading represents the gains recognized from price changes related to contracts for electricity, fuels and transmission congestion. The overhead cost of energy trading is included in administrative and general expenses.

## Edison Mission Energy Consolidated Statements of Income

| (In millions)   | Three Months Ended December 31, |               | Years Ended December 31, |               |               |
|---|---------------------------------|---------------|--------------------------|---------------|---------------|
|   | 2007                            | 2006          | 2007                     | 2006          | 2005          |
| <b>Operating revenues</b>   | \$ 625                          | \$ 556        | \$ 2,580                 | \$ 2,239      | \$ 2,265      |
| <b>Operating expenses:</b>  |                                 |               |                          |               |               |
| Fuel  | 164                             | 154           | 684                      | 645           | 617           |
| Plant operations  | 159                             | 128           | 584                      | 511           | 493           |
| Plant operating leases  | 44                              | 44            | 176                      | 176           | 177           |
| Depreciation and amortization   | 45                              | 37            | 162                      | 144           | 134           |
| Loss on sale of assets and asset impairment charges                         | —                               | 6             | 1                        | —             | 7             |
| Administrative and general  | 64                              | 40            | 209                      | 140           | 154           |
| <b>Total operating expenses</b>   | <b>476</b>                      | <b>409</b>    | <b>1,816</b>             | <b>1,616</b>  | <b>1,582</b>  |
| Operating income  | 149                             | 147           | 764                      | 623           | 683           |
| <b>Other income (expense):</b>  |                                 |               |                          |               |               |
| Equity in income from unconsolidated affiliates                             | 28                              | 26            | 200                      | 186           | 229           |
| Impairment loss on equity method investment                                 | —                               | —             | —                        | —             | (55)          |
| Dividend income   | —                               | 1             | 12                       | 2             | —             |
| Interest income   | 18                              | 29            | 85                       | 97            | 62            |
| Interest expense  | (73)                            | (65)          | (273)                    | (279)         | (300)         |
| Loss on early extinguishment of debt  | —                               | (3)           | (160)                    | (146)         | (4)           |
| Other income (expense), net   | —                               | 4             | 6                        | 21            | 7             |
| <b>Total other income (expense)</b>   | <b>(27)</b>                     | <b>(8)</b>    | <b>(130)</b>             | <b>(119)</b>  | <b>(61)</b>   |
| Income from continuing operations before income taxes and minority interest | 122                             | 139           | 634                      | 504           | 622           |
| Provision for income taxes  | 35                              | 54            | 219                      | 189           | 208           |
| Minority interest   | 1                               | 1             | 1                        | 1             | —             |
| <b>Income from continuing operations</b>                                    | <b>88</b>                       | <b>86</b>     | <b>416</b>               | <b>316</b>    | <b>414</b>    |
| Income (loss) from operations of discontinued subsidiaries, net of tax      | (3)                             | 23            | (2)                      | 98            | 29            |
| <b>Income before accounting change</b>                                      | <b>85</b>                       | <b>109</b>    | <b>414</b>               | <b>414</b>    | <b>443</b>    |
| Cumulative effect of change in accounting, net of tax <sup>1</sup>          | —                               | —             | —                        | —             | (1)           |
| <b>Net income</b>   | <b>\$ 85</b>                    | <b>\$ 109</b> | <b>\$ 414</b>            | <b>\$ 414</b> | <b>\$ 442</b> |

<sup>1</sup> The 2005 loss from a change in accounting principle resulted from the adoption of a new accounting standard for conditional asset retirements. The 2003 loss from a change in accounting principle resulted from adoption of a new accounting standard for ARO's.

## Historical Distributions Received by Edison Mission Energy

| (In millions)   | 2007            | 2006          | 2005                |
|---|-----------------|---------------|---------------------|
| <b>Distributions from Consolidated Operating Projects:</b>        |                 |               |                     |
| Edison Mission Midwest Holdings (Illinois Plants) <sup>1</sup>    | \$ 660          | \$ 542        | \$ 330 <sup>2</sup> |
| EME Homer City Generation L.P. (Homer City facilities)            | 187             | —             | 86                  |
| Holding company for Storm Lake project                            | 5               | 11            | —                   |
| Holding companies of other consolidated operating projects        | 7               | 5             | 1                   |
| <b>Distributions from Unconsolidated Operating Projects:</b>      |                 |               |                     |
| Edison Mission Energy Funding Corp. (Big 4 Projects) <sup>3</sup> | 107             | 116           | 122                 |
| Sunrise Power Company   | 24              | 22            | 20                  |
| Holding company for Doga project                                  | 23              | —             | 17                  |
| Holding companies for Westside projects                           | 12              | 16            | 17                  |
| Holding companies for other unconsolidated operating projects     | 5               | 1             | 5                   |
| <b>Total distributions</b>  | <b>\$ 1,030</b> | <b>\$ 713</b> | <b>\$ 598</b>       |

<sup>1</sup> Subsequent to December 31, 2007, Edison Mission Midwest Holdings made an additional distribution of \$35 million.

<sup>2</sup> In April 2005, EME made a capital contribution of \$300 million which was used to repay debt.

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

## Edison Mission Energy Consolidated Balance Sheets

(In millions)

December 31,

|   | 2007            | 2006            | 2005            |
|---|-----------------|-----------------|-----------------|
| <b>Assets</b>   |                 |                 |                 |
| <b>Current Assets</b>   |                 |                 |                 |
| Cash and cash equivalents   | \$ 994          | \$ 1,213        | \$ 1,155        |
| Short-term investments  | 81              | 558             | 183             |
| Accounts receivable — trade   | 224             | 178             | 337             |
| Receivables from affiliates   | 35              | 51              | 18              |
| Inventory   | 149             | 158             | 120             |
| Derivative assets   | 56              | 272             | 78              |
| Margin and collateral deposits  | 103             | 69              | 561             |
| Deferred taxes  | 21              | —               | 155             |
| Prepaid expenses and other  | 89              | 96              | 68              |
| <b>Total current assets</b>   | <b>1,752</b>    | <b>2,595</b>    | <b>2,675</b>    |
| Investments in unconsolidated affiliates  | 387             | 367             | 405             |
| Property, plant and equipment   | 4,942           | 4,272           | 3,856           |
| Less accumulated depreciation and amortization  | 1,053           | 981             | 844             |
| <b>Net property, plant and equipment</b>  | <b>3,889</b>    | <b>3,291</b>    | <b>3,012</b>    |
| <b>Other assets</b>   |                 |                 |                 |
| Deferred financing costs  | 41              | 45              | 43              |
| Long-term derivative assets   | 91              | 114             | 90              |
| Restricted cash   | 48              | 91              | 105             |
| Rent payments in excess of levelized rent expense under plant operating leases  | 716             | 556             | 395             |
| Long-term margin and collateral deposits  | 18              | 4               | 137             |
| Other long-term assets  | 366             | 187             | 161             |
| <b>Total other assets</b>   | <b>1,280</b>    | <b>997</b>      | <b>931</b>      |
| <b>Total assets</b>   | <b>\$ 7,308</b> | <b>\$ 7,250</b> | <b>\$ 7,023</b> |
| <b>Liabilities and shareholder's equity</b>   |                 |                 |                 |
| <b>Current liabilities</b>  |                 |                 |                 |
| Accounts payable  | \$ 73           | \$ 69           | \$ 64           |
| Payables to affiliates  | 17              | 6               | 32              |
| Accrued liabilities   | 289             | 270             | 207             |
| Derivative liabilities  | 49              | 82              | 418             |
| Interest payable  | 30              | 28              | 51              |
| Deferred taxes  | —               | 59              | —               |
| Current maturities of long-term obligations   | 17              | 132             | 74              |
| <b>Total current liabilities</b>  | <b>475</b>      | <b>646</b>      | <b>846</b>      |
| Long-term obligations net of current maturities   | 3,806           | 3,035           | 3,330           |
| Deferred taxes and tax credits  | 351             | 347             | 227             |
| Deferred revenues   | 65              | 61              | 55              |
| Long-term derivative liabilities  | 103             | 9               | 83              |
| Other long-term liabilities   | 543             | 523             | 543             |
| <b>Total liabilities</b>  | <b>5,343</b>    | <b>4,621</b>    | <b>5,084</b>    |
| Minority interest   | 42              | 47              | 29              |
| Common stock, par value \$0.01 per share; 10,000 shares authorized;<br>100 shares issued and outstanding as of December 31, 2007, 2006 and 2005 | 64              | 64              | 64              |
| Additional paid-in capital  | 1,326           | 2,174           | 2,228           |
| Retained earnings   | 596             | 243             | (171)           |
| Accumulated other comprehensive income (loss)   | (63)            | 101             | (211)           |
| <b>Total shareholder's equity</b>   | <b>1,923</b>    | <b>2,582</b>    | <b>1,910</b>    |
| <b>Total liabilities and shareholder's equity</b>   | <b>\$ 7,308</b> | <b>\$ 7,250</b> | <b>\$ 7,023</b> |

# Edison Mission Energy Consolidated Statements of Cash Flows

(In millions)

Year Ended December 31,

|   | 2007          | 2006            | 2005            |
|---|---------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>   |               |                 |                 |
| Net income  | \$ 414        | \$ 414          | \$ 442          |
| Less: Income from discontinued operations   | 2             | (98)            | (29)            |
| Income from continuing operations, net  | 416           | 316             | 413             |
| Adjustments to reconcile income to net cash provided by (used in) operating activities: |               |                 |                 |
| Equity in income from unconsolidated affiliates   | (199)         | (183)           | (227)           |
| Distributions from unconsolidated affiliates  | 137           | 170             | 222             |
| Depreciation and amortization   | 172           | 158             | 142             |
| Minority interest   | (1)           | —               | —               |
| Deferred taxes and tax credits  | 41            | 100             | (76)            |
| Loss on sale of assets  | 1             | —               | —               |
| Loss on early extinguishment of debt  | 160           | 146             | 4               |
| Impairment charges  | —             | —               | 62              |
| Cumulative effect of change in accounting, net of tax                                   | —             | —               | 1               |
| Changes in operating assets and liabilities:  |               |                 |                 |
| Decrease (increase) in margin and collateral deposits                                   | (48)          | 625             | (656)           |
| Decrease (increase) in receivables  | (29)          | 125             | (118)           |
| Decrease (increase) in inventory  | 9             | (38)            | (13)            |
| Decrease (increase) in prepaid expenses and other                                       | 6             | (26)            | 13              |
| Increase in rent payments in excess of levelized rent expense                           | (160)         | (161)           | (117)           |
| Increase (decrease) in accounts payable and other current liabilities                   | (9)           | —               | 9               |
| Increase (decrease) in interest payable   | 2             | (23)            | (4)             |
| Decrease (increase) in derivative assets and liabilities                                | 26            | (72)            | 41              |
| Other operating — assets  | (18)          | (1)             | 4               |
| Other operating — liabilities   | 13            | (5)             | 61              |
| Operating cash flow from continuing operations  | 519           | 1,131           | (239)           |
| Operating cash flow from discontinued operations  | (2)           | 94              | 20              |
| Net cash provided by (used in) operating activities                                     | 517           | 1,225           | (219)           |
| <b>Cash flows from financing activities</b>   |               |                 |                 |
| Borrowings on long-term debt  | 2,930         | 1,450           | 330             |
| Payments on long-term debt agreements   | (2,276)       | (1,683)         | (712)           |
| Cash contributions from parent  | 36            | —               | —               |
| Cash dividends to parent  | (925)         | (51)            | (367)           |
| Payments to affiliates related to stock-based awards                                    | (34)          | (27)            | (18)            |
| Excess tax benefits related to stock-based awards                                       | 14            | 7               | —               |
| Premium paid on extinguishment of debt and financing costs                              | (162)         | (157)           | (6)             |
| Net cash used in financing activities   | (417)         | (461)           | (773)           |
| <b>Cash flows from investing activities</b>   |               |                 |                 |
| Capital expenditures  | (540)         | (310)           | (61)            |
| Proceeds from return of capital and loan repayments                                     | 32            | 41              | —               |
| Purchase of interest from acquired companies  | (33)          | (18)            | (154)           |
| Proceeds from sale of interest in projects  | —             | 43              | —               |
| Proceeds from sale of discontinued operations   | —             | —               | 124             |
| Purchase of short-term investments  | (20)          | (512)           | (183)           |
| Maturities and sales of short-term investments  | 497           | 137             | 140             |
| Decrease in restricted cash   | 43            | 14              | 41              |
| Investments in other assets   | (298)         | (101)           | (41)            |
| Investing cash flow from continuing operations  | (319)         | (706)           | (134)           |
| Investing cash flow from discontinued operations  | —             | —               | 5               |
| Net cash used in investing activities   | (319)         | (706)           | (129)           |
| Effect of consolidation of variable interest entities on cash                           | —             | —               | 3               |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | (219)         | 58              | (1,118)         |
| Cash and cash equivalents at beginning of period  | 1,213         | 1,155           | 2,274           |
| Cash and cash equivalents at end of period  | 994           | 1,213           | 1,156           |
| Cash and cash equivalents classified as part of discontinued operations                 | —             | —               | (1)             |
| <b>Cash and cash equivalents of continuing operations</b>                               | <b>\$ 994</b> | <b>\$ 1,213</b> | <b>\$ 1,155</b> |

## Edison Mission Energy Supplemental Statements of Cash Flows Information

(In millions)

Year Ended December 31,

|   | 2007         | 2006         | 2005          |
|---|--------------|--------------|---------------|
| <b>Cash paid</b>  |              |              |               |
| Interest (net of amount capitalized)  | \$ 320       | \$ 297       | \$ 309        |
| Income taxes  | 120          | 172          | 149           |
| Cash payments under plant operating leases                                  | 336          | 337          | 293           |
| <b>Details of assets acquired</b>   |              |              |               |
| Fair value of assets acquired   | \$ 41        | \$ 29        | \$ 154        |
| Liabilities assumed   | —            | —            | —             |
| <b>Net assets acquired</b>  | <u>\$ 41</u> | <u>\$ 29</u> | <u>\$ 154</u> |
| <b>Non-cash activities from consolidation of variable interest entities</b> |              |              |               |
| Assets  | \$ 12        | \$ 18        | \$ 37         |
| Liabilities   | \$ 5         | \$ 4         | \$ 27         |

Note: In connection with certain wind projects acquired during the years ended December 31, 2007 and 2006, the purchase price included payments that were due upon the start and completion of construction. Accordingly, EME accrued for estimated payments related to wind projects primarily due upon completion of construction scheduled during 2008 and made payments primarily related to wind projects completed during 2007. During the year ended December 31, 2006, EME received a capital contribution of \$76 million in the form of ownership interests in a portfolio of wind projects and a small biomass project. During the year ended December 31, 2005, EME received a capital contribution of \$20 million from its parent for investments in an entity which was previously owned by EME's affiliate, Edison Capital. This entity holds interests in various wind projects.

## Edison Mission Energy Contractual Obligations

(In millions)

As of December 31, 2007

|  | Payments Due by Period |                 |                 |                 | Total            |
|--|------------------------|-----------------|-----------------|-----------------|------------------|
|  | 2008                   | 2009-2010       | 2011-2012       | Thereafter      |                  |
| Long-term debt <sup>1</sup>                      | \$ 297                 | \$ 592          | \$ 580          | \$ 5,397        | \$ 6,866         |
| Operating lease obligations                      | 363                    | 706             | 657             | 2,382           | 4,108            |
| Purchase obligations:                            |                        |                 |                 |                 |                  |
| Capital improvements                             | 249                    | 4               | —               | —               | 253              |
| Turbine commitments                              | 484                    | 589             | —               | —               | 1,073            |
| Fuel supply contracts                            | 440                    | 481             | 18              | 2               | 941              |
| Gas transportation agreements                    | 8                      | 16              | 16              | 44              | 84               |
| Coal transportation                              | 245                    | 323             | —               | —               | 568              |
| Other contractual obligations                    | 28                     | 47              | 16              | 2               | 93               |
| Employee benefit plan contribution <sup>2</sup>  | 23                     | —               | —               | —               | 23               |
| <b>Total contractual obligations<sup>3</sup></b> | <u>\$ 2,137</u>        | <u>\$ 2,758</u> | <u>\$ 1,287</u> | <u>\$ 7,827</u> | <u>\$ 14,009</u> |

<sup>1</sup> Amount also includes interest payments over applicable period of the debt.

<sup>2</sup> Amount includes estimated contribution for pension plans and postretirement benefits other than pensions. The estimated contributions beyond 2008 are not available.

<sup>3</sup> At December 31, 2007, EME had a total net liability recorded for uncertain tax positions of \$97 million, which is excluded from the table. EME cannot make reliable estimates of the cash flows by period due to uncertainty surrounding the timing of resolving these open tax issues with the Internal Revenue Service.

## EME's Key Ratios of Principal Subsidiaries Affecting Dividends

At December 31, 2007 or Year Ended December 31, 2007

| Subsidiary  | Financial Ratio                    | Covenant                        | Actual    |
|---|------------------------------------|---------------------------------|-----------|
| Midwest Generation, LLC<br>(Illinois Plants)              | Debt to Capitalization Ratio       | Less than or equal to 0.60 to 1 | 0.23 to 1 |
| EME Homer City Generation L.P.<br>(Homer City facilities) | Senior Rent Service Coverage Ratio | Greater than 1.7 to 1           | 4.16 to 1 |

## Illinois Plants and Homer City Forward Month-End 24-Hour Energy Prices <sup>1</sup>

| Date               | 2008                           |                       | 2009                           |                       |
|--------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
|                    | Northern Illinois <sup>2</sup> | PJM West <sup>3</sup> | Northern Illinois <sup>2</sup> | PJM West <sup>3</sup> |
| January 31, 2007   | \$ 44.50                       | \$ 58.09              | \$ 45.15                       | \$ 56.40              |
| February 28, 2007  | 44.99                          | 59.33                 | 44.85                          | 57.96                 |
| March 31, 2007     | 47.92                          | 63.37                 | 46.59                          | 61.44                 |
| April 30, 2007     | 49.89                          | 65.73                 | 49.73                          | 64.37                 |
| May 31, 2007       | 50.69                          | 66.57                 | 50.46                          | 65.97                 |
| June 30, 2007      | 46.09                          | 62.36                 | 47.02                          | 64.07                 |
| July 31, 2007      | 46.90                          | 62.89                 | 48.50                          | 64.89                 |
| August 31, 2007    | 44.57                          | 58.96                 | 46.49                          | 62.45                 |
| September 30, 2007 | 46.80                          | 61.71                 | 48.70                          | 64.53                 |
| October 31, 2007   | 50.27                          | 65.97                 | 51.63                          | 67.92                 |
| November 30, 2007  | 47.70                          | 62.14                 | 50.37                          | 65.89                 |
| December 31, 2007  | 48.06                          | 62.49                 | 51.50                          | 67.13                 |

<sup>1</sup> This table sets forth the forward month-end market prices for energy per megawatt-hour for the calendar year 2008 and calendar year 2009 "strips," which are defined as energy purchases for the entire calendar year, as quoted for sales into the Northern Illinois Hub and PJM West Hub during 2007. Forward market prices at the Northern Illinois Hub and the PJM West Hub fluctuate as a result of a number of factors, including natural gas prices, transmission congestion, changes in market rules, electricity demand (which in turn is affected by weather, economic growth and other factors), plant outages in the region, and the amount of existing and planned power plant capacity. The actual spot prices for electricity delivered by the Illinois Plants and the Homer City facilities into these markets may vary materially from the forward market prices set forth in this table.

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

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

## Illinois Plants Statistics — Coal-Fired Generation

(In millions)

| Year Ended December 31,                           | 2007     | 2006     | 2005     |
|---|----------|----------|----------|
| <b>Generation (in GWh)</b>                        |          |          |          |
| Energy only contracts                             | 22,503   | 28,898   | 30,953   |
| Load requirements services contracts <sup>1</sup> | 7,458    | —        | —        |
| Total   | 29,961   | 28,898   | 30,953   |
| <b>Aggregate plant performance:</b>               |          |          |          |
| Equivalent availability <sup>2</sup>              | 75.8%    | 79.3%    | 79.6%    |
| Capacity factor <sup>3</sup>                      | 60.9%    | 58.8%    | 63.0%    |
| Load factor <sup>4</sup>                          | 80.4%    | 74.1%    | 79.1%    |
| Forced outage rate <sup>5</sup>                   | 9.7%     | 7.9%     | 7.8%     |
| <b>Average realized energy price/MWh</b>          |          |          |          |
| Energy only contracts <sup>6</sup>                | \$ 48.79 | \$ 46.19 | \$ 45.55 |
| Load requirements services contracts <sup>7</sup> | \$ 63.43 | \$ —     | \$ —     |
| Capacity revenue only (in millions)               | \$ 27    | \$ 24    | \$ 27    |
| Average fuel costs/MWh                            | \$ 13.36 | \$ 13.19 | \$ 12.40 |

<sup>1</sup> Represents two load requirements services contracts, awarded as part of an Illinois auction, with Commonwealth Edison that commenced on January 1, 2007.

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

<sup>3</sup> The capacity factor is defined as the actual number of megawatt-hours generated by the coal plants divided by the product of the capacity of the coal plants (in megawatts) and the number of hours in the period.

<sup>4</sup> The load factor is determined by dividing capacity factor by the equivalent availability factor.

<sup>5</sup> Midwest Generation refers to unplanned maintenance as a forced outage.

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

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

## Illinois Coal Requirements Under Contract

| As of December 31, 2007  | 2008 | 2009 | 2010 |
|--|------|------|------|
| Amount of coal under contract in millions of tons <sup>1</sup> | 17.5 | 11.7 | 11.7 |

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

## Illinois December 31, 2007 Hedge Position

|   | 2008              | 2009             | 2010             |
|---|-------------------|------------------|------------------|
| <b>Energy only contracts <sup>1</sup></b>   |                   |                  |                  |
| Megawatt-hours                              | 10,837,600        | 7,692,290        | 3,471,950        |
| Average price/MWh <sup>2</sup>              | \$ 61.27          | \$ 62.38         | \$ 62.62         |
| <b>Load requirements services contracts</b> |                   |                  |                  |
| Estimated megawatt-hours <sup>3</sup>       | 5,613,433         | 1,631,859        | —                |
| Average price/MWh <sup>4</sup>              | \$ 64.01          | \$ 63.65         | \$ —             |
| <b>Total estimated megawatt-hours</b>       | <b>16,451,033</b> | <b>9,324,149</b> | <b>3,471,950</b> |

<sup>1</sup> Primarily at Northern Illinois Hub.

<sup>2</sup> The energy only contracts include forward contracts for the sale of power and futures contracts during different periods of the year and the day. Market prices tend to be higher during on-peak periods and during summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge position at December 31, 2007 is not directly comparable to the 24-hour Northern Illinois Hub prices.

<sup>3</sup> Under a load requirements services contract, the amount of power sold is a portion of the retail load of the purchasing utility and thus can vary significantly with variations in that retail load. Retail load depends upon a number of factors, including the time of day, the time of the year and the utility's number of new and continuing customers. Estimated megawatt-hours have been forecast based on historical patterns and on assumptions regarding the factors that may affect retail loads in the future. The actual load will vary from that used for the above estimate, and the amount of variation may be material.

<sup>4</sup> The average price per megawatt-hour under a load requirements services contract (which is subject to a seasonal price adjustment) represents the sale of a bundled product that includes, but is not limited to, energy, capacity and ancillary services. Furthermore, as a supplier of a portion of a utility's load, Midwest Generation will incur charges from PJM as a load serving entity. For these reasons, the average price per megawatt-hour under a load requirements services contract is not comparable to the sale of power under an energy only contract. The average price per megawatt-hour under a load requirements services contract represents the sale of the bundled product based on an estimated customer load profile.

## Homer City Statistics

(In millions)

| Year Ended December 31,                        | 2007     | 2006     | 2005     |
|--|----------|----------|----------|
| Generation (in GWh)                            | 13,649   | 12,286   | 13,637   |
| Equivalent availability <sup>1</sup>           | 89.4%    | 81.9%    | 85.2%    |
| Capacity factor <sup>2</sup>                   | 82.5%    | 74.3%    | 82.4%    |
| Load factor <sup>3</sup>                       | 92.4%    | 90.7%    | 96.7%    |
| Forced outage rate <sup>4</sup>                | 4.1%     | 13.5%    | 4.8%     |
| Average realized energy price/MWh <sup>5</sup> | \$ 54.40 | \$ 48.02 | \$ 45.05 |
| Capacity revenue only (in millions)            | \$ 30    | \$ 16    | \$ 18    |
| Average fuel costs/MWh                         | \$ 22.45 | \$ 23.05 | \$ 21.08 |

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

<sup>2</sup> The capacity factor is defined as the actual number of megawatt-hours generated by the coal plants divided by the product of the capacity of the coal plants (in megawatts) and the number of hours in the period.

<sup>3</sup> The load factor is determined by dividing capacity factor by the equivalent availability factor.

<sup>4</sup> Homer City refers to unplanned maintenance as a forced outage.

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

## Homer City Coal Requirements Under Contract

| As of December 31, 2007  | 2008 | 2009 | 2010 |
|--|------|------|------|
| Amount of coal under contract in millions of tons <sup>1</sup> | 5.7  | 4.4  | 0.3  |

<sup>1</sup> The amount of coal under contract in tons is calculated based on contracted tons and applying a 13,000 Btu equivalent for the Homer City facilities.

## Homer City December 31, 2007 Hedge Position

|                                | 2008      | 2009      | 2010      |
|--------------------------------|-----------|-----------|-----------|
| Megawatt-hours                 | 7,232,000 | 2,867,200 | 1,022,400 |
| Average price/MWh <sup>1</sup> | \$ 60.85  | \$ 73.84  | \$ 77.80  |

<sup>1</sup> The above hedge positions include forward contracts for the sale of power during different periods of the year and the day. Market prices tend to be higher during on-peak periods during summer months, although there is significant variability of power prices during different periods of time. Accordingly, the above hedge position at December 31, 2007 is not directly comparable to the 24-hour PJM West Hub prices.

## Edison Capital

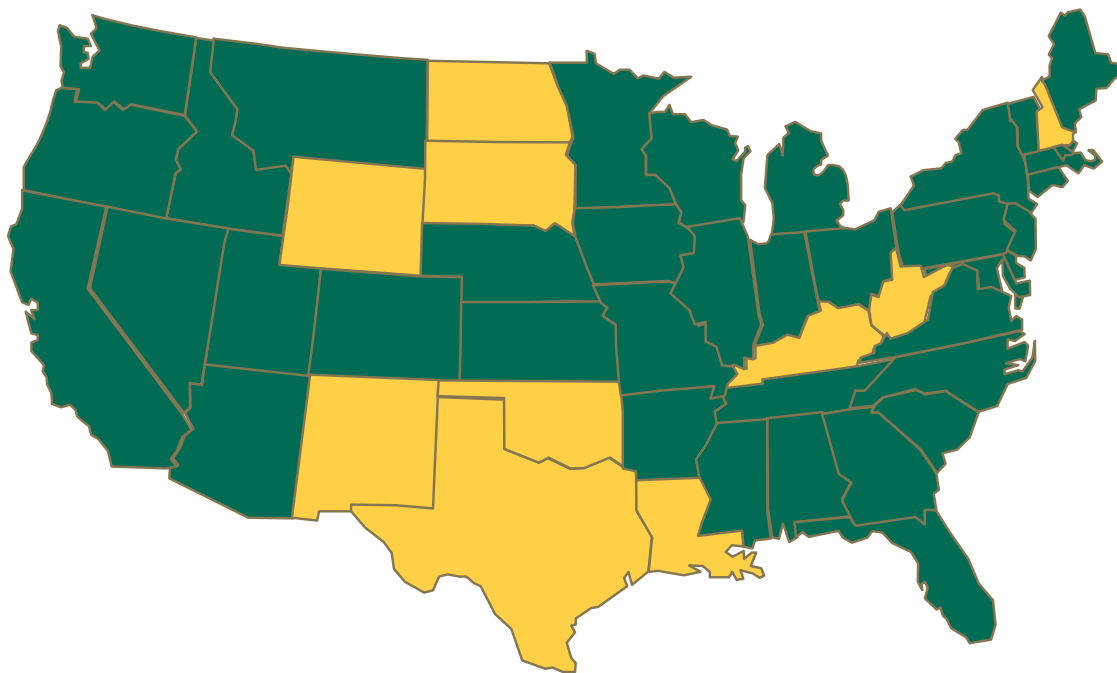
Edison Capital has investments worldwide in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, and telecommunications. Edison Capital also has investments in affordable housing projects located throughout the United States.

## Energy/Infrastructure Projects

| Infrastructure Project Name | Country/Region | Project Type         | Generation Capacity (MW) | Lessor Interest/Equity Interest |
|-----------------------------|----------------|----------------------|--------------------------|---------------------------------|
| ESKOM/Majuba                | South Africa   | Coal Power           | 4,110                    | 50%                             |
| Swisscom AG                 | Switzerland    | Telecommunications   | —                        | 100%                            |
| Midland Cogeneration Plant  | U.S.           | Gas Power            | 1,500                    | 9%                              |
| EPON/Eems Power Station     | Netherlands    | Gas/Coal Power       | 1,675                    | 80%                             |
| AIG - Asia II Fund          | Asia           | Infrastructure       | —                        | 6%                              |
| Beaver Valley Unit #2       | U.S.           | Nuclear Power        | 836                      | 11%                             |
| EPZ/Amercentrale 9          | Netherlands    | Coal Power           | 600                      | 26%                             |
| AIG/GE Latin American Fund  | Latin America  | Infrastructure       | —                        | 8%                              |
| ETSA                        | Australia      | Transmission System  | —                        | 100%                            |
| Vidalia Hydroelectric       | U.S.           | Hydro Power          | 192                      | 24%                             |
| AIG Emerging Europe Fund    | Europe         | Infrastructure       | —                        | 23%                             |
| Nederlandse Spoorwegen      | Netherlands    | Electric Rail        | —                        | 100%                            |
| Paz Holdings                | Bolivia        | Distribution Systems | —                        | 11%                             |
| <b>Total</b>                |                |                      | <b>8,913</b>             |                                 |

## Affordable Housing

Edison Capital is currently invested in over 319 Affordable Housing projects in 36 states.



# Edison Capital Financial Information

(In millions)

Three Months Ended December 31,

Years Ended December 31,

|  | 2007 | 2006  | 2007  | 2006  | 2005  |
|--|------|-------|-------|-------|-------|
| <b>Condensed consolidated statements of income</b> |      |       |       |       |       |
| Lease revenue                                      | \$ 4 | \$ 15 | \$ 50 | \$ 67 | \$ 71 |
| Other  | 1    | 2     | 6     | 6     | 6     |
| Total operating revenue                            | 5    | 17    | 56    | 73    | 77    |
| Operating expenses                                 | (2)  | 2     | 17    | 26    | 48    |
| Operating income                                   | 7    | 15    | 39    | 47    | 29    |
| Equity in income from unconsolidated entities      | 1    | 15    | 28    | 30    | 74    |
| Interest expense                                   | (2)  | (3)   | (10)  | (16)  | (22)  |
| Other income                                       | 4    | 24    | 17    | 39    | 11    |
| Income before income taxes                         | 10   | 51    | 74    | 100   | 92    |
| Income tax expense                                 | 1    | 6     | 5     | 11    | 11    |
| Net income   | \$ 9 | \$ 45 | \$ 69 | \$ 89 | \$ 81 |

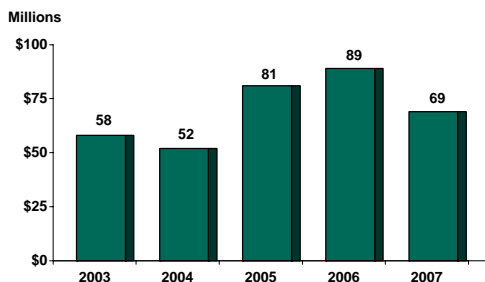
## Condensed consolidated balance sheets

|  |  |  |          |          |          |
|--|--|--|----------|----------|----------|
| Current assets                                 |  |  | \$ 269   | \$ 431   | \$ 661   |
| Investments                                    |  |  | 2,576    | 2,638    | 2,693    |
| Property, plant, and equipment — net and other |  |  | 132      | 130      | 22       |
| Total assets                                   |  |  | \$ 2,977 | \$ 3,199 | \$ 3,376 |
| Current liabilities                            |  |  | \$ 38    | \$ 96    | \$ 112   |
| Long-term liabilities                          |  |  | 2,533    | 2,526    | 2,581    |
| Total liabilities                              |  |  | 2,571    | 2,622    | 2,693    |
| Minority interest                              |  |  | 26       | 46       | 72       |
| Total shareholder's equity                     |  |  | 380      | 531      | 611      |
| Total liabilities and shareholder's equity     |  |  | \$ 2,977 | \$ 3,199 | \$ 3,376 |

## Condensed consolidated statements of cash flows

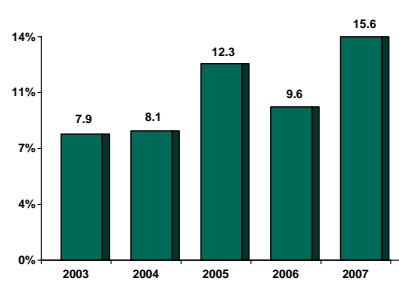
|   |  |  |        |        |        |
|---|--|--|--------|--------|--------|
| Cash flows from operating activities:               |  |  |        |        |        |
| Net income  |  |  | \$ 69  | \$ 89  | \$ 81  |
| Adjustment for non-cash income statement items      |  |  | (35)   | (90)   | (58)   |
| Changes in working capital components               |  |  | (31)   | 63     | 227    |
| Net cash provided by operating activities           |  |  | 3      | 62     | 250    |
| Cash flows from financing activities:               |  |  |        |        |        |
| Dividend paid to parent                             |  |  | (238)  | (108)  | —      |
| Repayment of debt, net of borrowings                |  |  | (36)   | (75)   | (25)   |
| Other   |  |  | (2)    | (53)   | 5      |
| Net cash used by financing activities               |  |  | (276)  | (236)  | (20)   |
| Cash flows from investing activities:               |  |  |        |        |        |
| Distributions from partnerships, net of investments |  |  | 37     | 68     | 140    |
| Restricted cash                                     |  |  | 3      | —      | 9      |
| Advance to parent                                   |  |  | —      | —      | (75)   |
| Net cash provided by investing activities           |  |  | 40     | 68     | 74     |
| Effects of exchange rate changes on cash            |  |  | —      | —      | (1)    |
| Net increase (decrease) in cash and equivalents     |  |  | (233)  | (106)  | 303    |
| Cash and equivalents, beginning of period           |  |  | 375    | 481    | 178    |
| Cash and equivalents, end of period                 |  |  | \$ 142 | \$ 375 | \$ 481 |

EDISON CAPITAL  
NET INCOME <sup>1</sup>



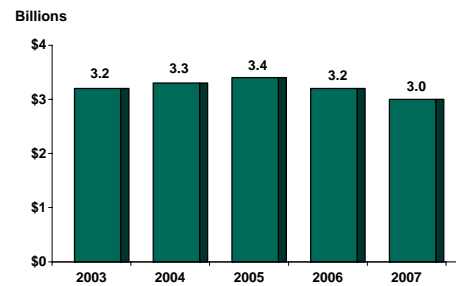
<sup>1</sup> Restated for transfer of wind assets

EDISON CAPITAL  
RETURN ON COMMON EQUITY <sup>1</sup>



<sup>1</sup> Restated for transfer of wind assets

EDISON CAPITAL  
TOTAL ASSETS <sup>1</sup>



<sup>1</sup> Restated for transfer of wind assets

## Management Team <sup>1</sup>

### Edison International

**John E. Bryson**

Chairman of the Board, President and  
Chief Executive Officer

**Theodore F. Craver, Jr.**

Future Chairman of the Board, President and  
Chief Executive Officer

**J.A. (Lon) Bouknight**

Executive Vice President and  
General Counsel

**Thomas R. McDaniel**

Executive Vice President, Chief Financial Officer  
and Treasurer

**Polly L. Gault**

Executive Vice President, Public Affairs

**Cecil R. House**

Senior Vice President  
Safety and Operations Support  
and Chief Procurement Officer

**Mahvash Yazdi**

Senior Vice President, Business Integration  
and Chief Information Officer

**Barbara J. Parsky**

Senior Vice President, Corporate  
Communications

**Scott S. Cunningham**

Vice President, Investor Relations

**Linda G. Sullivan**

Vice President and Controller

**Kenneth S. Stewart**

Vice President and Chief Ethics  
and Compliance Officer

**Barbara E. Mathews**

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

**Diane L. Featherstone**

Senior Vice President, Human Resources

**Jeffrey L. Barnett**

Vice President, Tax

**Megan Scott-Kakures**

Vice President and General Auditor

### Southern California Edison Company

**John E. Bryson**

Chairman of the Board

**Alan J. Fohrer**

Chief Executive Officer

**Polly L. Gault**

Executive Vice President, Public Affairs

**John Fielder**

President

**Barbara J. Parsky**

Senior Vice President, Corporate Communications

**Cecil R. House**

Senior Vice President  
Safety and Operations Support  
and Chief Procurement Officer

**Richard M. Rosenblum**

Senior Vice President, Generation and Chief Nuclear  
Officer

**Thomas M. Noonan**

Senior Vice President and Chief Financial Officer

**Bruce Foster**

Senior Vice President, Regulatory Affairs

**Stephen E. Pickett**

Senior Vice President and General Counsel

**Pedro J. Pizarro**

Senior Vice President, Power Procurement  
SCE Managing Officer, Edison Carrier Solutions

**Mahvash Yazdi**

Senior Vice President, Business Integration  
and Chief Information Officer

**Lynda L. Ziegler**

Senior Vice President, Customer Service

**Ronald L. Litzinger**

Senior Vice President,  
Transmission and Distribution

**Robert C. Boada**

Vice President and Treasurer

**Jeffrey L. Barnett**

Vice President, Tax

**Lisa Cagnolatti**

Vice President, Business Customer Division

**Jodi M. Collins**

Vice President, Information Technology

**Diane L. Featherstone**

Senior Vice President, Human Resources

**Megan Scott-Kakures**

Vice President and General Auditor

**Ann P. Cohn**

Vice President and  
Associate General Counsel

**Kevin R. Cini**

Vice President, Energy Supply and Management  
Power Procurement Business Unit

**Harry B. Hutchinson**

Vice President, Customer Service Operations

**Akbar Jazayeri**

Vice President, Regulatory Operations

**Walter J. Johnston**

Vice President, Power Delivery

**Erwin Furkawa**

Vice President, Customer Programs and Services

**R.W. (Russ) Krieger, Jr.**

Vice President, Power Production

**Kevin M. Payne**

Vice President, Enterprise Resource Planning

**Frank J. Quevedo**

Vice President, Equal Opportunity

**Tommy Ross**

Vice President, Public Affairs, Sacramento

**Ross Ridenoure**

Vice President, San Onofre Nuclear Generation Station

**James T. Reilly**

Vice President, Nuclear Engineering and Technical  
Services

**Barbara E. Mathews**

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

**Linda G. Sullivan**

Vice President and Controller

**Leslie Starck**

Vice President, Local Public Affairs

**James A. Kelly**

Vice President, Engineering and Technical Services

**Kenneth S. Stewart**

Vice President and Chief Ethics and Compliance Officer

### Edison Mission Energy <sup>2</sup>

**Theodore F. Craver, Jr.**

Chairman of the Board, President and Chief  
Executive Officer

**Guy F. Gorney**

Senior Vice President, Coal Generation  
President Midwest Generation

**Paul Jacob**

Senior Vice President, Marketing & Trading

**W. James Scilacci**

Senior Vice President and  
Chief Financial Officer

**John P. Finneran, Jr.**

Senior Vice President, Business Management

**Gerard P. Loughman**

Senior Vice President, Development

**Steven D. Eisenberg**

Vice President and  
General Counsel

**Jenene J. Wilson**

Vice President, Human Resources

**Douglas McFarlan**

Vice President Public Affairs and  
Communications

<sup>1</sup> As of December 31, 2007.

<sup>2</sup> Parent company of Edison Capital.



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SoCalEd (Preferred Stock)

**Stock Exchange Listing**

New York  
American

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