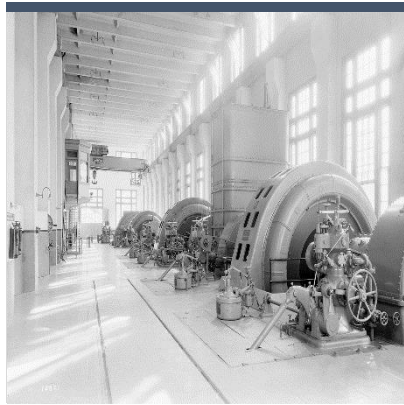
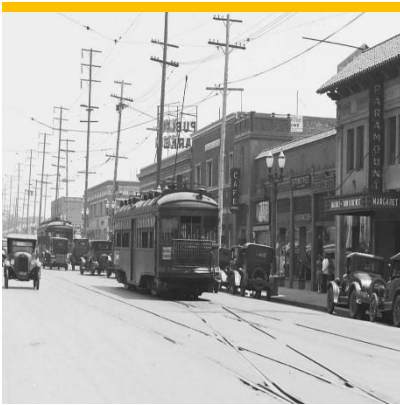


# Business Update

May 2018



Energy for What's Ahead®



# Forward-Looking Statements

Statements contained in this presentation about future performance, including, without limitation, operating results, capital expenditures, rate base growth, dividend policy, financial outlook, and other statements that are not purely historical, are forward-looking statements. These forward-looking statements reflect our current expectations; however, such statements involve risks and uncertainties. Actual results could differ materially from current expectations. These forward-looking statements represent our expectations only as of the date of this presentation, and Edison International assumes no duty to update them to reflect new information, events or circumstances. Important factors that could cause different results include, but are not limited to the:

- ability of SCE to recover its costs in a timely manner from its customers through regulated rates, including costs related to uninsured wildfire-related and mudslide-related liabilities, spending on grid modernization and other capital spending incurred prior to explicit regulatory approval;
- ability to obtain sufficient insurance at a reasonable cost, including insurance relating to SCE's nuclear facilities and wildfire-related and mudslide-related exposure, and to recover the costs of such insurance or, in the absence of insurance, the ability to recover uninsured losses;
- decisions and other actions by the CPUC, the FERC, the NRC and other regulatory authorities, including determinations of authorized rates of return or return on equity, the 2018 GRC, the recoverability of wildfire-related and mudslide-related costs, and delays in regulatory actions;
- ability of EIX or SCE to borrow funds and access the bank and capital markets on reasonable terms;
- risks associated with the decommissioning of San Onofre, including those related to public opposition, permitting, governmental approvals, on-site storage of spent nuclear fuel, and cost overruns;
- extreme weather-related incidents and other natural disasters, including earthquakes and events caused, or exacerbated, by climate change, such as wildfires;
- risks associated with cost allocation resulting in higher rates for utility bundled service customers because of possible customer bypass or departure due to Community Choice Aggregators (CCAs); and
- risks inherent in SCE's transmission and distribution infrastructure investment program, including those related to project site identification, public opposition, environmental mitigation, construction, permitting, power curtailment costs (payments due under power contracts in the event there is insufficient transmission to enable acceptance of power delivery), changes in the CAISO's transmission plans, and governmental approvals.

Other important factors are discussed under the headings "Forward-Looking Statements", "Risk Factors" and "Management's Discussion and Analysis" in Edison International's Form 10-K and other reports filed with the Securities and Exchange Commission, which are available on our website: [www.edisoninvestor.com](http://www.edisoninvestor.com). These filings also provide additional information on historical and other factual data contained in this presentation.

# Table of Contents

	Page	Updated (U) or New (N) from February 2018 Business Update
EIX Shareholder Value	3	
SCE Highlights, SCE Long-Term Growth Drivers, Regulatory Model	4-6	U
California Wildfire Risk Mitigation	7	
Capital Expenditures and Rate Base History and Forecast	8-10	
2018 General Rate Case	11	
Key Regulatory Proceedings	12	U
CPUC Cost of Capital	13	U
2018 Financial Assumptions	14	
Distribution and Transmission Capital Expenditure Detail	15-19	U
Operational Excellence	20	
EIX Responding to Industry Change	21	
Edison Energy Group Summary	22	U
Annual Dividends Per Share	23	
Appendix		
2018 General Rate Case Overview	25	
Historical Capital Expenditures	26	
Capital Expenditure and Rate Base Detailed Forecast	27	
Power Grid of the Future, Grid Modernization	28-31	
SCE Customer Demand Trends	32	
California Energy Policy	33	U
SCE Bundled Revenue Requirement, System Average Rate Historical Growth	34-35	U
CCA Overview, Residential Rate Reform and Other	36-39	N,U
SCE Rates and Bills Comparison	40	U
First Quarter 2018 Earnings Summary, Results of Operations, Non-GAAP Reconciliations	41-45	N,U

# EIX Strategy Should Produce Superior Value

## Sustained Earnings and Dividend Growth Led by SCE

### SCE Rate Base Growth Drives Earnings

- 9.7% average annual rate base growth through 2020 at request level
- SCE earnings should track rate base growth

### Constructive Regulatory Structure

- Decoupling of electricity sales
- Balancing accounts
- Forward-looking ratemaking

### Sustainable Dividend Growth

- Target dividend growth at higher than industry average within target payout ratio of 45-55% of SCE earnings

## Electric-Led Clean Energy Future

### EIX Vision

- Lead transformation of the electric power industry
- Focus on clean energy, efficient electrification, grid of the future and customers' technology choice

### Wires-Focused SCE Strategy

- Infrastructure replacement – safety and reliability
- Grid modernization – California's low-carbon goals
- Operational excellence

### Edison Energy Strategy

- Services for large commercial and industrial customers

# SCE Highlights

## One of the nation's largest electric utilities

- 15 million residents in service territory
- 5 million customer accounts
- 50,000 square-mile service area

## Significant infrastructure investment

- 1.4 million power poles
- 725,000 transformers
- 118,000 miles of distribution and transmission lines
- 3,200 MW owned generation

## Above average rate base growth driven by

- Safety and reliability
- California's low-carbon objectives
  - Grid modernization
  - Electric vehicle charging
  - Energy storage
  - Transportation electrification

## Limited Generation Exposure

- Own less than 20% of its power generation
- Future needs via competitive solicitations



# SCE Long-Term Growth Drivers

	Description	Timeframe/Regulatory Process
<b>Infrastructure Reliability</b>	Sustained level of infrastructure investment required until equilibrium replacement rates achieved and then maintained	<ul style="list-style-type: none"> <li>Ongoing - current and future GRCs</li> </ul>
<b>Grid Modernization</b>	Accelerate circuit upgrades, automation, communication, and analytics capabilities at optimal locations to integrate distributed energy resources	<ul style="list-style-type: none"> <li>Today – Grid modernization capital expenditures included in traditional spend</li> <li>2019-2020 – \$1.3 billion capital request in 2018 GRC application</li> <li>2025 – CPUC target to complete grid modernization but may take longer</li> </ul>
<b>Transmission</b>	Future transmission needs to meet 50% renewables mandate in 2030 and to support reliability	<ul style="list-style-type: none"> <li>2017-2022 – Multiple projects approved by CAISO in permitting and/or construction</li> <li>2021-2030 – Future needs largely driven by CAISO planning process</li> </ul>
<b>Energy Storage</b>	SCE-owned investment opportunities under existing CPUC proceedings	<ul style="list-style-type: none"> <li>Today – Most investments via contracts</li> <li>\$49 million of capital spending forecasted for 2018-2020</li> <li>SCE's storage portfolio – procurement target of 580 MW by 2020</li> <li>Energy Storage and Distribution Deferral Application (A.) 17-12-002 - seeks contract approval of 10 MW of distribution connected storage</li> </ul>
<b>Electrification of Transportation and Other Sectors</b>	Utility investment in programs to build and support the expansion of transportation electrification in passenger and light-, medium- and heavy-duty vehicles and potentially to support electrification of other sectors of the economy	<ul style="list-style-type: none"> <li>2016 – Charge Ready Phase I approved</li> <li>2017 – Transportation Electrification plan filed January 20; 5 priority projects approved, totaling \$16 million; proposed decision issued on standard review projects</li> <li>2018-2030 – Future Charge Ready Phase II and other transportation electrification investments; potential investments to support electrification of other sectors of the economy</li> </ul>

# SCE Decoupled Regulatory Framework

Regulatory Mechanism	Key Benefits
Decoupling of Revenues from Sales	<ul style="list-style-type: none"><li>• Earnings not affected by variability of retail electricity sales</li><li>• Differences between amounts collected and authorized levels either billed or refunded</li><li>• Promotes energy conservation</li><li>• Stabilizes revenues during economic cycles</li></ul>
Major Balancing Accounts <ul style="list-style-type: none"><li>• Sales</li><li>• Fuel and Purchased power</li><li>• Energy efficiency</li><li>• Pension expense</li></ul>	<ul style="list-style-type: none"><li>• Cost-recovery related balancing accounts represented more than 53% of costs</li><li>• Trigger mechanism for fuel and purchased power adjustments at 5% variance level</li></ul>
Advanced Long-Term Procurement Planning	<ul style="list-style-type: none"><li>• Upfront contract approvals and prudence standards provide greater certainty of cost recovery (subject to compliance-related reasonableness review)</li></ul>
Forward-looking Ratemaking	<ul style="list-style-type: none"><li>• Forward and test year GRC with three-year rate cycle</li><li>• Separate cost of capital mechanism</li></ul>

# California Wildfire Campaign

Prevention and mitigation	Hardening the infrastructure	Allocation of risk and liability
<ul style="list-style-type: none"><li>• Effective fire suppression resources</li><li>• Effective vegetation management policies</li><li>• Hazardous fuels reduction</li><li>• Zoning regulations for residential and commercial development in high fire risk areas</li></ul>	<ul style="list-style-type: none"><li>• Stronger building codes in high fire risk areas</li><li>• Partnering with state agencies on improved standards for climate resilient infrastructure</li><li>• Assessing the design and operation of the system<ul style="list-style-type: none"><li>➤ Inspecting and upgrading poles</li><li>➤ Undergrounding electric lines</li><li>➤ Operating differently under Red Flag warnings</li><li>➤ Preemptively de-energize lines in high fire risk areas during severe wind events</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Policies around allocation of financial risks, including fire suppression costs and damages</li><li>• Reforming the application of inverse condemnation with strict liability to utilities</li><li>• Addressing the high cost of fire suppression, the costs which exceed state budgets annually</li><li>• Addressing increasingly high premiums for wildfire insurance coverage</li></ul>



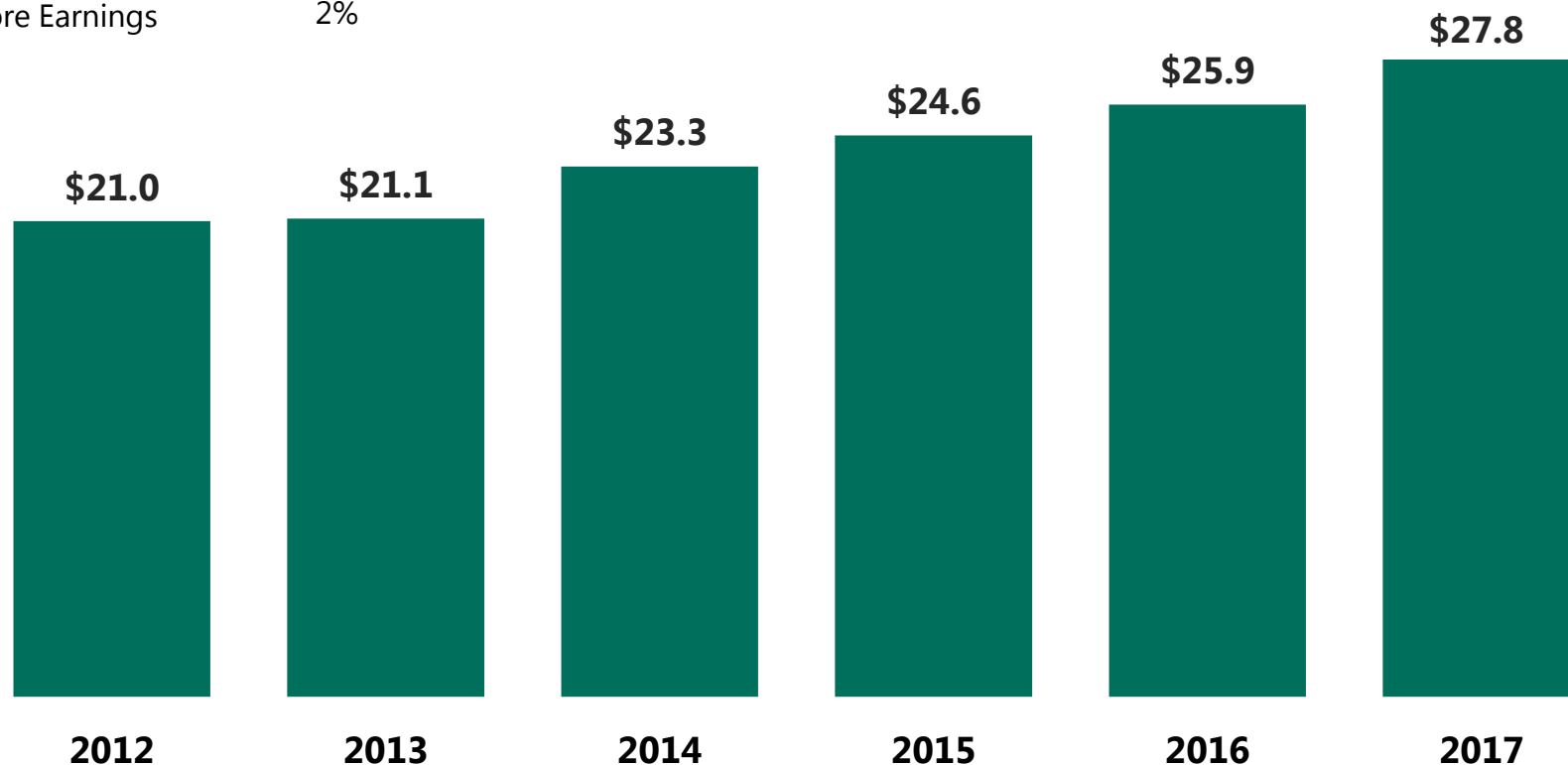
# SCE Historical Rate Base and Core Earnings

(\$ billions, except per share data)

## 2012– 2017 CAGR

Rate Base 6%

Core Earnings 2%



	2012	2013	2014	2015	2016	2017
Core EPS	\$4.10	\$3.88	\$4.68	\$4.20	\$4.22	\$4.58

Note: Recorded rate base, year-end basis. See SCE Core EPS Non-GAAP Reconciliations and Use of Non-GAAP Financial Measures. Since 2013, rate base excludes SONGS.

# SCE Capital Expenditure Forecast

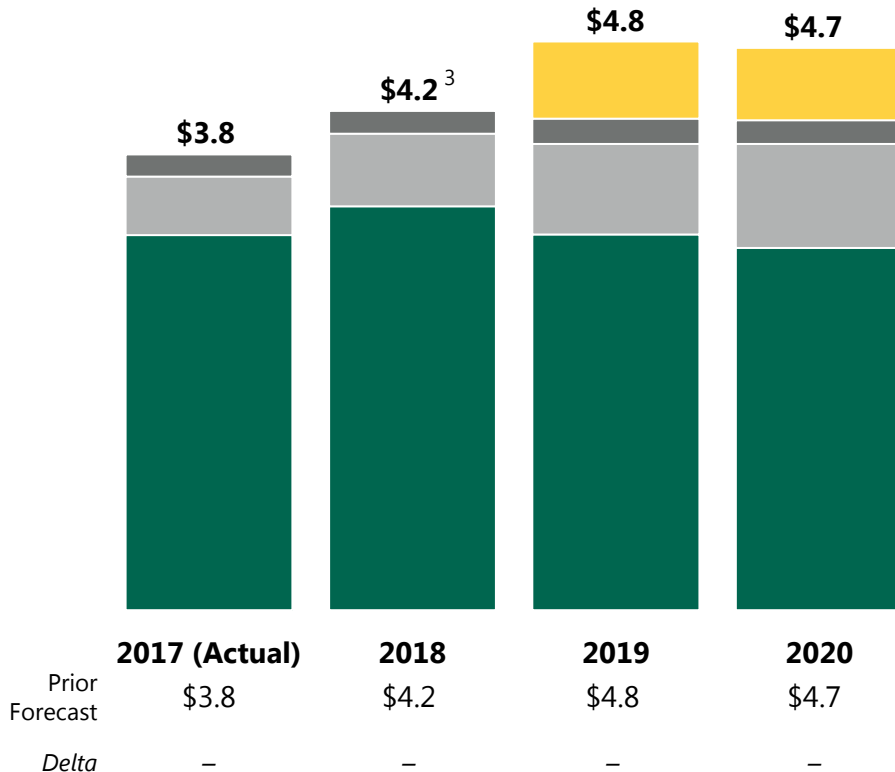
(\$ billions)

## Traditional Capital Spending:

■ Distribution<sup>1</sup> ■ Transmission ■ Generation

## Grid Modernization Capital Spending:

■ Grid Modernization<sup>2</sup>



## \$13.7 Billion 2018-2020 Capital Program

- Capital expenditure forecast incorporates GRC, FERC and non-GRC CPUC spending
  - GRC decision pending; 2018 capital plan will allow SCE to ramp up its spending program over the three-year GRC period to meet ultimately authorized capital
  - 2018 Grid Modernization spending focused on safety and reliability<sup>2</sup>
  - Includes \$119 million of non-GRC CPUC capital for mobile home pilot program, charge ready pilot, and priority review transportation electrification projects in 2018-2019
  - Does not reflect proposed decisions for Alberhill construction license, nor standard review transportation electrification projects; to be updated upon issuance of final decisions
- Authorized/Actual may differ from forecast
  - Since the 2009 GRC, CPUC has approved 81%, 89%, and 92% of capital requested, respectively
  - SCE has no prior approval experience on grid modernization capital spending and, therefore, prior results may not be predictive
  - Forecasted FERC capital spending subject to timely receipt of permitting, licensing, and regulatory approvals

1. Includes 2018 – 2020 capital expenditures of \$105 million for Mobile Home Park, \$49 million for Energy Storage, \$10 million for Transportation Electrification, and \$4 million for Charge Ready

2. 2017 and 2018 capital expenditures related to grid modernization are included in distribution capital expenditures

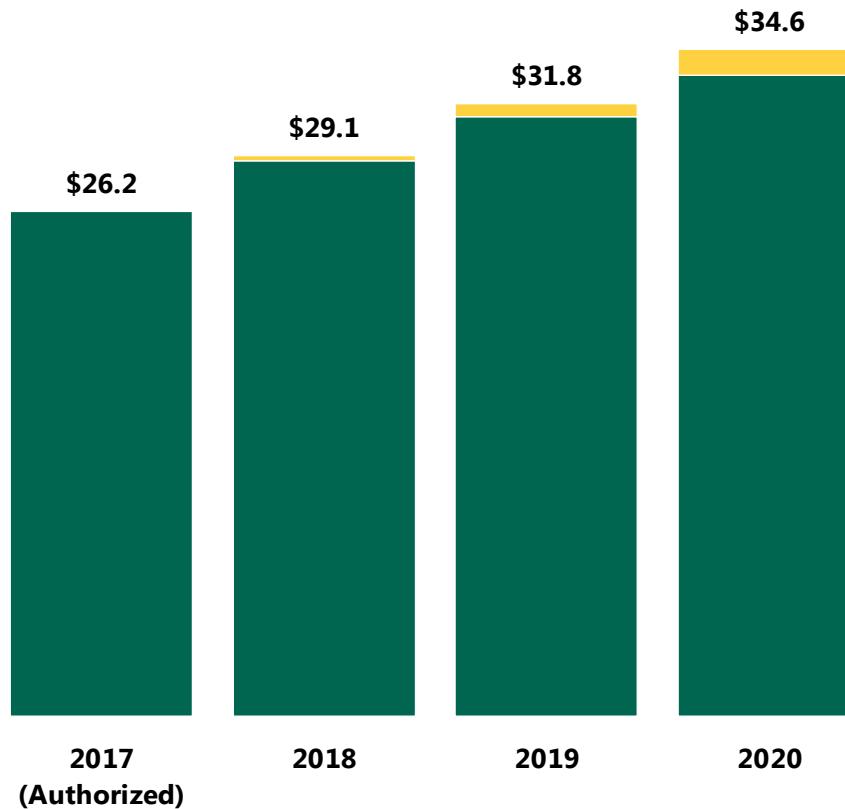
3. 2018 spending at budget levels; 2019-2020 are at request levels

Note: Forecasted capital spending includes CPUC, FERC and other spending. 2019-2020 based on 2018 CPUC GRC Tax Reform February Update testimony. See Capital Expenditure/Rate Base Detailed Forecast for further information, including potential investment excluded in forecasts. Delta represents change from February 2018 Business Update.

# SCE Rate Base Forecast – Request Level

(\$ billions)

■ Traditional ■ Grid Modernization



Prior Forecast	\$26.2	\$29.1	\$31.8	\$34.6
Delta	–	–	–	–

**3-year CAGR of 9.7%**

## CPUC

- Rate base based on request levels from 2018 GRC Tax Reform February Update

## FERC

- FERC rate base, including Construction Work in Progress (CWIP), is approximately 19% of SCE's rate base by 2020
- Reflects latest capital forecast and Incentive CWIP treatment for Alberhill, Mesa and Eldorado-Lugo-Mohave projects

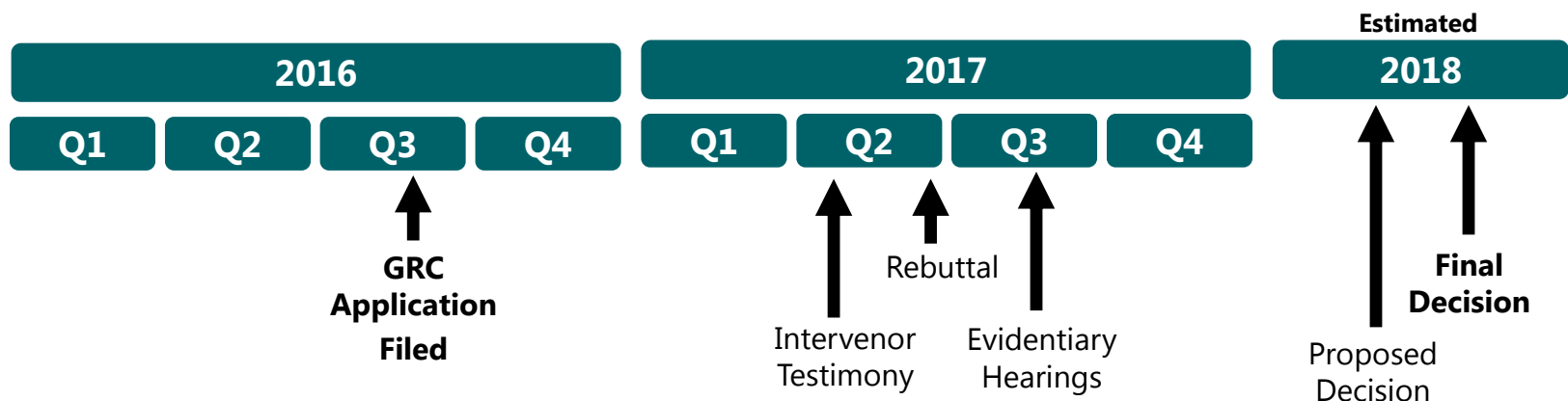
## Other

- Includes Tax Reform impact
- Includes mobile home pilot program, charge ready pilot, and priority review transportation electrification
- Excludes SONGS regulatory asset

Note: Weighted-average year basis. 2017 based on 2015 GRC decision. 2018-2020 CPUC based on 2018 GRC Tax Reform February Update testimony, FERC based on latest forecast and current tax law, "rate-base offset" for the 2015 GRC decision excluded because of write off of regulatory asset related to 2012-2014 incremental tax repairs. Delta represents change from February 2018 Business Update

# 2018 SCE General Rate Case (GRC)

- 2018 GRC Application (A. 16-09-001) filed September 1, 2016
- Addresses CPUC jurisdictional revenue requirement for 2018-2020
  - Includes operating costs and capital investment
  - Excludes CPUC jurisdictional costs such as fuel and purchased power, cost of capital and other potential SCE capital projects (transportation electrification, Charge Ready, and storage outside of the GRC)
  - Excludes FERC jurisdictional transmission
- SCE's Updated Testimony for tax reform was filed February 16, 2018, and requests 2018 revenue requirement of \$5.534 billion
  - \$106 million decrease over 2017 GRC revenue requirement
  - Requests post test year GRC revenue requirement increases: \$431 million in 2019 and \$503 million in 2020
  - The requested increase represents an estimated 3% compound annual growth rate in total rates between 2017-2020
- GRC filing advances SCE strategy focusing on safety and reliability by continuing infrastructure investment and beginning grid modernization investments, mitigating customer rate impacts through lower operating costs

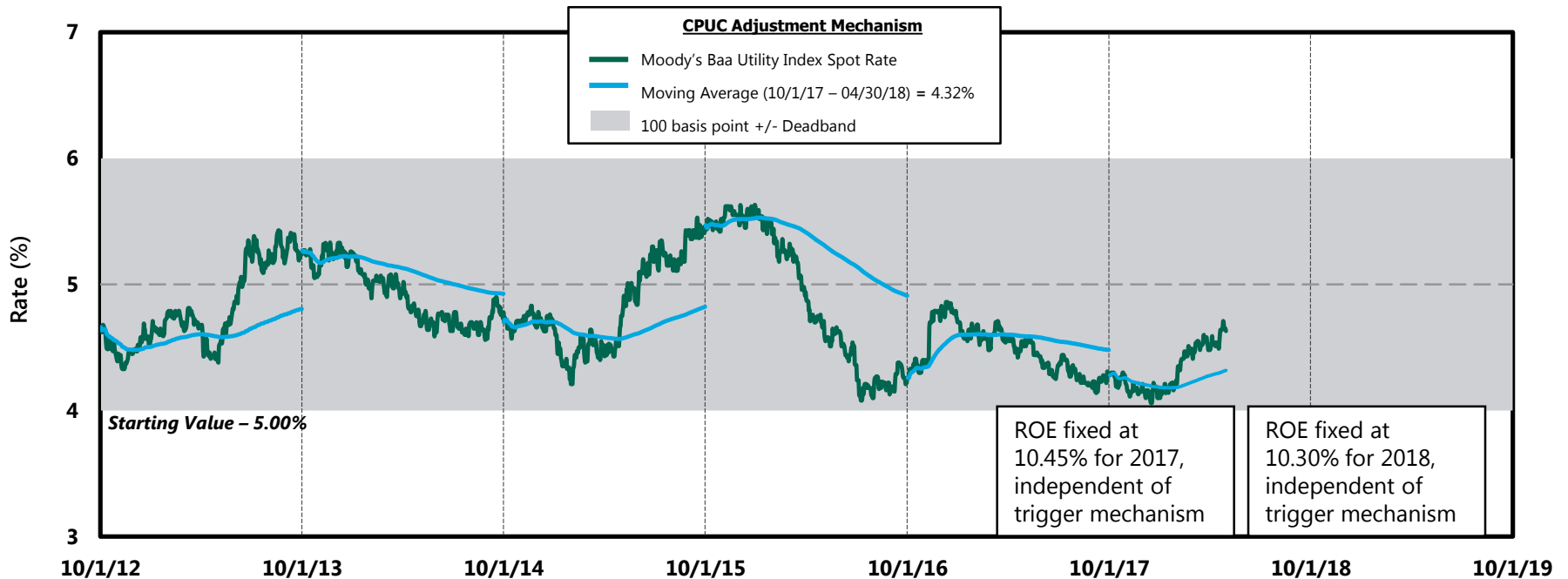


Note: Schedule was set by CPUC, but excludes timing of final decision. The schedule is subject to change over the course of the proceeding.

# SCE Key Regulatory Proceedings

Proceeding	Description	Next Steps
<b>Key CPUC Proceedings</b>		
2018 General Rate Case (A. 16-09-001)	Set CPUC base revenue requirement, capital expenditures and rate base for 2018-2020	Updated Testimony filed on February 16, 2018; hearing held March 19, 2018
Z-Factor Advice Letter (Advice Letter 3768-E)	Advice letter requesting Z-Factor recovery of approximately \$108 million incurred to obtain a 12-month, \$300 million wildfire insurance policy for 2018	Protest and reply to protests have been filed; no set timeline for Commission review
Distribution Resources Plan OIR (R.14-08-013)	Power grid investments to integrate distributed energy resources	Demo projects underway; Decision on the deferral framework and distribution forecasting issued in February; Decision on investment guidance issued in March 2018
Integrated Distributed Energy Resources OIR (R. 14-10-003)	Creating consistent framework for guidance, planning and evaluation of Distributed Energy Resources (DERs)	SCE launched its IDER Incentive Pilot Solicitation on January 12, 2018 with Final Selection notification occurring on May 11, 2018; Amended scoping memo issued to consider alternate DER sourcing mechanisms
SONGS OII (I.12-10-013)	OII resolved (December 2015); Proceeding record reopened in May 2016	Revised Settlement Agreement reached January 2018; awaiting CPUC approval
Charge Ready Program (A.14-10-014)	Implementation program for charger installations and market education	Phase 1 pilot program approved January 2016; plan to file Phase 1 report in May 2018; Phase 2 filing expected in Q2 2018
2017 Transportation Electrification (A.17-01-021)	TE proposals to address SB 350 transportation electrification objectives	Ongoing workshops and data requests; Five priority review projects approved in January 2018; final decision for standard review projects expected in May 2018
Power Charge Indifference Adjustment OIR (R.17-06-026)	Review, revise, and consider alternatives to the PCIA	Scoping memo issued – Track 1 proposed decision in April 2018 and Track 2 proposed decision in July 2018
<b>Key FERC Proceedings</b>		
FERC Formula Rates	Transmission rate setting with annual updates	Replacement rate filed on October 27, 2017 and in effect subject to refund; proceeding ongoing and settlement discussions have begun; All parties will meet at FERC on May 15, 2018

# CPUC Cost of Capital



## Two year settlement approved for 2018-2019

- ROE adjustment based on 12-month average of Moody's Baa utility bond rates, measured from October 1 to September 30
- If index exceeds 100 bps deadband from starting index value, authorized ROE changes by half the difference
- Starting index value based on trailing 12 months of Moody's Baa index as of September 30 of each year – 5.00%

	CPUC Authorized		Settlement Terms (2018-2019)
	Capital Structure	2017	2018-2019
Common Equity	48%	10.45%	10.30%
Preferred	9%	5.79%	5.82%
Long-term Debt	43%	5.49%	4.98%
<b>Weighted Average Cost of Capital</b>		<b>7.90%</b>	<b>7.61%</b>

# 2018 Financial Assumptions

(\$ billions)

## SCE Capital Expenditures

Distribution	\$3.4
Transmission	0.6
Generation	<u>0.2</u>
<b>2018 Plan</b>	<b>\$4.2</b>

- Based on 2018 forecasted expenditures at SCE

## SCE Weighted Average Rate Base

Traditional	\$28.8
Grid Mod	<u>0.3</u>
<b>2018 Request</b>	<b>\$29.1</b>

- FERC comprises about 20% of total rate base in 2018
- Based on GRC update submitted February 2018; incorporates impact of tax reform

## SCE Authorized Cost of Capital

<b>CPUC Return on Equity</b>	10.3%
<b>CPUC Capital Structure</b>	48% equity
	43% debt
	9% preferred
<b>FERC Return on Equity</b>	11.5% with incentives (subject to refund pending FERC decision)

## Other Items

- Incremental wildfire insurance obtained at year-end at cost of (\$0.29) per share; CPUC has not yet addressed recovery of these premiums or any other costs in excess of what has been requested in the GRC
- Energy efficiency of \$0.03 per share
- Revenues recorded at 2017 levels until 2018 GRC decision is received (decision retroactive to January 1, 2018)
- 2018 EIX Parent and Other core EPS guidance range: (\$0.25) to (\$0.30) per share
  - Holding company drag of 2 cents per share per month due to lower tax shield and higher interest expense
  - Includes EPS estimate for Edison Energy; continue to target breakeven run rate by year-end 2019

**EIX will provide 2018 earnings guidance after a final decision in the SCE 2018 General Rate Case**

Note: All tax-affected information on this slide is based on our current combined statutory tax rate of approximately 28%.

# SCE Distribution System Investments

## Distribution Trends

- Continued focus on safety and reliability with infrastructure replacement representing 45% of total distribution capital spend, but not yet reaching equilibrium replacement rate
  - Includes pole loading replacement program and overhead conductor replacements
- Distribution grid requires upgrades to circuit capacity, automation, and control systems to support reliability as use of distributed energy resources increases
- Includes grid modernization capital which is expected to become a larger portion of spend beyond 2018

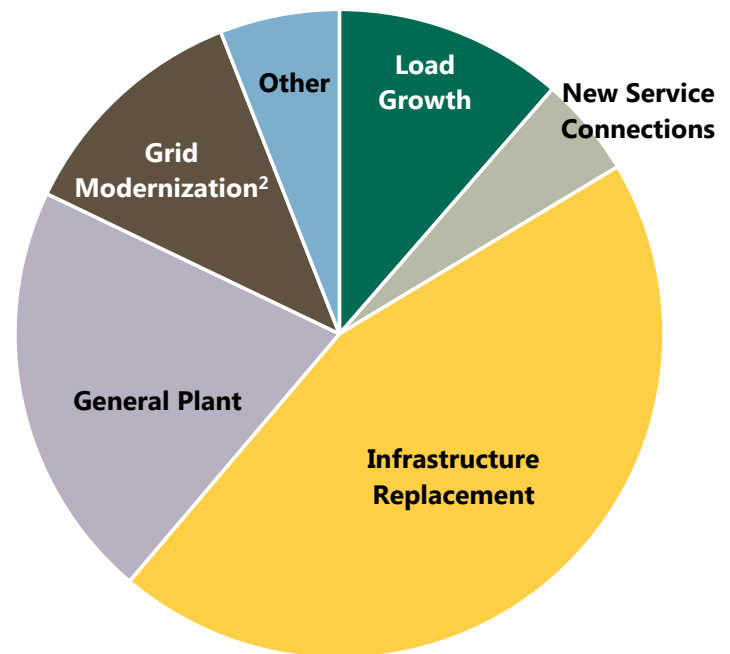
## 2018-2020 Capital Spending Drivers

- Automation of over 850 distribution circuits
- Over 2,000 miles of cable replacements
- 4kV cutovers/removals
- Distribution preventive maintenance
- Overhead conductor replacements
- Circuit breaker replacements/upgrades

1. Other includes GRC energy storage, Charge Ready Pilot and mobile home pilot programs

2. 2018 Grid Modernization spending, included in distribution, is focused on safety and reliability; most spending focused on integration of distributed energy resources has been deferred

**2018 – 2020 Capital Spending Forecast  
for Distribution<sup>1,2</sup>  
\$10.9 Billion**





# Energy Storage

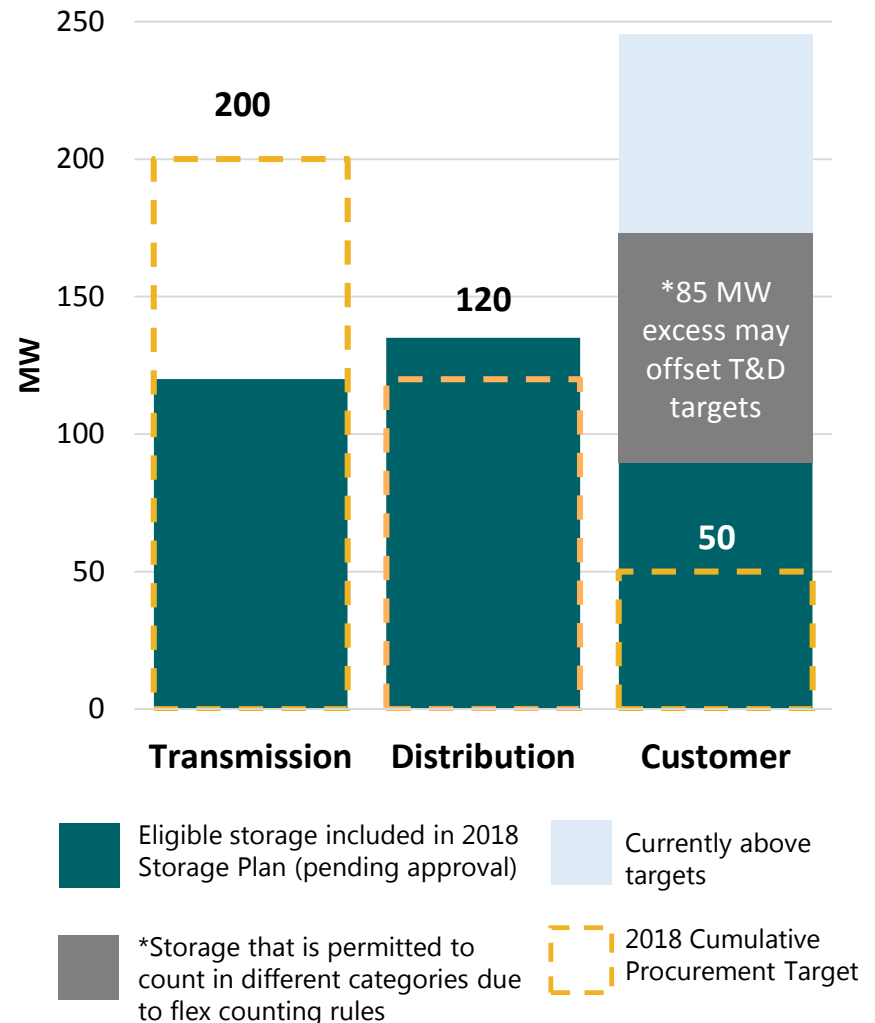
## CPUC Energy Storage Program Requirements:

- Storage Rulemaking (R.10-12-007) established 1,325 MW target for IOUs by 2024 (580 MW SCE share; spread as biennial targets during 2014-20); ownership allowed up to 290 MW for SCE
- Flexibility to transfer across categories, expanded in Storage Rulemaking (R.15-03-011)\*
- Decision (D. 17-04-039) added AB 2868 opportunity for programs and investments of an additional 500 MW of distribution-level energy storage systems, distributed equally among the IOUs (166 MW SCE share; spread as biennial targets, 2018 and onward)

## SCE Procurement Activities to Meet CPUC Requirements:

- SCE has procured over 500 MW of energy storage; ~364 MW of which is eligible to count towards CPUC targets. This puts SCE ~6 MW short of reaching 2018 Storage Targets, and ~216 MW from achieving 2020 Targets
- SCE filed its 2018 Energy Storage and Investment Plan on March 1.
  - The 2018 Plan included AB 2868 proposals for Energy Storage Programs and Investments, in addition to procurement of energy storage via other solicitations (e.g., 20 MW min. for SB 801 – 2018 Aliso Canyon ES, + any eligible storage procured through IDER RFO, 2018 LCR RFP).
  - SCE expects to surpass its 2018 interim targets through the various procurement activities.

## SCE 2018 Storage Portfolio



# Transportation Electrification Overview

**Per SB 32, California's goal to reduce total GHG emissions by 40 percent from 1990 levels by 2030 is 42% from current levels**

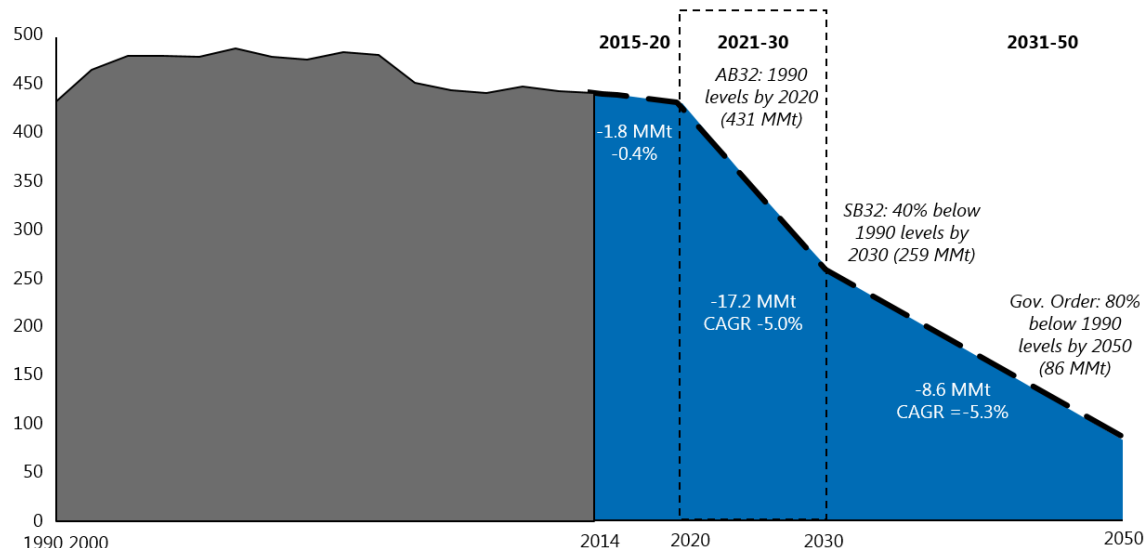
- Governor Order set a 2050 target of 80% below 1990 levels

**Many of California's policies to date focused on electric power, but other key areas need to be considered**

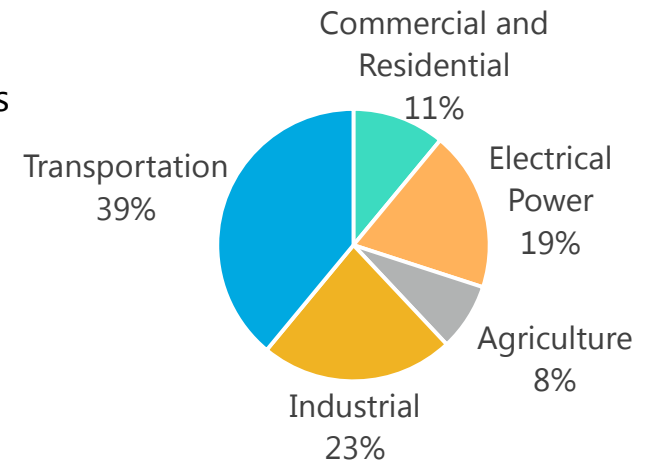
- Including the refining process, GHG emissions from the transportation sector is approximately 45% of the state's emissions

CA Statewide "Included" GHG Emissions  
(million tonnes CO<sub>2</sub> equivalent)

CA Greenhouse Gas Trajectory  
(million tonnes of CO<sub>2</sub> per yr. equivalent)



**2015 California GHG Emissions by Sector**



**SCE is taking a leading role to ensure that transportation electrification plays a major part in reducing GHG and criteria pollutant emissions in California**

Note: Data for both charts from California Air Resources Board.

# SCE Transportation Electrification Proposals

**On January 20, 2017, SCE filed with the CPUC a wide-ranging plan to increase electrification of cars, buses, medium- and heavy-duty trucks and industrial vehicles and equipment**

- SCE proposed 6 near-term, priority review projects and 2 longer-term, standard review programs for a total of \$574 million of total costs (includes both O&M and capital expenditures)
- A proposed decision was issued on the standard review projects granting \$208 million out of \$554 million for medium- and heavy-duty with no after-the-fact reasonableness review
- Only the five priority review projects approved by the CPUC are included in capital spending and rate base

**SCE's Charge Ready Program targets the need for non-single family home charging and supports Governor's Executive Order calling for 5 million zero emission vehicles by 2030**

- Phase I (\$22 million cost; \$12 million rate base) approved by CPUC in January 2016 to support approximately 1,250 chargers (2016-2018)
- Phase II request to be filed in Q2 2018 after completion of Phase I; >\$200 million rate base opportunity to support remaining chargers in program, but could be substantially more

**SCE 2017 Transportation Electrification Application Proposals**

Program Name	Category	Timeframe	Requested Total Cost <sup>1</sup>	Approved
Residential Make-Ready Rebate	Incentive Pilot	Near-term	\$4	✓
Urban Direct Current Fast Charge Clusters	Infrastructure Pilot	Near-term	\$4	✓
Electric Transit Bus Make-Ready	Infrastructure Pilot	Near-term	\$4	✓
Port of Long Beach (POLB) ITS Terminal Yard Tractor	Infrastructure Pilot	Near-term	\$0.5	✓
POLB Rubber Tire Gantry Crane Electrification	Infrastructure Pilot	Near-term	\$3	✓
EV Drive Rideshare Reward	Incentive Pilot	Near-term	\$4	×
Medium and Heavy-Duty Vehicle Charging	Infrastructure Program	Long-term	\$554	PD Issued
New Commercial Electric Vehicle Rate Proposal	Rate Design Program	Long-term	N/A	PD Issued

1. Estimated Total Cost in 2016 \$millions of constant dollars

# SCE Large Transmission Projects

## Summary of Large Transmission Projects

Project Name	Total Cost <sup>4</sup>	Remaining Investment (as of March 31, 2018)	Estimated In-Service Date
West of Devers <sup>1,2</sup>	\$848 million	\$747 million	2021
Mesa Substation <sup>1</sup>	\$646 million	\$521 million	2022
Alberhill System <sup>3</sup>	\$486 million	\$448 million	2021
Riverside Transmission Reliability	\$405 million	\$397 million	2023
Eldorado-Lugo-Mohave Upgrade	\$233 million	\$190 million	2021

## FERC Cost of Capital

### 11.5% ROE in 2018 (subject to refund):

- ROE = Requested Base of 10.3% + CAISO Participation + weighted average of individual project incentives
  - Application for 2018 FERC Formula recovery mechanism filed on October 27, 2017
  - Requested 50 bp CAISO adder; approved, but application for rehearing requested by CPUC
  - ROE and proposed 2018 Transmission Revenue Requirement are accepted and suspended pending settlement discussions

1. CPUC approved
2. Morongo Transmission holds an option to invest up to \$400 million, or half of the estimated cost of the transmission facilities only, at the in-service date. If the option is exercised, SCE's rate base would be offset by that amount
3. Received Proposed Decision from CPUC on April 4, 2018 denying SCE's application for a certificate of public convenience and necessity for the Alberhill System Project.
4. Total Costs are nominal direct expenditures, subject to CPUC and FERC cost recovery approval. SCE regularly evaluates the cost and schedule based on permitting processes, given that SCE continues to see delays in securing project approvals



# SCE Operational Excellence

## Defining Excellence

### Top Quartile

- Safety
- Reliability
- Customer service
- Cost efficiency

### Optimize

- Capital productivity
- Purchased power cost

**High performing, continuous improvement culture**

## Measuring Excellence

- Employee and public safety metrics
- System performance and reliability (SAIDI, SAIFI, MAIFI)
- J.D. Power customer satisfaction
- O&M cost per customer
- Reduce system rate growth with O&M / purchased power cost reductions

**Ongoing  
Operational  
Excellence  
Efforts**

# Responding to Industry Change

## Long-Term Industry Trends

- The technology landscape is evolving at an unprecedented pace, with innovation driving advances in cost and capabilities of distributed energy resources
- Customer expectations are changing with increasing choices and alternatives, a growing priority of sustainability objectives, and flattening demand
- The regulatory environment for utilities is complex, increasingly supportive of new forms of competition but unable to keep pace with new business models
- Policies both in California and globally are setting aggressive greenhouse gas reduction targets

## Strategy

### SCE Strategy

- Clean the power system by accelerating the de-carbonization of electricity supply
- Help customers make cleaner energy choices to support electrification and leverage flexible energy demand
- Strengthen and modernize the grid by replacing aging infrastructure and deploying technology
- Achieve operational and service excellence with top tier performance in safety, reliability, affordability, and customer satisfaction

### Beyond SCE

- Position Edison Energy as an independent energy advisor and integrator for large commercial and industrial customers

# Edison Energy Summary

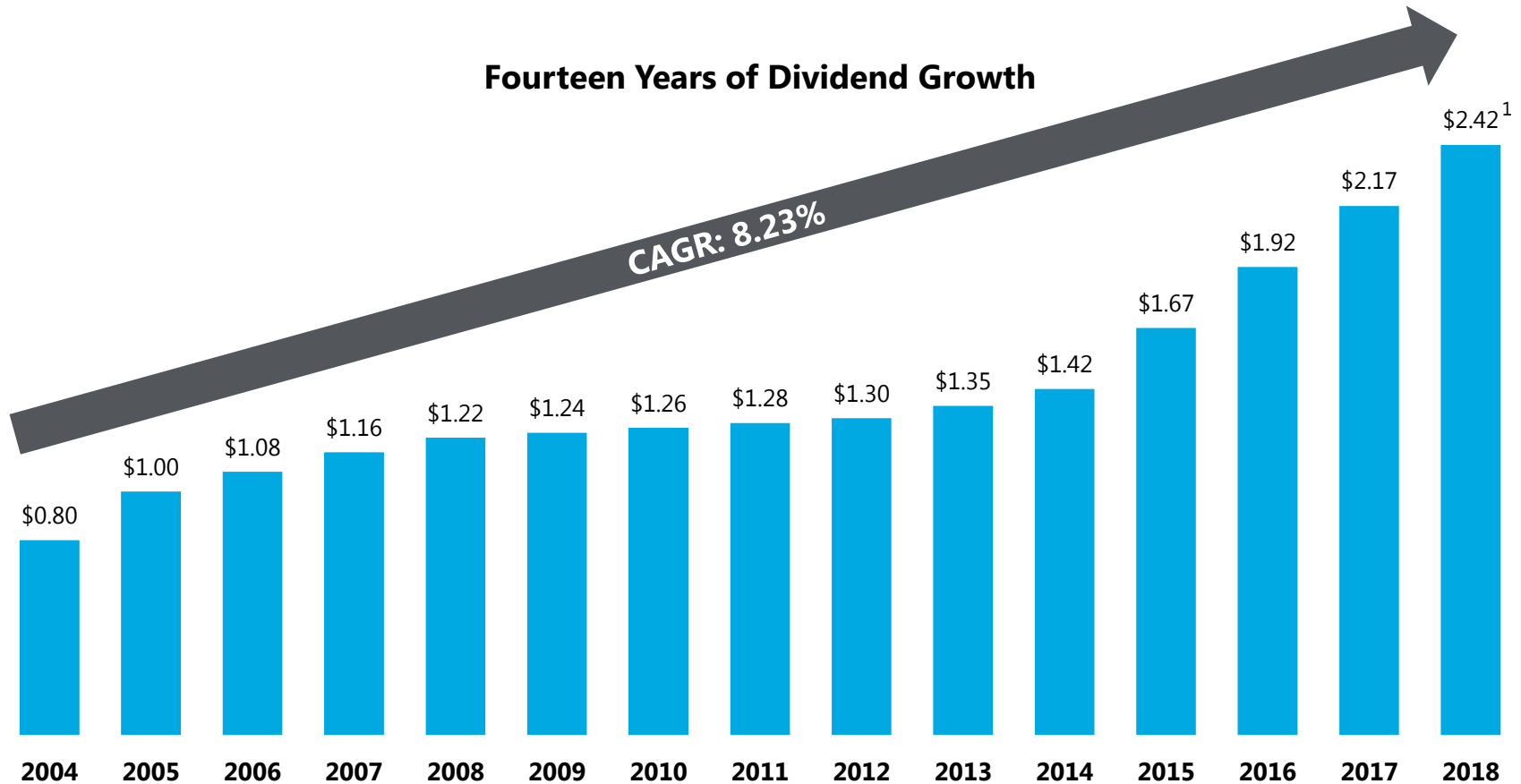
## Edison Energy

- Energy is a significant risk large commercial and industrial customers face. Edison Energy creates competitive advantage for market leaders by quantifying this risk and designing the portfolio solution to protect shareholder value threatened by complex energy policies, technological advancements, and new products.
- Optimized portfolio solutions based on robust analytics of the customer's energy portfolio in alignment with their goals and strategic objectives
- Implementation of solutions through existing service lines or brokering with third parties
- Edison International investment \$107 million as of March 31, 2018



**The Opportunity: Trusted Advisor and Solution Integrator**

# EIX Annual Dividends Per Share



**Target dividend growth at a higher than industry average growth rate within its target payout ratio of 45-55% of SCE earnings in steps over time**

1. 2018 Dividend annualized based on December 7, 2017 declaration increase



# Appendix

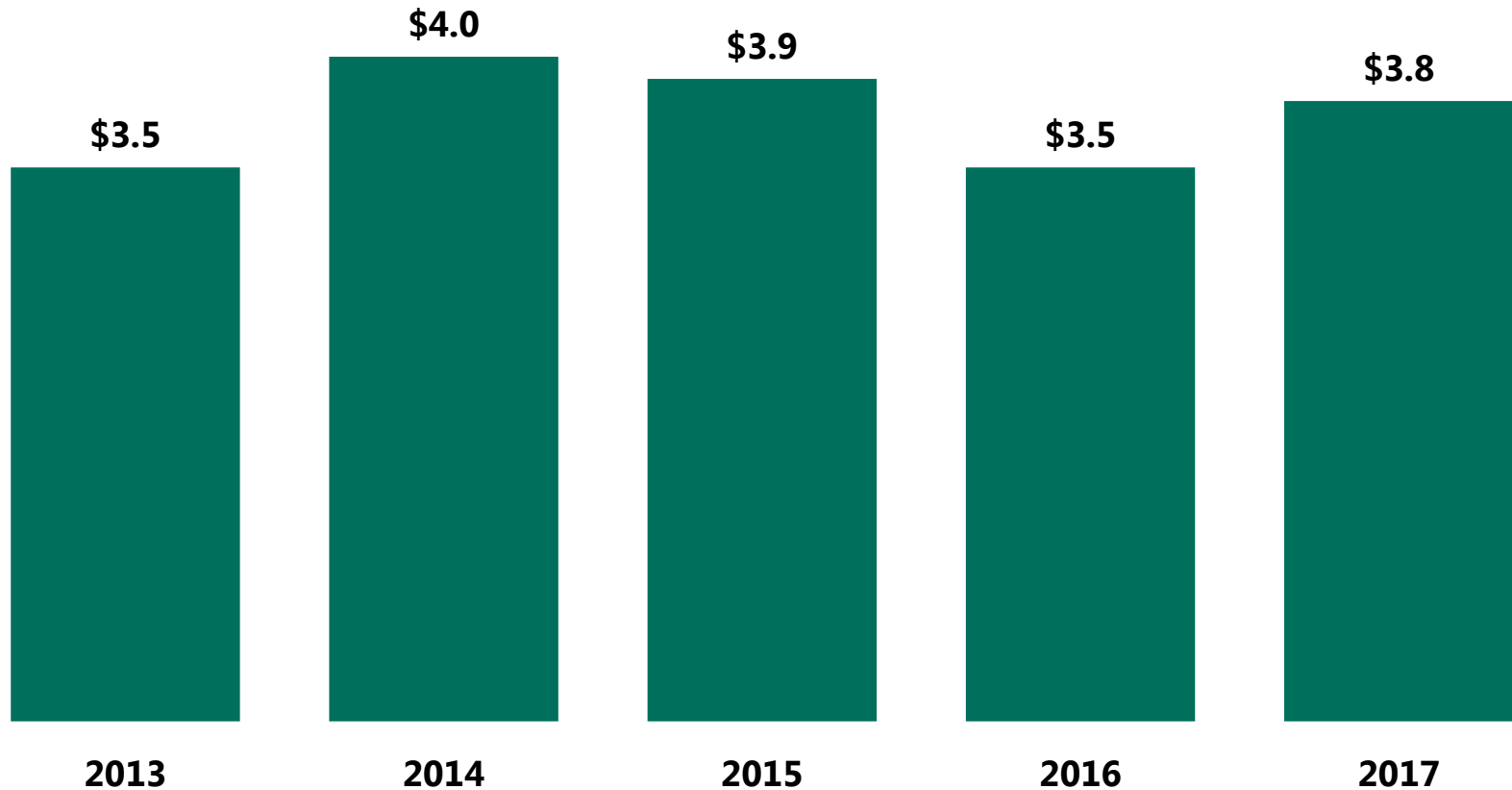
# 2018 SCE GRC

Items Carried Over from 2015 GRC	New Items from 2018 GRC	Previous Intervenor Testimony
<ul style="list-style-type: none"> <li>• Requests continuation of Tax Accounting Memorandum Account (TAMA) adjusting revenues annually for over and undercollection of specified tax items</li> <li>• Forecasting over \$85 million in 2018 O&amp;M savings from Operational Excellence initiatives</li> <li>• Requests recovery for short-term incentive compensation plans for full-time employees (\$41 million disallowance in 2015 GRC decision)</li> <li>• Requests continuation of pole loading capital recovery through balancing account</li> </ul>	<ul style="list-style-type: none"> <li>• Capital expenditures of \$1.8 billion for grid modernization capital to support improved safety and reliability and increased levels of distributed energy resources (DER)</li> <li>• Increased depreciation expense to reflect updated cost of removal estimates<sup>1</sup> <ul style="list-style-type: none"> <li>➤ Limiting cost of removal request to mitigate customer rate impact beginning with \$84 million increase in 2018</li> <li>➤ Further increases will likely be required over multiple GRC cycles</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• ORA - Proposed no Grid Modernization capital expenditures and ~90% of traditional capital expenditures</li> <li>• TURN - Proposed ~22% of Grid Modernization capital expenditures and ~85% of traditional capital expenditures</li> </ul>

1. Cost of removal is the cost to remove existing equipment that is being replaced

# SCE Historical Capital Expenditures

(\$ billions)



# Capital Expenditure/Rate Base Detailed Forecast

(\$ in billions)

Detailed Capital Expenditures – 2017-2020					
	2017 (Actual)	2018	2019	2020	Total
Distribution <sup>1,2</sup>	\$3.1	\$3.4	\$3.2	\$3.0	\$12.7
Transmission <sup>1</sup>	0.5	0.6	0.8	0.9	2.7
Generation <sup>1</sup>	0.2	0.2	0.2	0.2	0.8
Total Traditional	\$3.8	\$4.2	\$4.1	\$4.1	\$16.3
Grid Modernization <sup>3</sup>	-	-	0.6	0.6	1.3
Total	<b>\$3.8</b>	<b>\$4.2</b>	<b>\$4.8</b>	<b>\$4.7</b>	<b>\$17.6</b>

Detailed Rate Base at Request Levels – 2017-2020				
	2017 (Actual)	2018	2019	2020
Traditional Rate Base	\$26.2	\$28.8	\$31.1	\$33.3
Grid Modernization	-	0.3	0.7	1.3
Total	<b>\$26.2</b>	<b>\$29.1</b>	<b>\$31.8</b>	<b>\$34.6</b>

1. Includes allocated capitalized overheads and general plant

2. Includes 2018 – 2020 capital expenditures of \$105 million for Mobile Home Park, \$49 million for Energy Storage, \$10 million for priority review transportation electrification, and \$4 million for Charge Ready Pilot

3. 2017 and 2018 capital expenditures related to grid modernization are included in distribution capital expenditures

Note: Totals may not foot due to rounding.

# Distribution Power Grid of the Future

## Current State

### One-Way Electricity Flow

- System designed to distribute electricity from large central generating plants
- Increasing penetration of distributed energy resources
- Voltage centrally maintained
- Limited situational awareness and visualization tools for power grid operators

### Renewable Generation Mandates

### Subsidized Residential Solar

### Limited Electric Vehicle Charging Infrastructure

## Future State

### Variable, Two-Way Electricity Flow

- Distribution system at the center of the power grid
- System designed to manage fluctuating resources and customer demand
- Digital monitoring and control devices and advanced communications systems to improve safety and reliability, and integrate DERs
- Improved data management and power grid operations with cyber mitigation
- Modernize utility distribution planning with distributed energy resources

### Maximize Distributed Resources and Electric Vehicle Adoption

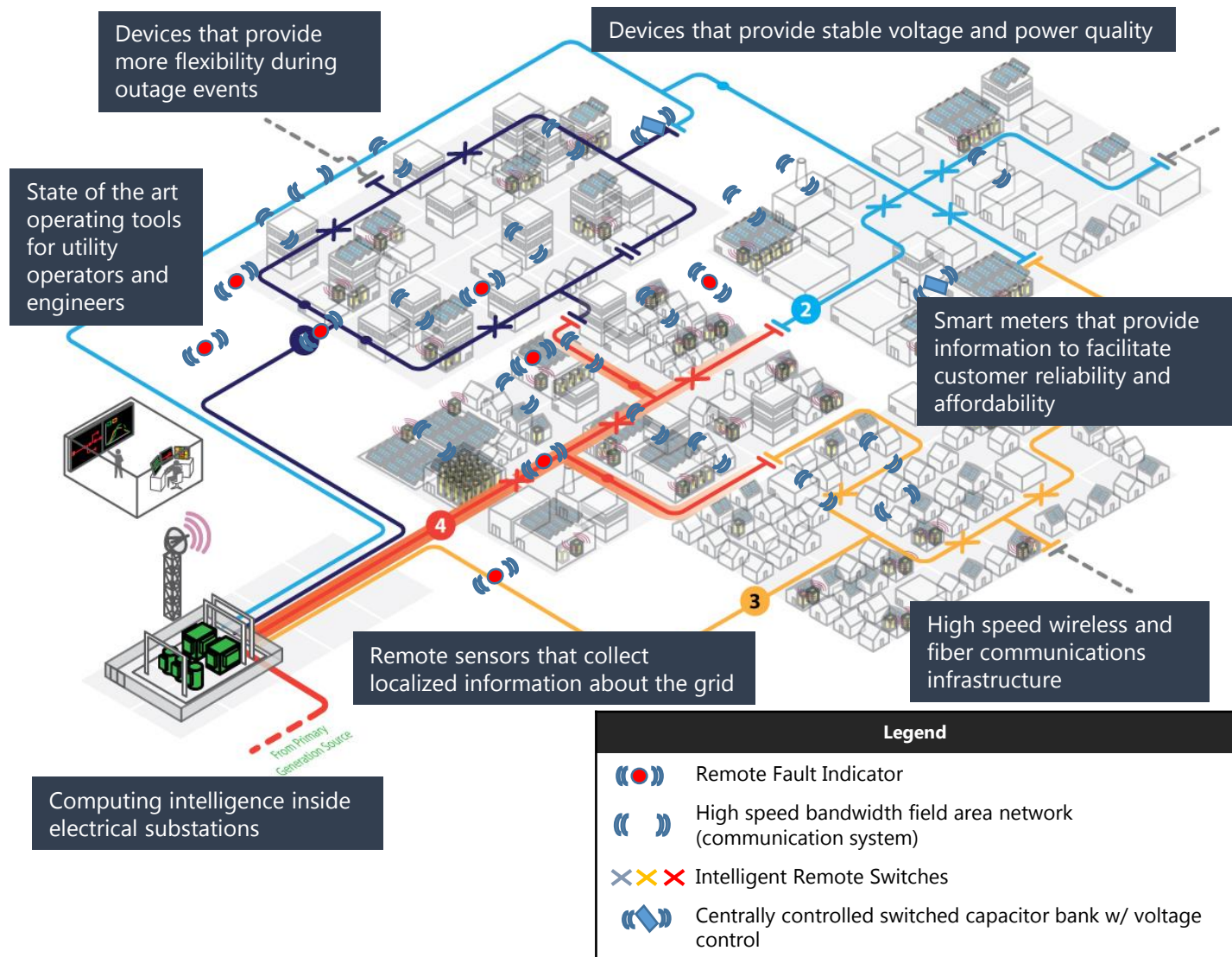
- Distribution power grid infrastructure design supports customer choice and greater resiliency

# Grid Modernization Highlights

**Future circuit designs integrate Distributed Energy Resources and increase flexibility**

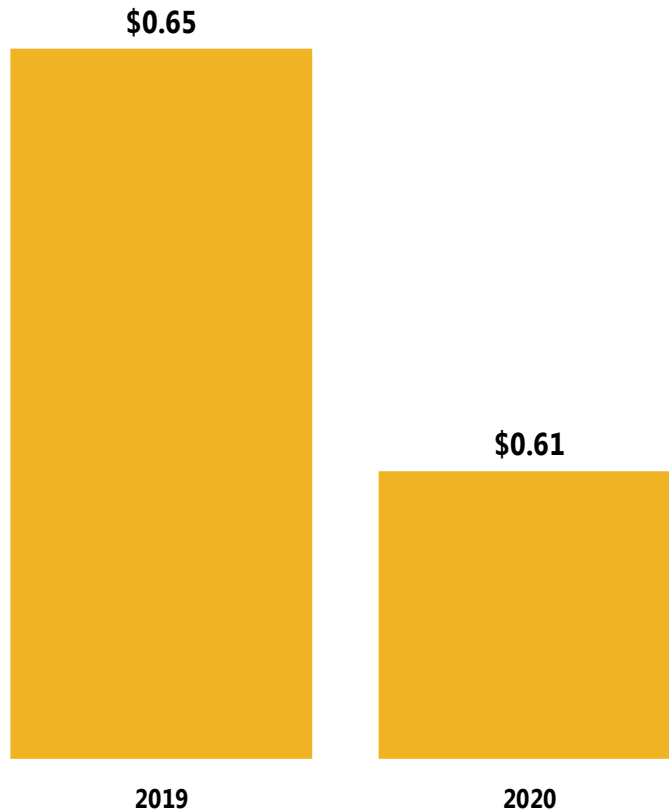
**The distribution system will require transformative technologies in planning, design, construction and operation**

**Net benefits to customers include increased safety, reliability, access to affordable programs, and ability to adopt new clean and distributed technologies**



# SCE Grid Modernization – Request Level

(\$ billions)



## \$1.3 Billion Capital Request for 2019-2020<sup>1,2</sup>

**Building next generation electric grid requires accelerating traditional Transmission and Distribution / Information Technology programs and investing in new capabilities**

- Upgrade portions of grid (such as 4kV system) to increase capacity, improve reliability, and address technology obsolescence
- Automation to monitor and control grid equipment in real-time and improve flexibility of grid operations
- Expansion of Communication Networks

**Capital will be deployed to achieve two primary objectives**

- Improving safety and reliability
  - Focus on worst performing circuits in conjunction with traditional infrastructure replacement activities
- Increase DER integration and enable advanced operations on circuits with high forecasted penetration or where DERs can provide grid services

**2017 and 2018 capital expenditures related to grid modernization are included in traditional capital expenditures**

1. 2018 Grid Modernization spending is focused on safety and reliability and 2019-2020 spending is based on 2018 GRC Tax Reform February Update testimony; most 2018 spending focused on integration of distributed energy resources has been deferred and, if not approved in GRC decision, is expected to be requested in future GRC applications
2. Forecast excludes capitalized overheads

# Distributed Energy Resources (DER) Proceedings

## Distribution Resource Plan (DRP) Proceeding's Scope Elements

- Integration of DERs in distribution planning and operations
- Development of tools and methodologies, including optimal locations & value of DERs
- Framework for Grid Modernization
- Field demonstrations

### 2018 Activities

- DER Hosting Capacity analysis
- Locational Net Benefits
- DER forecasting and distribution planning alignment
- DER driven grid modernization and integration into GRC
- Distribution Deferral framework

## Integrated Distributed Energy Resources (IDER) Proceeding's Scope Elements

- Define DER products & grid services
- Sourcing DERs for grid need via competitive procurement, programs, and tariffs
- DER cost-effectiveness methods
- Utility incentives to pursue DERs for grid need, instead of traditional infrastructure
- Utility role in DER markets; utility business model

### 2018 Activities

- Incentive Pilot Solicitation
- Approval of DER contracts
- Pilot Report on lessons learned
- Societal Cost Test
- Programs, Tariffs, and Streamlined Procurement



# SCE Customer Demand Trends

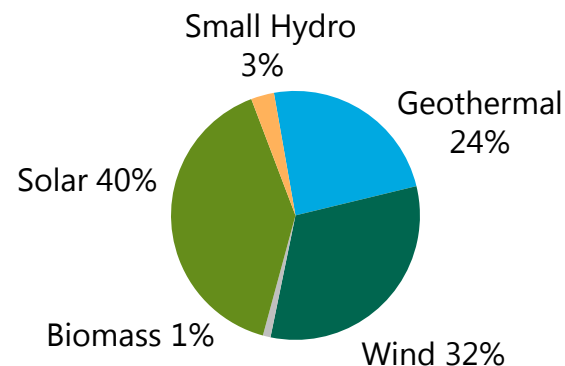
	2013	2014	2015	2016	2017
<b>Kilowatt-Hour Sales (millions of kWh)</b>					
Residential	29,889	30,115	29,959	29,141	29,765
Commercial	40,649	42,127	42,207	41,565	41,873
Industrial	8,472	8,417	7,589	7,056	6,559
Public authorities	5,012	4,990	4,774	4,645	4,639
Agricultural and other	<u>1,885</u>	<u>2,025</u>	<u>1,940</u>	<u>1,776</u>	<u>1,475</u>
<i>Subtotal</i>	<i>85,907</i>	<i>87,674</i>	<i>86,469</i>	<i>84,183</i>	<i>84,311</i>
Resale	1,490	1,312	1,075	1,794	1,568
<b>Total Killowatt-Hour Sales</b>	<b>87,397</b>	<b>88,986</b>	<b>87,544</b>	<b>85,977</b>	<b>85,879</b>
<b>Customers</b>					
Residential	4,344,429	4,368,897	4,393,150	4,417,340	4,447,706
Commercial	554,5892	557,957	561,475	565,222	569,222
Industrial	10,584	10,782	10,811	10,445	10,274
Public authorities	46,323	46,234	46,436	46,133	46,410
Agricultural	21,679	21,404	21,306	21,233	21,045
Railroads and railways	99	105	130	133	137
Interdepartmental	23	22	22	22	24
<b>Total Number of Customers</b>	<b>4,977,729</b>	<b>5,005,401</b>	<b>5,033,330</b>	<b>5,060,528</b>	<b>5,094,818</b>
<b>Number of New Connections</b>	<b>27,370</b>	<b>29,879</b>	<b>31,653</b>	<b>38,076</b>	<b>39,621</b>
<b>Area Peak Demand (MW)</b>	<b>22,534</b>	<b>23,055</b>	<b>23,079</b>	<b>23,091</b>	<b>23,508</b>

Note: See 2017 Edison International Financial and Statistical Reports for further information.  
May 2, 2018

# California's Energy Policy

- On October 7, 2015, Governor Brown signed SB 350, which requires that 50 percent of energy sales to customers come from renewable power and a doubling of energy efficiency in existing buildings for California by 2030
  - Also requires Transportation Electrification investments and Integrated Resources Planning
- On September 8, 2016, Governor Brown signed SB 32, which requires statewide GHG emissions to be reduced to 40% below the 1990 level by 2030
- On July 24, 2017, Governor Brown signed AB 398, which extends cap-and-trade to 2030
- On January 26, 2018, Governor Brown released an Executive Order calling for 5 million zero emission vehicles by 2030

## 2017 Renewable Resources: 31.6% of SCE's portfolio



## Electric Power Company Roles

### Carbon-free

- Emissions targets met through optimization of renewables
- 80% carbon-free electricity supported by energy storage

### Efficient Electrification

- Accelerate electrification of the transportation sector
  - More than 7 million electric vehicles on California roads
- Electrify nearly one-third of residential and commercial space and water heaters

### Energy Efficiency

- Doubling of energy efficiency in existing buildings
- Continuation of company programs and earnings incentive mechanism
  - SCE 2018 program budget: \$289 million<sup>1</sup>
  - \$0.03 per share earnings in 2018

1. Pending approval of proposed decision issued by CPUC on April 4, 2018, which approves SCE's Business Plan and the associated budgets for 2018-2025

# SCE 2018 Bundled Revenue Requirement

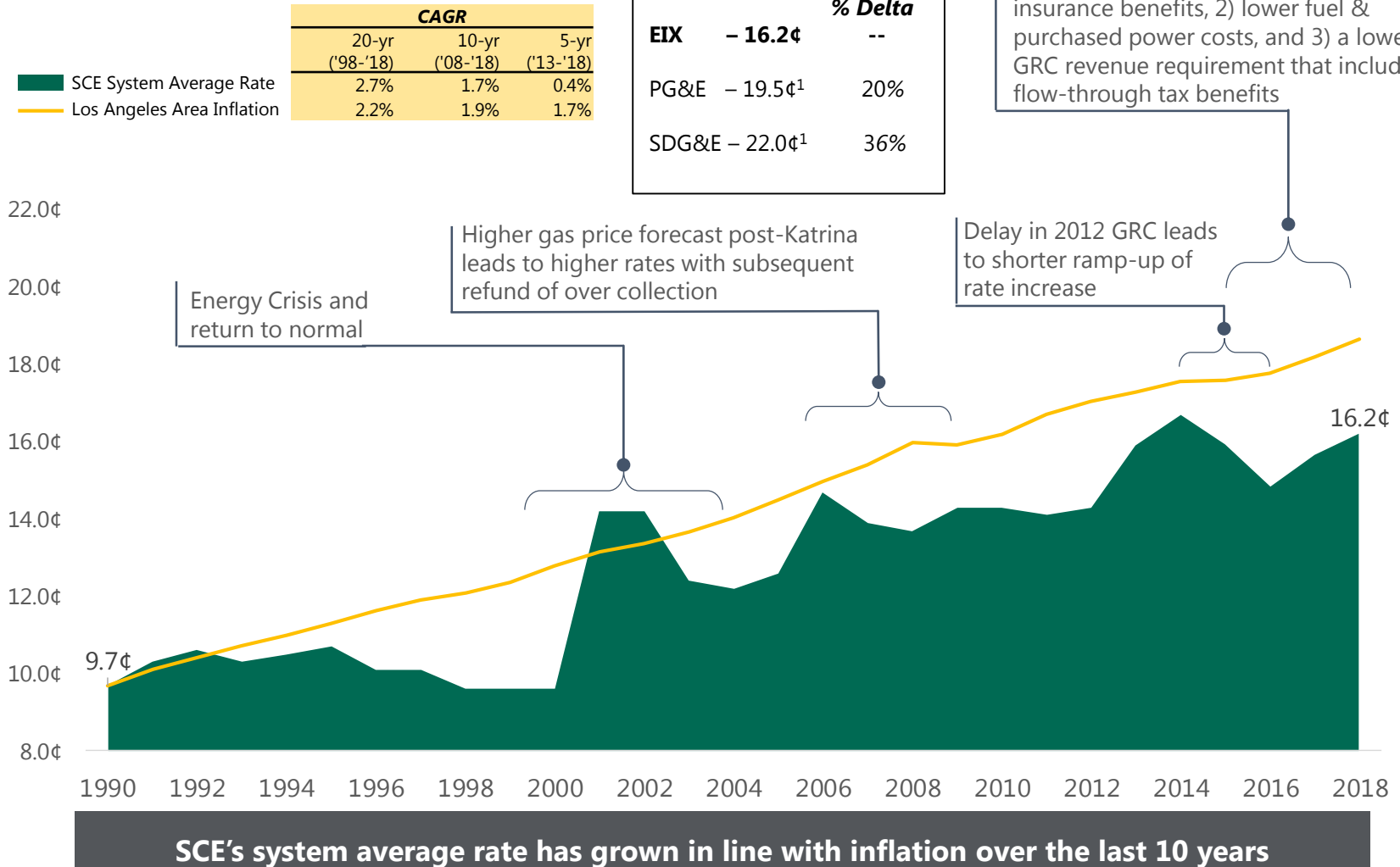
		2018 Bundled Revenue Requirement	
		\$ millions	¢/kWh
Fuel & Purchased Power (43%)	<u>Fuel &amp; Purchased Power</u> – includes CDWR Bond Charge	4,869	7.0
	<u>Distribution</u> – poles, wires, substations, service centers; Edison SmartConnect®	4,362	6.2
Distribution (39%)	<u>Generation</u> – owned generation investment and O&M	1,075	1.5
	<u>Transmission</u> – greater than 220kV	1,032	1.5
Generation (9%)	<u>Other</u> – CPUC and legislative public purpose programs, system reliability investments, nuclear decommissioning, and prior-year over collections	5	0.0
Transmission (9%)			
Other (0%)			
Total Bundled Revenue Requirement (\$millions)		\$11,343	
÷ Bundled kWh (millions)			69,856
= Bundled Systemwide Average Rate (¢/kWh)			16.2¢

SCE Systemwide Average Rate History (¢/kWh)									
2010	2011	2012	2013	2014	2015	2016	2017	2018	
14.3	14.1	14.3	15.9	16.7	16.2	14.8	15.7	16.2	

Note: Rates in effect as of January 1, 2018. Represents bundled service which excludes Direct Access/CCA customers that do not receive generation services.

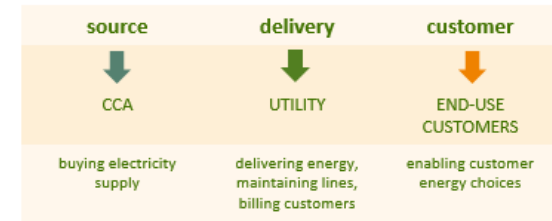
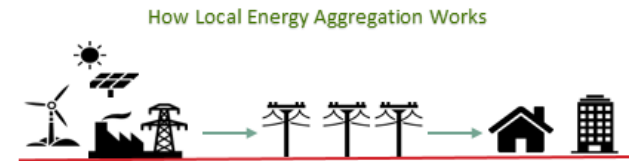
# System Average Rate Historical Growth

¢/kWh



# Community Choice Aggregation (CCA) Overview

- Assembly Bill 117<sup>1</sup> permits cities and counties or a Joint Power Authority (JPA) to act as CCAs to purchase and sell electricity on behalf of the utility customers within their jurisdiction
- An Order Instituting Rulemaking (OIR R.17-06-026) was opened on June 29, 2017 to review, revise, and consider alternatives to the “Power Charge Indifference Adjustment” or PCIA
  - The PCIA allocates a proportional share of above-market costs of SCE’s energy procurement portfolio to departing load customers to ensure bundled service customer indifference
  - While not an impact on earnings, for every 1% of departing load, ~\$6 million is shifted to remaining bundled service customers
- On February 8, 2018, the Commission approved Resolution E-4907 requiring CCA’s to demonstrate compliance with annual Resource Adequacy (RA) requirements prior to commencing operations
- Approximately 40% of SCE’s customer load has submitted an implementation plan to the CPUC for certification; timing of the load shift is uncertain at this time due to uncertainty related to the PCIA and compliance with RA requirements



## Investor-Owned Utility (IOU)

- IOU Procures Power
- IOU Maintains T&D Lines
- IOU Provides Customer Service

## Community Choice Aggregation (CCA)

- CCA Procures Power
- IOU Maintains T&D Lines
- IOU Provides Customer Service

## PCIA OIR Timeline (R. 17-06-026)

Q4 2017

Q1 2018

Q2 2018

Q3 2018

**Track 1<sup>2</sup>:** Opening/Reply Briefs  
**Track 2<sup>2</sup>:** Review current PCIA

**Track 1:** Proposed decision  
**Track 2:** File testimony

**Track 1:** Proposed decision  
**Track 2:** File opening briefs

**Track 2:** Proposed decision

**30%-50% of SCE’s bundled service load could be part of a CCA by 2020**

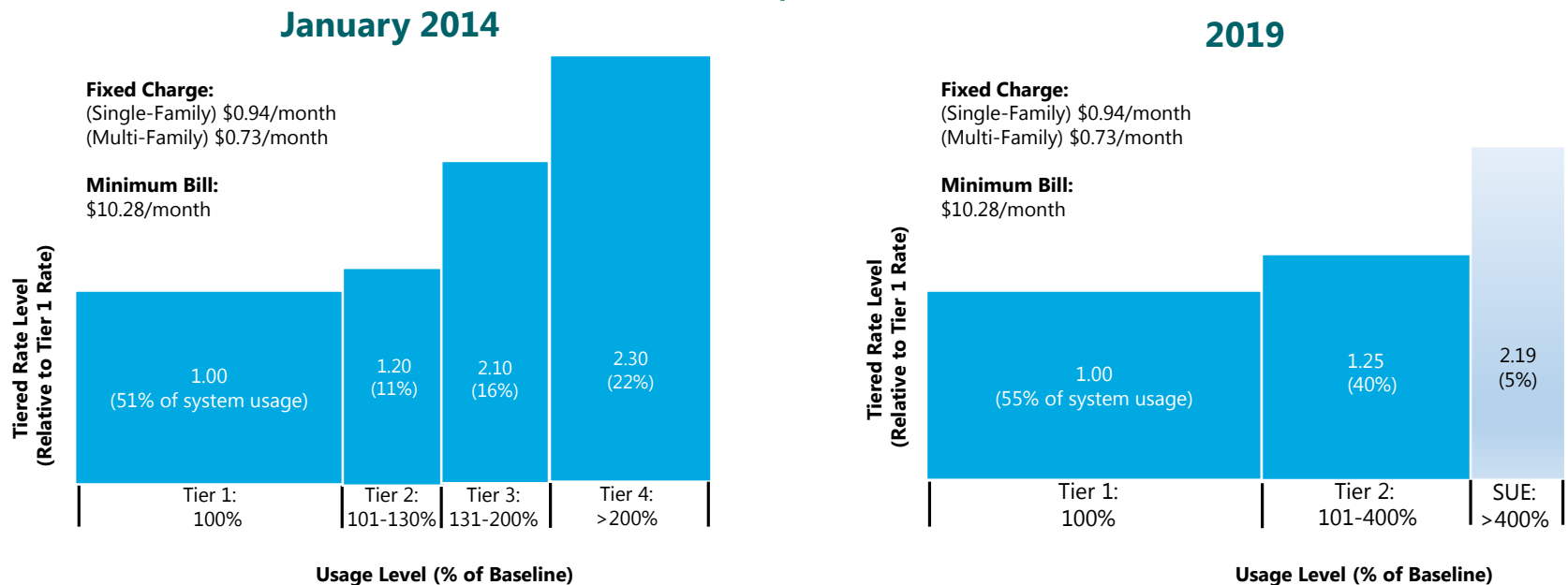
1. AB 117 was introduced into the Assembly 1/22/2001 by Assembly member Migden, chaptered into law 9/24/2002

2. Track 1 refers to PCIA exemptions for care and medical baseline; Track 2 refers to evaluation and possible modification of the PCIA methodology

# Residential Rate Design OIR Decision

- CPUC Order Instituting Ratemaking R. 12-06-013 comprehensively reviewed residential rate structure, including a future transition to Time of Use (TOU) rates
  - In March 2018, nearly 400,000 residential customers migrated to TOU rate structures
  - Remaining residential customers to be migrated beginning October 2020
- July 2015 CPUC Decision D. 15-07-001 includes:
  - Transition to 2 tiered rate structure, coupled with Super-user Electric (SUE) Surcharge, by 2019
  - “Super User Electric Surcharge” for usage 400% above baseline (~5% of current and forecasted residential load)
  - Minimum bills of approximately \$10/month (applied to delivery revenue only)

## Non-CARE, Unbundled Rates



# Impacts of Abundant Solar Energy (Duck Curve)

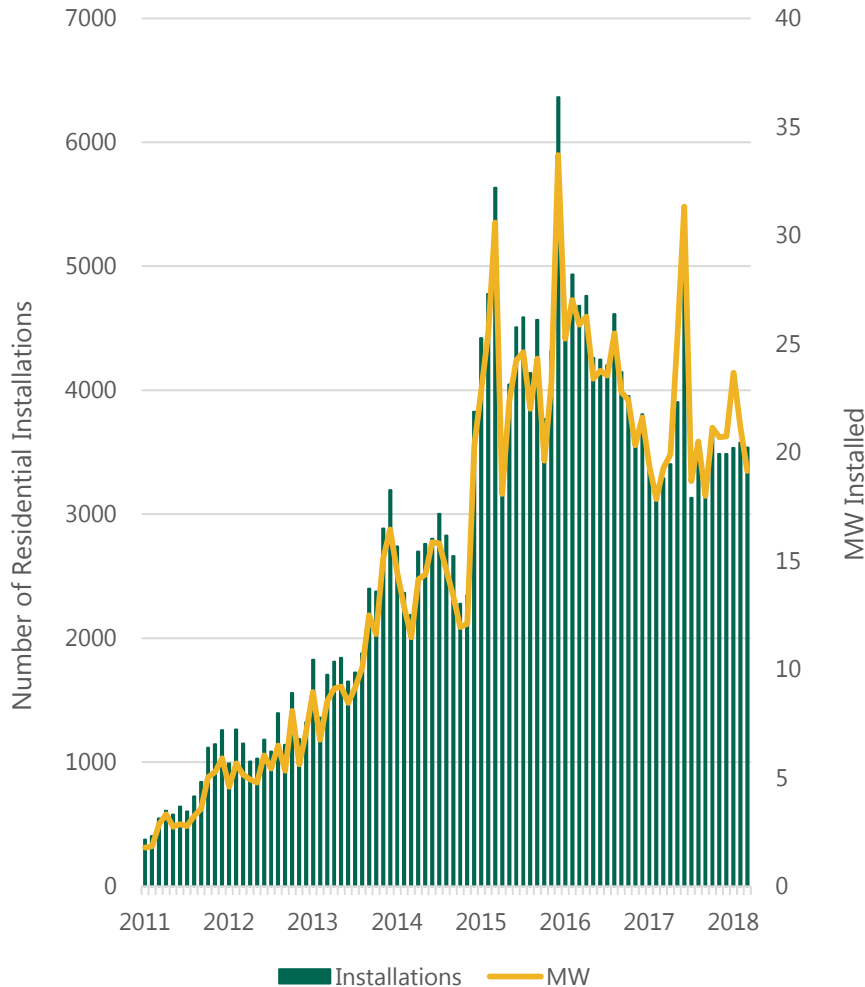
## Proposed Time-of-Use (TOU) Period Changes

- SCE has proposed to change its TOU pricing period definition for the first time in over 30 years
  - All non-residential and new residential NEM 2.0 customers are served on mandatory TOU rates
- Abundant mid-day renewable energy lowers prices from 8 am-4 pm
- Highest cost period is now 4 pm-9 pm, all-days
- Proposal reduces stand-alone solar installation project economics, but improves business cases for projects that include energy storage

	Season	Existing	Proposed
On-Peak	Summer	Weekdays: 12-6pm	Weekdays: 4-9pm
Mid-Peak	Summer	Weekdays: 8am-12pm; 6pm-11pm	Weekends: 4-9pm
	Winter	Weekdays: 8am-9pm	Weekdays and Weekends: 4-9pm
Off-Peak	Summer	Weekdays: 11pm-8am Weekends: All	Weekdays and Weekends: All except 4-9pm
	Winter	Weekdays: 9pm-8am Weekends: All	Weekdays and Weekends: 9pm-8am
Super Off-Peak	Winter	N/A	Weekdays and Weekends: 8am-4pm

# Residential Solar Installations in SCE Territory

## Monthly Installations and MW Installed



Note: NEM solar installations in SCE service territory include projects with solar PV only less than 1 MW.

## SCE Net Metering Statistics (3/18)

- 262,576 combined residential and non-residential projects – 2,211 MW installed
- 99.8 % solar projects
- 256,387 residential – 1,382 MW
- 6,189 non-residential – 829 MW
- Approximately 4,038,536 MWh/year generated

## Key Dates

### July 1, 2017

- Official start of NEM successor tariff; customers are subject to:
  - Mandatory TOU rate
  - Non-bypassable charges
  - Application fees

### July 31, 2017

- Residential customers who meet this deadline are grandfathered for current Time-of-use periods for maximum of 5 years (10 for non-residential)

### September 9, 2017

- Smart Inverters required on all solar installations

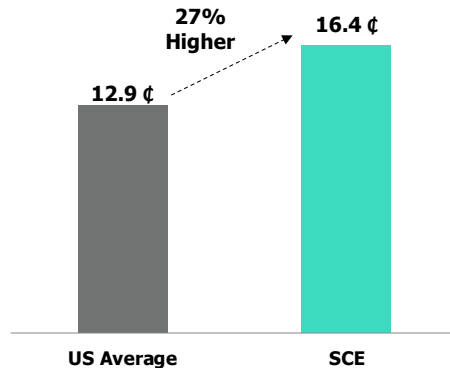
## Near Term Outlook

- Combination of a flatter tiered rate and the mandatory TOU NEM 2.0 rate structure has helped contain and reduce the cost shift; further reductions are anticipated through new TOU pricing periods which are under review by the CPUC
- Commission to revisit NEM Successor Tariff in 2019 where increased customer/demand charges and market priced export compensation rates will be explored

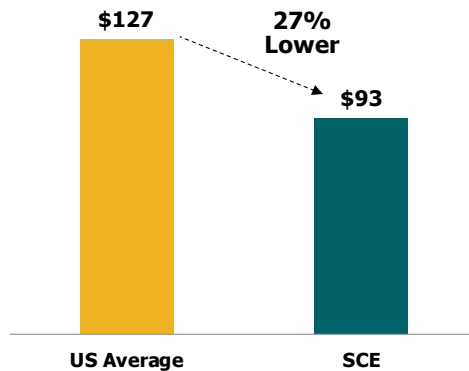


# SCE Rates and Bills Comparison

## 2017 Average Residential Rates (¢/kWh)



## 2017 Average Residential Bills (\$ per Month)



## Key Factors

- SCE's residential rates are above national average due, in part, to a cleaner fuel mix, high cost of living in the state, and lower system load factor than the rest of the country.
- SCE's residential customer usage is lower than the national average due to mild climate and higher energy efficiency appliance and building standards.
- Average monthly residential bills are lower than national average as higher rate levels are more than offset by lower usage.

**SCE's average residential rates are above national average,  
but residential bills are below national average due to lower usage**

Source: EIA's Form 826 Data Monthly Electric Utility Sales and Revenue Data for 2017. <https://www.eia.gov/electricity/data/eia861m/index.html>.

# First Quarter Earnings Summary

	Q1 2018	Q1 2017	Variance
<b>Basic Earnings Per Share (EPS)<sup>1</sup></b>			
SCE	\$0.88	\$1.07	\$(0.19)
EIX Parent & Other	(0.21)	0.04	(0.25)
Discontinued Operations	–	–	–
<b>Basic EPS</b>	<b>\$0.67</b>	<b>\$1.11</b>	<b>\$(0.44)</b>
<b>Less: Non-Core Items</b>			
SCE	\$ –	\$ –	\$ –
EIX Parent & Other <sup>2</sup>	(0.13)	–	(0.13)
Discontinued Operations	–	–	–
<b>Total Non-Core Items</b>	<b>\$(0.13)</b>	<b>\$ –</b>	<b>\$(0.13)</b>
<b>Core Earnings Per Share (EPS)<sup>1</sup></b>			
SCE	\$0.88	\$1.07	\$(0.19)
EIX Parent & Other	(0.08)	0.04	(0.12)
<b>Core EPS<sup>1</sup></b>	<b>\$0.80</b>	<b>\$1.11</b>	<b>\$(0.31)</b>

<b>Key SCE EPS Drivers<sup>3</sup></b>	
Revenue <sup>4</sup>	\$ –
- CPUC	(0.02)
- FERC revenue	0.02
Higher O&M	(0.10)
Higher net financing costs	(0.02)
Income taxes <sup>5</sup>	(0.04)
Other	(0.03)
- Property and other taxes	(0.01)
- Other income and expenses	(0.02)
Total core drivers	<u>\$(0.19)</u>
Non-core items	–
Total	<u>\$(0.19)</u>

<b>Key EIX EPS Drivers</b>	
EIX parent – Benefits on stock based comp in 2017 and tax reform	\$(0.12)
Total core drivers	<u>\$(0.12)</u>
Non-core items <sup>2</sup>	(0.13)
Total	<u>\$(0.25)</u>

1. See Earnings Non-GAAP reconciliations and Use of Non-GAAP Financial Measures in Appendix

2. Impact of hypothetical liquidation at book value (HLBV) accounting method and expected loss on sale of SoCore Energy

3. SCE's 2018 core EPS drivers other than income taxes are adjusted to reflect consistent tax rates; income tax line item reflects impact of change in tax rate

4. Excludes 2017 San Onofre revenue of \$0.03, depreciation of \$0.07, interest expense of \$0.01 which was offset by income tax of \$(0.11)

5. Excludes \$0.10 of income tax benefits related to Tax Reform refunded to customers

Note: Diluted earnings were \$0.67 and \$1.10 per share for the three months ended March 31, 2018 and 2017, respectively.

# SCE Annual Results of Operations

(\$ millions)

- Earning activities – revenue authorized by CPUC and FERC to provide reasonable cost recovery and return on investment
- Cost-recovery activities – CPUC- and FERC-authorized balancing accounts to recover specific project or program costs, subject to reasonableness review or compliance with upfront standards

	2017 <sup>1</sup>			2016 <sup>1</sup>		
	Earnings Activities	Cost-Recovery Activities	Total Consolidated	Earnings Activities	Cost-Recovery Activities	Total Consolidated
<b>Operating revenue</b>	<b>\$6,611</b>	<b>\$5,643</b>	<b>\$12,254</b>	<b>\$6,504</b>	<b>\$5,326</b>	<b>\$11,830</b>
Purchased power and fuel	—	4,873	4,873	—	4,527	4,527
Operation and maintenance	1,902	769	2,671	1,939	798	2,737
Depreciation and amortization	2,032	—	2,032	1,998	—	1,998
Property and other taxes	372	—	372	351	—	351
Impairment and other charges	716	—	716	—	—	—
Other operating income	(8)	—	(8)	—	—	—
<b>Total operating expenses</b>	<b>5,014</b>	<b>5,642</b>	<b>10,656</b>	<b>4,288</b>	<b>5,325</b>	<b>9,613</b>
<b>Operating income</b>	<b>1,597</b>	<b>1</b>	<b>1,598</b>	<b>2,216</b>	<b>1</b>	<b>2,217</b>
Interest expense	(588)	(1)	(589)	(540)	(1)	(541)
Other income and expenses	97	—	97	79	—	79
<b>Income before income taxes</b>	<b>1,106</b>	<b>—</b>	<b>1,106</b>	<b>1,755</b>	<b>—</b>	<b>1,755</b>
Income tax (benefit) expense	(30)	—	(30)	256	—	256
<b>Net income</b>	<b>1,136</b>	<b>—</b>	<b>1,136</b>	<b>1,499</b>	<b>—</b>	<b>1,499</b>
Preferred and preference stock dividend requirements	124	—	124	123	—	123
<b>Net income available for common stock</b>	<b><u>\$1,012</u></b>	<b>—</b>	<b><u>\$1,012</u></b>	<b><u>\$1,376</u></b>	<b>—</b>	<b><u>\$1,376</u></b>
Less: Non-core earnings			(481)			—
<b>Core Earnings</b>			<b><u>\$1,493</u></b>			<b><u>\$1,376</u></b>

1. Results of operations for 2017 and 2016 do not reflect the retrospective adoption of the new accounting standards update on the presentation of the components of net periodic benefit costs for defined benefit pension and other postretirement plans.

Note: See Use of Non-GAAP Financial Measures.

# Earnings Non-GAAP Reconciliations

(\$ millions)

## Reconciliation of EIX GAAP Earnings to EIX Core Earnings

Earnings Attributable to Edison International	Q1 2018	Q1 2017
SCE	\$286	\$349
EIX Parent & Other	(68)	13
<b>Basic Earnings</b>	<b>\$218</b>	<b>\$362</b>
<b>Non-Core Items</b>		
SCE	\$ –	\$ –
EIX Parent & Other <sup>1,2</sup>	(44)	–
<b>Total Non-Core</b>	<b>\$(44)</b>	<b>\$ –</b>
<b>Core Earnings</b>		
SCE	\$286	\$349
EIX Parent & Other	(24)	13
<b>Core Earnings</b>	<b>\$262</b>	<b>\$362</b>

1. Impairment and other charges of \$66 million (\$48 million after-tax) in the first quarter of 2018 resulting from Edison International's agreement to sell SoCore Energy to a third party. The net assets of SoCore Energy have been recorded at fair value, less expected transaction costs
2. Includes income related to losses (net of distributions) allocated to tax equity investors under the HLBV accounting method of \$6 million (\$4 million after-tax) for the first quarter ended March 31, 2018, compared to income of \$1 million (less than \$1 million after-tax) for the same periods in 2017.

Note: See Use of Non-GAAP Financial Measures.

# EIX Core EPS Non-GAAP Reconciliations

Reconciliation of Edison International Basic Earnings Per Share to Edison International Core Earnings Per Share

Earnings Per Share Attributable to Edison International	2015	2016	2017	CAGR
<b>Basic EPS</b>	<b>3.13</b>	<b>\$4.02</b>	<b>\$1.73</b>	<b>(26%)</b>
<b>Non-Core Items</b>				
<b>SCE</b>				
Write down, impairment and other charges	(1.18)	—	(1.38)	
Re-measurement of deferred taxes	—	—	(0.10)	
Insurance recoveries	0.04	—	—	
<b>Edison International Parent and Other</b>				
Re-measurement of deferred taxes	—	—	(1.33)	
Edison Capital sale of affordable housing portfolio	0.03	—	—	
Income from allocation of losses to tax equity investor	0.03	0.02	0.04	
Discontinued operations	0.11	0.03	—	
<i>Less: Total Non-Core Items</i>	<i>(0.97)</i>	<i>0.05</i>	<i>(2.77)</i>	
<b>Core EPS</b>	<b>\$4.10</b>	<b>\$3.97</b>	<b>\$4.50</b>	<b>5%</b>

Note: See Use of Non-GAAP Financial Measures.

# Use of Non-GAAP Financial Measures

Edison International's earnings are prepared in accordance with generally accepted accounting principles used in the United States. Management uses core earnings internally for financial planning and for analysis of performance. Core earnings are also used when communicating with investors and analysts regarding Edison International's earnings results to facilitate comparisons of the Company's performance from period to period. Core earnings are a non-GAAP financial measure and may not be comparable to those of other companies. Core earnings (or losses) are defined as earnings or losses attributable to Edison International shareholders less income or loss from discontinued operations and income or loss from significant discrete items that management does not consider representative of ongoing earnings, such as: exit activities, including sale of certain assets, and other activities that are no longer continuing; asset impairments and certain tax, regulatory or legal settlements or proceedings.

A reconciliation of Non-GAAP information to GAAP information is included either on the slide where the information appears or on another slide referenced in this presentation.

## **EIX Investor Relations Contact**

Sam Ramraj, Vice President	(626) 302-2540	<a href="mailto:sam.ramraj@edisonintl.com">sam.ramraj@edisonintl.com</a>
Allison Bahen, Senior Manager	(626) 302-5493	<a href="mailto:allison.bahen@edisonintl.com">allison.bahen@edisonintl.com</a>