

**Prepared Remarks of Edison International
Edison Insight Series Conference Call: Edison Energy Strategy
September 18, 2017, 1:30 p.m. (PDT)**

Pedro Pizarro, President and Chief Executive Officer, Edison International

Thank you, Sam. Good afternoon and welcome to our Edison Insight Series call on Edison Energy. Today, we plan to outline the refreshed strategy for Edison Energy, our energy advisory services business, and provide metrics of success for the proof of concept phase over the next few years.

Please turn to page 2.

Since the third quarter 2016 earnings call, Edison International has undertaken a strategic review of all of its competitive businesses. To date, we have made several announcements including shutting down Edison Water Resources, de-emphasizing Edison Transmission, reorganizing and aligning the Edison Energy Group structure, streamlining Edison Energy expenses, and exploring sale opportunities for SoCore Energy, our solar business. While we have discussed each of these individually over the course of the past year, they are all part of the larger strategic review that we have undertaken. Following these announcements, we remain committed to establishing successful competitive businesses that complement our regulated business at SCE.

Taking a step back, in 2015, we completed an in-depth analysis of the potential to provide energy services to large commercial and industrial, or C&I, customers. What we learned from our analysis is that large C&I customers want unbiased expertise to help understand their energy requirements and implement solutions that allow them to better manage their energy costs and risks. Based on this analysis, we looked at the core capabilities that we would need to start this business and then surveyed the market to see where we could acquire those capabilities. As a result, at the end of 2015, Edison International acquired three companies – Altenex, Delta and ENERActive. Together, these three companies formed the foundation for

our integrated Edison Energy business which brought the core advisory and technical expertise needed to provide customers with energy engineering, auditing and project management services; procurement advice for electric and gas supply; and procurement advice and brokered outcomes for off-site and on-site renewable power supply. We formally launched the Edison Energy business in 2016 and have since been focused on establishing a common business platform and brand under Edison Energy, building a proprietary Data Analytics platform, and developing integrated solutions for customers building on the expertise and customer relationships we acquired.

As we continue to execute in this market and learn more about what our customers need, our view on the fundamental value proposition of the Edison Energy business has been reinforced and refined. One of the primary outcomes of our strategic refresh process was our focus on developing an expanded integrated service offering that we call “Managed Portfolio Solutions”. Under this construct, using our proprietary Data Analytics platform, we will help large energy users manage more effectively their energy related expenses and capital investments and risks, while meeting their reliability and sustainability targets across their entire business.

We plan to prove that this approach will work by the end of 2019. We are continuing the effort to build out Edison Energy because the market analysis that we have done and which we will discuss in a few moments indicates that there is a real earnings opportunity here. Beyond that, the knowledge that we gain from our work with large C&I customers will serve as a way to gain strategic insight into the changes in the electric power industry. We know that C&I customers are often at the forefront of change. Focusing on their needs and related opportunities in clean energy, efficient electrification, grid edge and customer choice will equip us better to lead the transformation of the electric power industry and create new options for Edison International’s growth.

Before turning this over to Drew Murphy to discuss the strategy and analysis in more detail, Maria will review the financial and operational metrics that we will be tracking over the next several years.

Maria Rigatti, Executive Vice President and Chief Financial Officer, Edison International

Thank you, Pedro. To start my remarks, please turn to page 3.

We expect that Edison Energy will be at a breakeven earnings run-rate by the end of 2019. At the same time, other than funding operations during this period of proof of concept, we don't expect to make significant additional investments in Edison Energy. As you know, in our 2017 guidance, we have included an 8 cent loss for Edison Energy Group, excluding the SoCore Energy goodwill impairment. To add a little more context, SoCore Energy currently accounts for a little less than half of that with the balance attributable to Edison Energy.

During this proof of concept period, Edison Energy will not be a material part of EIX's business. We will continue to report Edison Energy as part of Edison International Parent and Other in our financial statements and provide visibility into earnings through our earnings guidance discussions.

Beyond this key financial metric, there are some operational metrics that will help guide our view of whether our strategy for Edison Energy is on the right path and the business is creating value. As Drew will discuss, capturing market share in certain customer segments will be important for success. By 2019, our goal is to reach at least 5% customer penetration on average across our target industry segments. This metric is important because it will demonstrate that customers believe the Edison Energy approach can provide value and are willing to engage us to provide our new products and services. We believe this level of market penetration is an indicator that we could build a durable business.

When we complete this phase, we will have more information on preferred revenue models and outcome-based activities that interest customers. In turn, we may have other decisions to consider particularly around how we allocate capital. That could take the form of a

capability acquisition or investing capital on the customer's behalf. Of course, we will first need to successfully demonstrate that we can attract and retain customers on a recurring basis with attractive pricing and margins. We also will need to understand when and how investing our own capital in support of customer solutions will yield an appropriate return but that should become evident during the proof of concept phase. We want to be clear. We are not allocating significant additional capital to this business now. We have proof points to assemble before we would consider investing more capital in the business. Having said that, I will reiterate Pedro's earlier comments regarding the strategic value of this business notwithstanding the level of capital investment.

Continuing as a service business, Edison Energy can provide valuable insight into a rapidly changing industry where C&I customer choices will inform and reflect the new services and structures that will confront energy industry participants across the board. From a financial perspective, if we maintain this capital-light trajectory, we expect Edison Energy to be a small contributor to EPS in 10 years. Over the next two years, if we are able to prove out the concept, see that our customers are focused on outcome-based models and fully develop pricing structures to support that additional effort, we believe that Edison Energy could find opportunities to deploy capital. Given the size of Southern California Edison, with \$26.2 billion in rate base and associated 2017 earnings guidance, the relative size of the Edison Energy investment will be modest.

If we move beyond the current capital-light approach, there may be an opportunity in both capital projects and acquisitions which could increase Edison Energy's contributions to earnings. For example, in a scenario where we invested an additional \$1 billion over the next 10 years, we could see greater earnings potential, although still in the range of 5% of SCE's current 2017 earnings guidance. However, I want to emphasize again that at this point we are laser focused on the next two years of proving out the business model before we entertain any scenarios for significant capital commitment.

Now I will turn it over to Drew Murphy, Senior Vice President of Strategic Planning, who will provide our perspective on the market and our competitive advantages. As we previously shared with you, Drew will oversee the competitive businesses succeeding Ron Litzinger, who will be retiring at the end of the year.

Drew Murphy, Senior Vice President of Strategic Planning, Edison International

Thank you, Maria. I would like to provide a few more details about our updated strategy for Edison Energy.

During our initial assessment of this new business and the strategic refresh we recently completed, we spent significant time studying the potential market for energy advisory services. We know from our experience here in California that C&I customers are actively pursuing a variety of energy choices due to declining technology costs, new energy products and services that are available to them and a strong commitment by many large businesses to sustainability. While economics are a strong driver for many of these choices, these customers have additional considerations beyond just saving on energy costs. Our typical customers have facilities in multiple states and are dealing with various utility tariff structures. On top of that, they may also be directly contracting for power and gas, and are facing a variety of other operational and strategic issues such as the need to retrofit their facilities, evaluating more energy efficient lighting and controls, and looking to meet a corporate mandate to be more sustainable in their energy usage.

A decision around any one of those issues can be complex, but to get to an optimal outcome – to minimize costs and mitigate risk – they should be considered simultaneously. That requires expertise – on issues such as energy markets, energy technologies, utility rates and state policies, and usage patterns in different geographies – and it also requires the ability to analyze large amounts of data related to each of those issues. This complexity is what we will be managing on behalf of customers.

Please turn to page 4.

The research we did went beyond this broad value proposition as we further refined our views regarding the addressable market. We looked at various C&I market segments and evaluated each of them against the key attributes that are needed for us to be successful. For example, we looked at which segments have a high degree of energy intensity at their facilities as well as a large number of locations. Looking at those industries where these key attributes are most in evidence, we then assessed the energy needs, energy buying factors and procurement processes, typical customers and key competitors in each customer segment to evaluate whether a segment was a good fit for the Edison Energy approach. Based on this analysis, we have identified a list of target industries where we see the highest potential for customer need and likelihood of customer engagement with us, including industries such as automotive manufacturing, chemical processing, big box retailers, pharmaceuticals and hospitals. After these customer segments were identified, we focused on customers that had over a certain level of annual energy spend. Based on that, we have come up with an initial list of approximately 250 priority customers, including many that are in the Fortune 100. Having this focused priority customer list will allow us to leverage the expertise that we already have in our three existing service lines and build off of our existing customer relationships, while we also begin to engage with new target customers.

Of course we aren't assuming that we will be successful with all of these target customers. Some potential customers will do the work themselves while others may have existing relationships with other vendors that will take time to overcome. Already, Edison Energy does business with 17 of the Fortune 100, such as Iron Mountain, General Motors, and Home Depot, through our three existing service lines. While we are not yet providing overall Managed Portfolio Solutions to these customers, these do represent examples of the types of companies that are part of our target customer list. The three existing service lines also have other customers which are aligned with the target markets we mentioned before.

Over the long term, our goal is to have at least 25% penetration of the 250 priority customers that we identified above. As Maria mentioned, by the end of 2019, we are looking to

achieve at least 5% penetration of these customers in order to prove that our business model can work and begin to build a solid financial foundation for the company.

Please turn to page 5.

Proving that our business model can work in the next 2-3 years is important. Our strategy is to focus on two key objectives: first, continuing to grow the existing service lines from the three companies we acquired; and second, establishing the new Managed Portfolio Solutions service line that Pedro mentioned earlier. Let me describe these two areas in a bit more detail.

The three existing services lines are Energy Engineering Solutions, Renewable Energy Advisory, and Energy Supply Advisory. These service lines are based on companies we acquired in late 2015 – ENERActive, Altenex and Delta Energy, respectively.

The Energy Engineering Solutions line offers performance engineering consulting, efficiency auditing, new construction commissioning, retro-commissioning, design-build services and real-time monitoring that includes reporting, analytics and corrective actions.

The Renewable Energy Advisory line is a renewable energy advisory and procurement broker that deploys a marketplace approach to arrange long-term supply contracts under a form PPA via off-site and on-site renewables for large C&I energy users.

The Energy Supply Advisory line is primarily an energy advisory offering that provides supply and commodity hedging strategies and supply procurement. This group provides these services for both natural gas and electricity and has C&I customers across the US and in Canada. Slide 8 in the appendix provides an overview of each of these business lines.

The new Managed Portfolio Solutions service line is designed to help large C&I clients optimize expenditures and mitigate risk across their entire energy portfolio including their energy supply, their behind-the-meter capital investments and their operations. An early example of this service is Edison Energy's work with a large technology company in the Fortune

100, helping them with their data center strategy. This firm plans to roll out many new data centers as their growth in cloud services continues and they need to understand how different location choices impact their energy risk profile.

Edison Energy is helping the client answer this question by leveraging its proprietary Data Analytics platform, creating a baseline energy risk profile for the client's expected energy costs and evaluating how those energy costs would vary under tens of thousands of different scenarios. The Data Analytics platform then models how the energy risk profile changes with the addition of alternative data center locations. Similar analyses can be performed to assess new supply positions or capital investments in on-site solutions, helping an enterprise understand how these decisions would change the expected costs and the risk profile. This new perspective changes how companies evaluate whether a contract or investment is financially attractive. In addition to cost savings, investments and contracts need to be evaluated for their ability to lower an enterprise's overall risk exposure against other options in the market. Using the common language of risk analytics helps energy managers work with their finance teams to achieve the customer's complex energy needs and choices.

The ability to help clients with these analytic and optimization services, along with the ability to evaluate and control ongoing operations and performance, forms the core value proposition of the Managed Portfolio Solutions service.

It is important to emphasize that during the proof of concept period, we will be focused on providing our services to our customers and understanding the services that customers want and how we can monetize those value-added services.

Please turn to page 6.

Our review of the competitive landscape revealed a highly-fragmented market with a number of different types of players in the energy services business. These range from traditional Energy Service Companies or "ESCOs" who focus on energy efficiency and other capital projects to equipment and controls suppliers; from retail energy providers to utilities

selling services to their customers; and from large consulting firms serving customers across many industries to small boutique firms that specialize in one industry. Our market research also found that large commercial and industrial customers want a trusted advisor to help them manage their complex energy needs across the full spectrum of solutions – from supply to the demand side – and that none of these other companies is doing this on a comprehensive basis. So we have developed four key attributes to differentiate ourselves from our competitors.

First, we are an independent advisor. We provide services that are not linked to any particular product, service, software, equipment or technology. We will help our customers sort through the multitude of available options to choose the solution or set of solutions that best meets their particular objectives. Our customers value this independence.

Second, we also provide a comprehensive service. The services and expertise that we gained from the companies we acquired and the new Managed Portfolio Solutions we are developing will allow us to assess and recommend solutions across a broad range of possible approaches and installations—from supply to demand. Our comprehensive approach is even more powerful when combined with our independence.

Third, we have deep expertise across the markets we are targeting. We add significant value to our customers by enabling them to understand the implications and the interactions of energy choices that are relevant to their specific industry and business needs. We have that deep expertise as a result of the work the companies we acquired have done for our customers over the years and the team that we are building at Edison Energy.

Last, tying all of this together is our data analytics approach. Our Data Analytics platform is designed to move Edison Energy into a leadership position in terms of energy and risk analytics for the optimization of supply solutions, on-site capital investment options and ongoing operational outcomes. We have an engine that allows us to analyze a customer's energy usage and their entire supply portfolio including grid supplies, self-generation and demand response in order to determine both cost and risk exposure. We can also model our

customers' reliability and sustainability goals and then examine potential value added solutions to develop an optimized set of recommended solutions.

We know that many large C&I customers want to understand the energy risks they have and how those risks can impact their business. While many of the other energy services companies out there discuss risk identification and mitigation with customers, they often focus mainly on the traditional benefits of energy cost savings tied to a particular product or project in their specialized area of expertise. Few of them provide a comprehensive view as to the overall energy risk and its potential financial impact on an intended customer's organization, and those that do look at overall risk and financial impact do not have the same data analytics capability that we are building.

Our approach is different. We do not take a simplistic view of a few outcomes or price forecasts. Rather we conduct multiple simulations looking at how a customer's energy portfolio reacts to major drivers of energy markets such as commodity price forecasts, technology changes, environmental and reliability constraints, and tariff changes. Using these simulations we develop a probabilistic distribution of outcomes for the customer that helps quantify both costs and risks and that allows the customer to make optimal energy choices across their portfolio. This differentiation enables us to have a more robust conversation with our customers and to more consistently engage with senior executives, particularly in the Treasury and Finance functions.

I am very excited about our plans for this business. I see an opportunity to continue to grow the business from the foundation we have built to date with our three existing services lines. During the proof of concept phase, we will focus on engaging with our target customers to provide them with Managed Portfolio Solutions driven by our proprietary Data Analytics platform. Once we achieve success with these plans, we can then make further decisions about the long-term outlook for Edison Energy.

So, what does success look like during this proof of concept phase? We believe that by the end of 2019, we will have had an opportunity to really test the market and prove out our

concept around customer attraction and retention as well as the long-term potential. We will understand through first-hand customer interactions how deeply we can penetrate the various market segments. It will also allow us to assess what customers value most and how that translates into different revenue models. Today we can imagine a number of different approaches to pricing – from shared savings to fixed fees. Through this effort we will refine our thinking on this important element of the business in order to maximize the long-term value opportunities. Advisory businesses can be challenging in terms of recurring revenues. We think customers will partner with us as we demonstrate our deep understanding of their businesses, derive insights from their data through the use of our proprietary Data Analytics platform, and generate savings and manage risk while meeting reliability and sustainability goals. We think this will result in an ongoing business relationship. However, we will get a first-hand understanding of the “stickiness” of this relationship and revenues it can generate as we work over the next couple of years.

We are excited about the opportunities to grow Edison Energy and we believe we have the right model and the right team in place to do this. We look forward to updating you on our progress once we get through this initial phase of building the business and update you on any significant changes to strategy, structure and outlook when necessary.

That concludes my remarks. Operator, please open the line for questions.