



# Fourth Quarter and 2014 Financial Results



# Forward-Looking Statements

Statements contained in this presentation about future performance, including, without limitation, operating results, asset and rate base growth, capital expenditures, 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 are discussed under the headings "Risk Factors" and "Management's Discussion and Analysis" in Edison International's Form 10-K, most recent form 10-Q, 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.

# Fourth Quarter Earnings Summary

	Q4 2014	Q4 2013	Variance
<b>Core EPS<sup>1</sup></b>			
SCE	\$1.09	\$0.79	\$0.30
EIX Parent & Other	(0.01)	0.02	(0.03)
<b>Core EPS<sup>1</sup></b>	<b>\$1.08</b>	<b>\$0.81</b>	<b>\$0.27</b>
<b>Non-Core Items</b>			
SCE	\$0.08	\$-	\$0.08
EIX Parent & Other	0.01	-	0.01
Discontinued Operations	0.12	0.11	0.01
<b>Total Non-Core</b>	<b>\$0.21</b>	<b>\$0.11</b>	<b>\$0.10</b>
<b>Basic EPS</b>	<b>\$1.29</b>	<b>\$0.92</b>	<b>\$0.37</b>
<b>Diluted EPS</b>	<b>\$1.27</b>	<b>\$0.92</b>	<b>\$0.35</b>

SCE Key Core Earnings Drivers	
Higher revenue	\$0.28
SONGS impact	0.02
Lower O&M <sup>2</sup>	0.05
Higher depreciation	(0.08)
Higher net financing costs	(0.01)
Income taxes and other	0.04
- Higher income tax benefits	0.07
- Property and other taxes	(0.01)
- Other	(0.02)
Total	<u>\$0.30</u>

Non-Core Earnings	
• SCE \$0.08 – change in estimate of SONGS settlement	
• Discontinued Operations \$0.12 – income tax benefits from resolution of 2003-2006 tax positions and other tax impacts related to EME	

EIX Key Core Earnings Drivers	
Lower income tax benefits	\$(0.03)
Higher corporate expenses	(0.02)
Higher income from Edison Capital	0.02
Total	<u>\$(0.03)</u>

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

2. Includes non-San Onofre Nuclear Generating Station (SONGS) severance of \$0.00 and \$0.02 for the quarters ended December 31, 2014 and 2013, respectively

# Full-Year Earnings Summary

	2014	2013	Variance
<b>Core EPS<sup>1</sup></b>			
SCE	\$4.68	\$3.88	\$0.80
EIX Parent & Other	(0.09)	(0.08)	(0.01)
<b>Core EPS<sup>1</sup></b>	<b>\$4.59</b>	<b>\$3.80</b>	<b>\$0.79</b>
<b>Non-Core Items</b>			
SCE	\$(0.22)	\$(1.12)	\$0.90
EIX Parent & Other	0.01	0.02	(0.01)
Discontinued Operations	0.57	0.11	0.46
<b>Total Non-Core</b>	<b>\$0.36</b>	<b>\$(0.99)</b>	<b>\$1.35</b>
<b>Basic EPS</b>	<b>\$4.95</b>	<b>\$2.81</b>	<b>\$2.14</b>
<b>Diluted EPS</b>	<b>\$4.89</b>	<b>\$2.78</b>	<b>\$2.11</b>

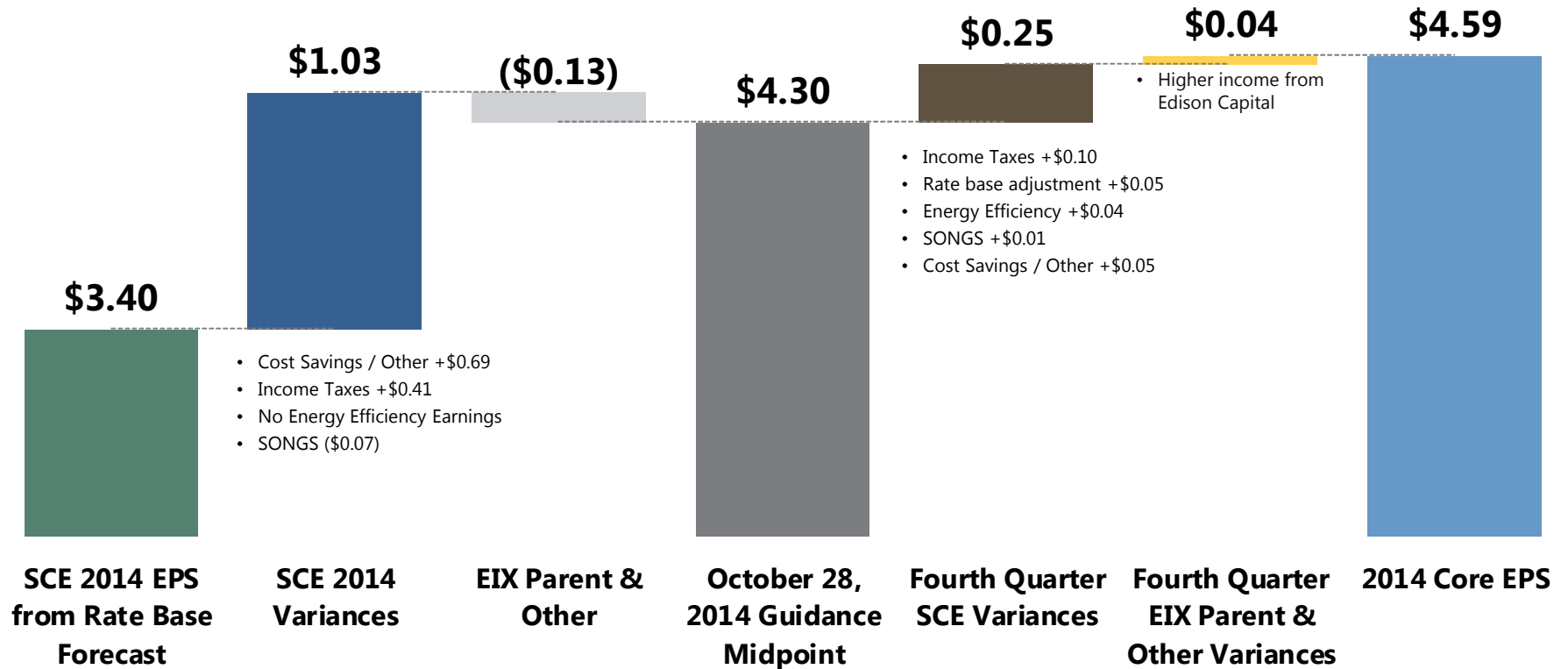
SCE Key Core Earnings Drivers	
Higher revenue	\$0.95
SONGS impact	0.01
Lower O&M <sup>2</sup>	0.02
Higher depreciation	(0.28)
Higher net financing costs	(0.06)
Income taxes and other	0.16
- Higher income tax benefits	0.20
- Property taxes and other	(0.03)
- Other	(0.01)
<b>Total</b>	<b>\$0.80</b>

EIX Key Core Earnings Drivers	
Higher corporate expenses and costs of new businesses	\$(0.06)
Higher income from Edison Capital	0.05
<b>Total</b>	<b>\$(0.01)</b>

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

2. Includes non-SONGS severance of \$0.01 and \$0.07 for the years ended December 31, 2014 and 2013, respectively

# 2014 Earnings Guidance Result Reconciliation

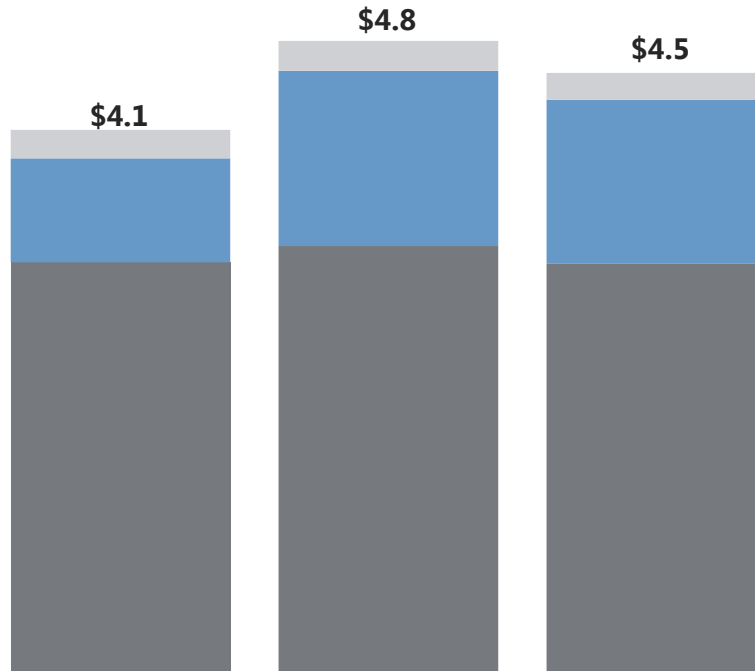


Note: See Earnings Non-GAAP Reconciliations and Use of Non-GAAP Financial Measures in Appendix

# SCE Capital Expenditures Forecast

(\$ billions)

■ Distribution ■ Transmission ■ Generation



**\$11.8 – 13.4 billion forecasted capital program 2015-2017**

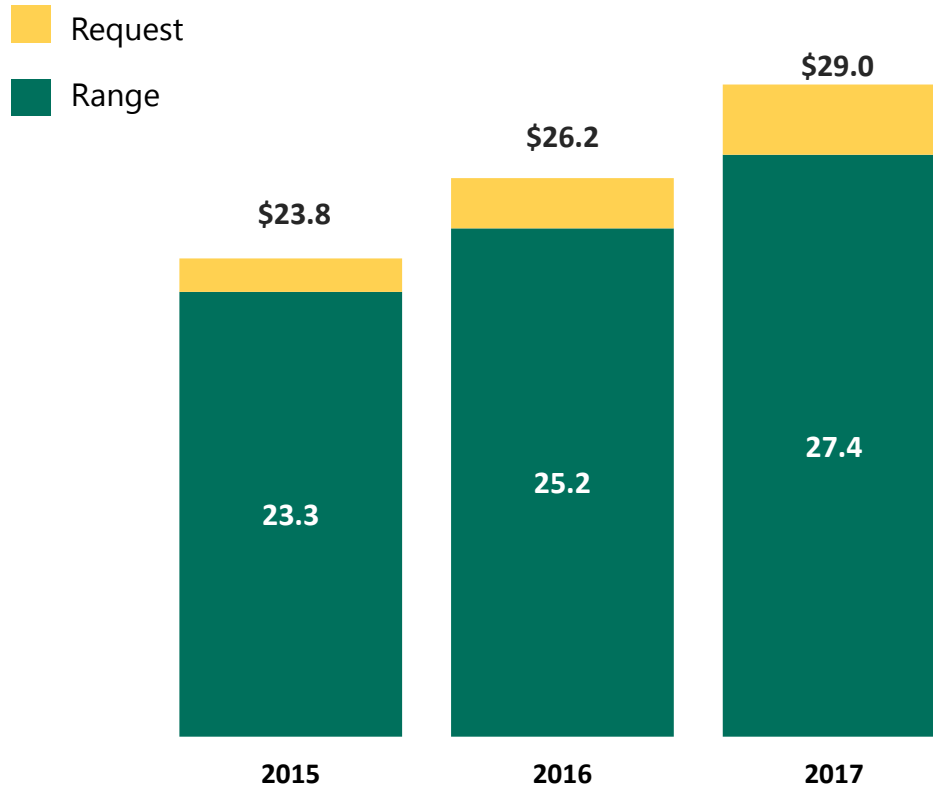
- Request case incorporates 2015 GRC January update
- \$100 million 2015-2016 changes from prior forecast primarily due to timing of Transmission capital expenditures
- Growth driven by infrastructure replacement, reliability investments, and public policy requirements

	2015	2016	2017	2015-17 Total
Requested	\$4.1	\$4.8	\$4.5	<b>\$13.4</b>
Range	\$3.6	\$4.2	\$4.0	<b>\$11.8</b>

Note: forecasted capital spending subject to timely receipt of permitting, licensing, and regulatory approvals. Forecast range reflects an average variability of 12%.

# SCE Rate Base Forecast

(\$ billions)



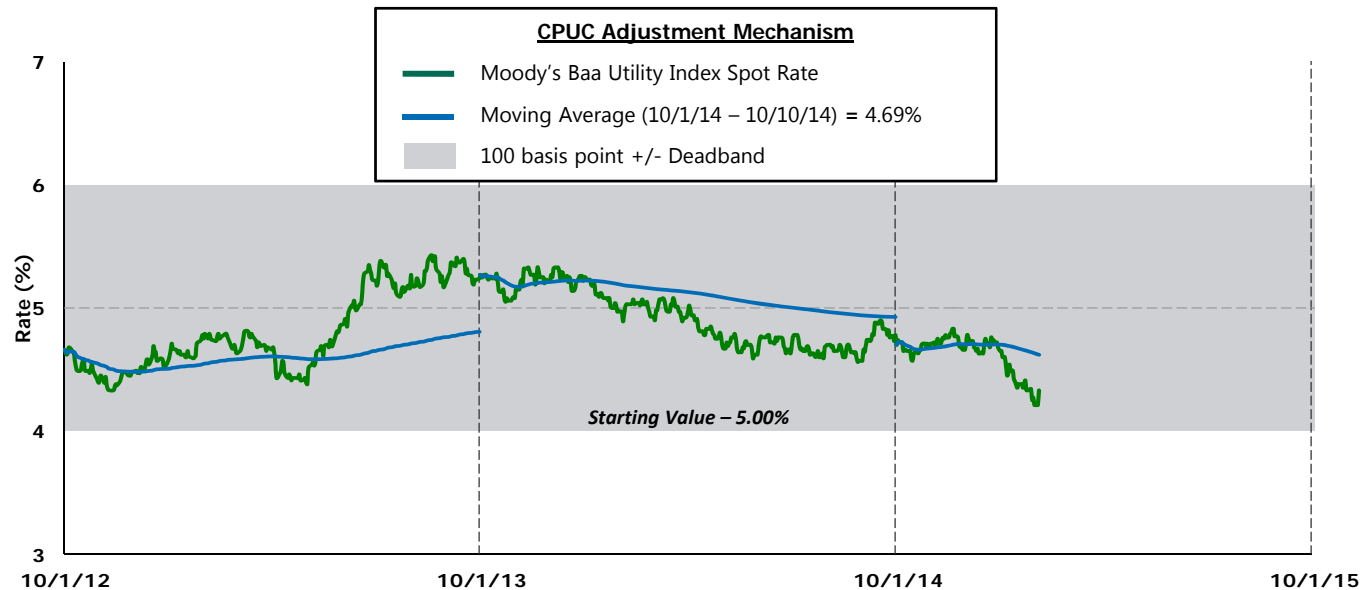
Q3 2014 Forecast	2015	2016	2017
	\$23.0 - \$24.0	\$25.1 - \$26.7	\$27.2 - \$29.3

**2015 – 2017 rate base growth consistent with prior 7-9% forecast**

- Incorporates 2015 GRC January update
- Net \$300 million reduction by 2017 from prior forecast due to:
  - Extension of bonus depreciation (\$400 million reduction)
  - Timing of transmission spend (\$100 million reduction)
  - SmartConnect deferred tax adjustment (\$200 million increase)
- FERC rate base includes Construction Work in Progress (CWIP) and is approximately 25% of SCE's rate base forecast by 2017
- Excludes SONGS regulatory asset

Note: Weighted-average year basis, 2015-2017 CPUC rate base requests and consolidation of CWIP projects. Rate base forecast range reflects capital expenditure forecast range. 2014 weighted-average rate base was \$22.1 billion.

# CPUC and FERC Cost of Capital



- CPUC – 48% common equity and Return on Equity (ROE) adjustment mechanism has been extended through 2016
  - Weighted average authorized cost of capital – 7.90%
  - ROE adjustment based on 12-month average of Moody's Baa utility bond rates, measured from Oct. 1 to Sept. 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, 2012 – 5.00%
  - Application extended to April 2016 for 2017 Cost of Capital – adjustment mechanism continues
- FERC – November 2013 settlement 10.45% ROE comprised of: 9.30% base + 50 bps CAISO participation + 65 bps weighted average for project incentives
  - Moratorium on filing ROE changes through June 30, 2015
  - FERC Formula recovery mechanism in effect through December 31, 2017



# 2015 Financial Assumptions

(\$ billions)

## SCE Capital Expenditures

Distribution	\$3.1
Transmission	0.8
Generation	<u>0.2</u>
<b>Request</b>	<b>\$4.1</b>
<b>Range</b>	<b>\$3.6</b>

## SCE Weighted Average Rate Base

Distribution	\$16.0
Transmission	5.6
Generation	<u>2.2</u>
<b>Request</b>	<b>\$23.8</b>
<b>Range</b>	<b>\$23.3</b>

## SCE Authorized Cost of Capital

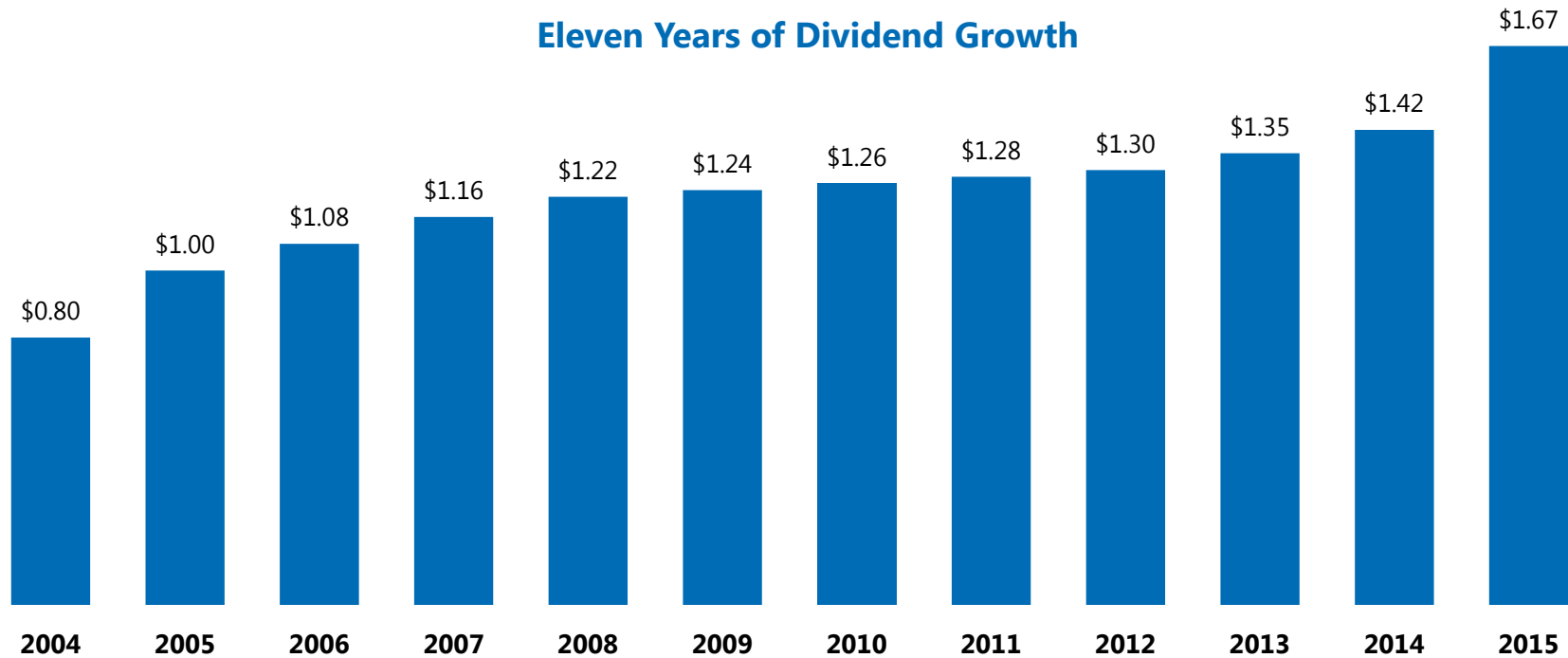
<b>CPUC Return on Equity</b>	10.45%
<b>CPUC Capital Structure</b>	48% equity
	43% debt
	9% preferred
<b>FERC Return on Equity (Inc. FERC Incentives)</b>	10.45%

## Other SCE Items

- SONGS regulatory asset financing completed January 2015
- Energy efficiency potential up to \$0.05 per share
- Revenues recorded at 2014 levels until 2015 GRC decision is received (retroactive to January 1, 2015)

**EIX will provide 2015 earnings guidance after  
a final decision on the SCE 2015 General Rate Case**

# EIX Annual Dividends Per Share



**EIX targets a payout ratio of 45 – 55% of SCE core earnings and plans to return to target payout ratio in steps, over time**

Note: See use of Non-GAAP Financial Measures in Appendix

# EIX Shareholder Value

## Sustainable Earnings Growth

### Rate Base and Core Earnings Growth:

- 9% 5-year SCE rate base CAGR (2009 – 2014)
- 12% Core SCE EPS growth (2009 – 2014)
- Consistent 7 – 9% rate base growth through 2017

### Constructive Regulatory Structure:

- Decoupling
- Balancing accounts
- Forward-looking ratemaking
- Rate reform

## Positioning for Transformative Sector Change

### SCE Growth Drivers Beyond 2017:

- Reliability
- Grid readiness
- EV charging
- Transmission
- Storage
- State environmental policy

### SCE Productivity Improvements:

- Help mitigate rate pressure from capital program
- Build high-performing organization

### Edison Energy Competitive Strategy:

- Small, targeted investments in emerging technologies

## Financial Discipline

### Dividend and CapEx Balancing:

- 11 consecutive years of EIX dividend increases
- 17.6% dividend increase for 2015

### Sustainable Dividend Growth:

- Target payout ratio: 45-55% of SCE core earnings
- Return to target payout ratio in steps, over time

### Stable Share Count:

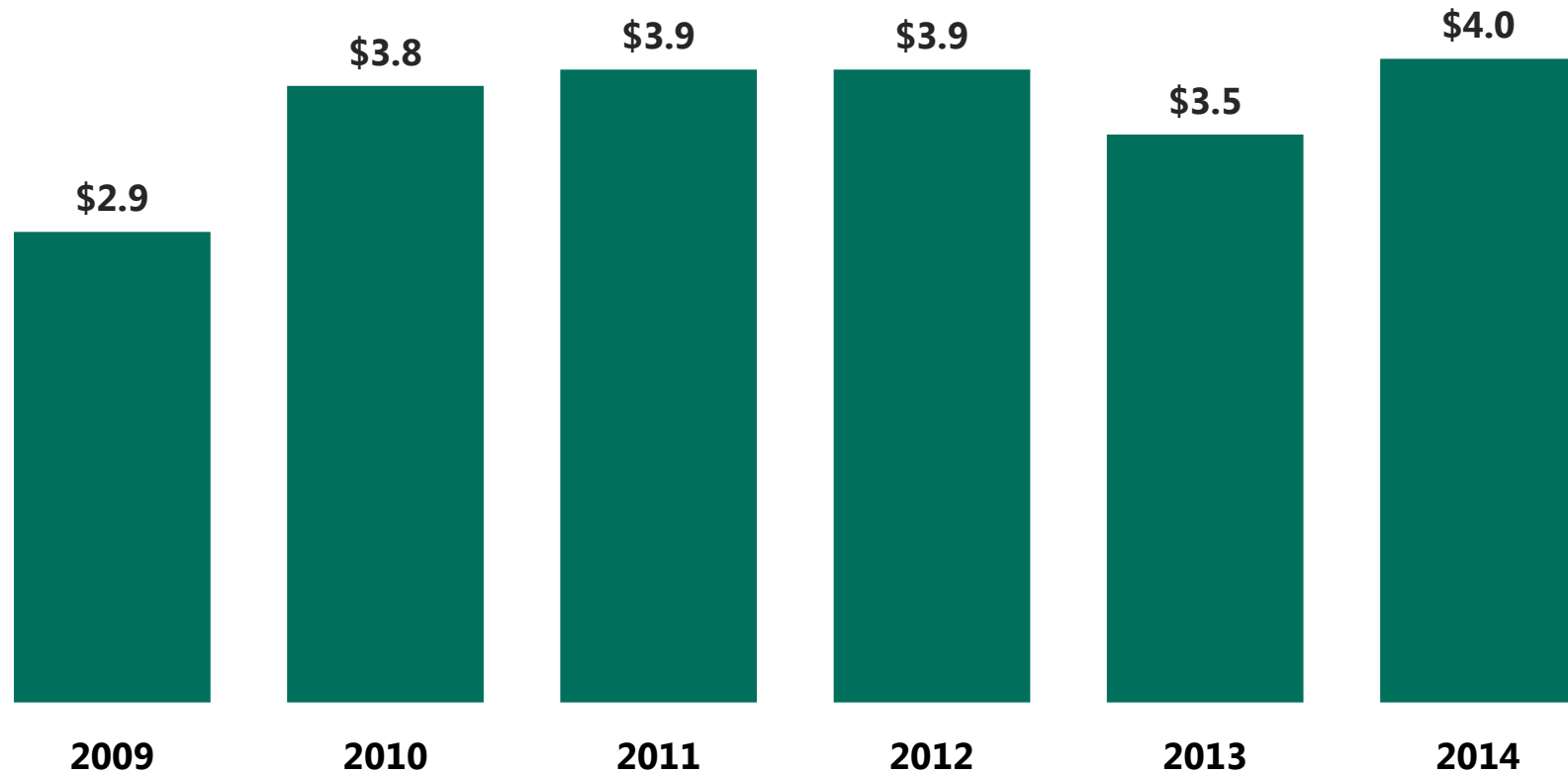
- 325.8 million common shares outstanding since 2000

Note: See use of Non-GAAP Financial Measures in Appendix

# Appendix

# SCE Historical Capital Expenditures

(\$ billions)



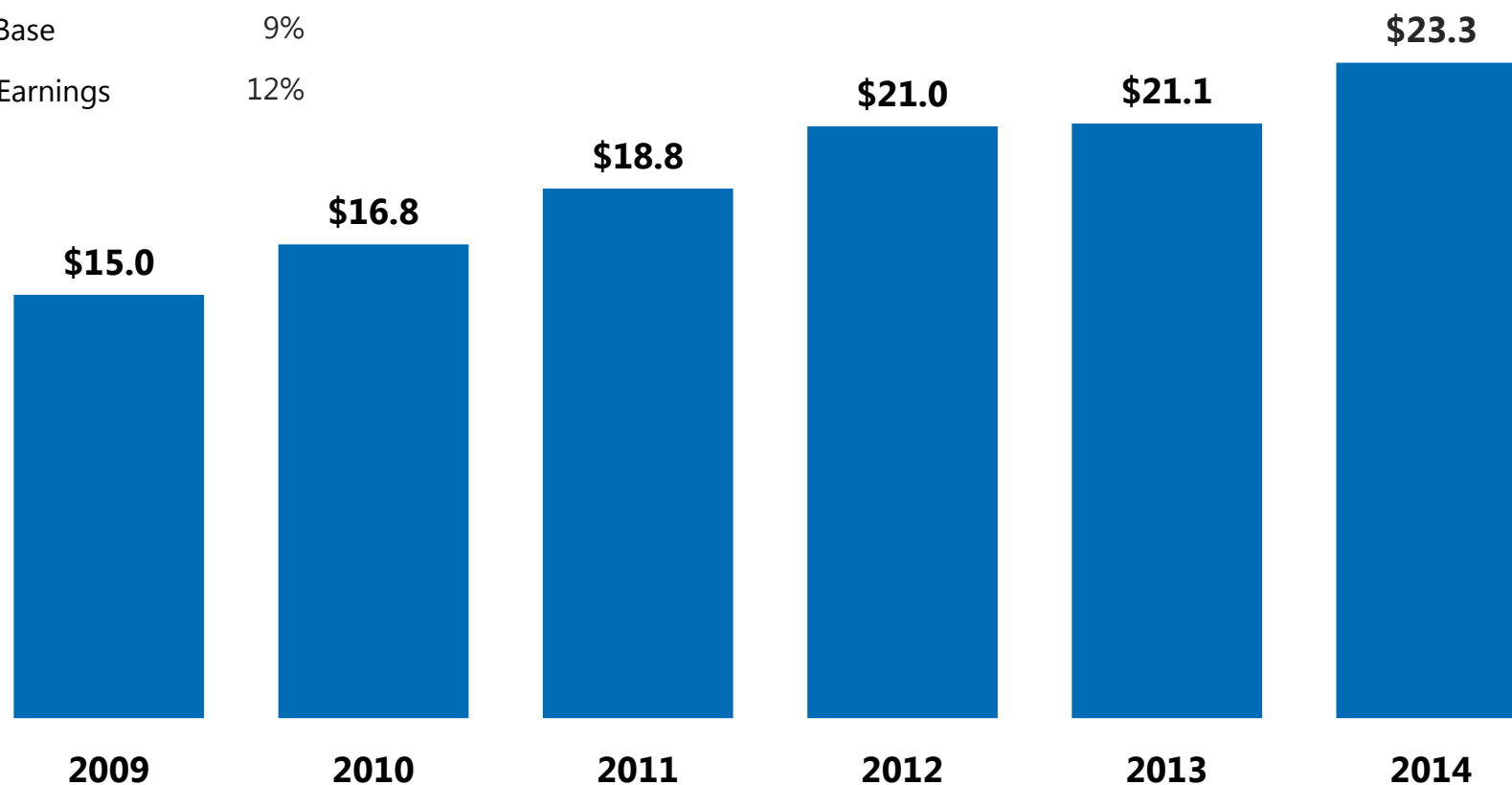
# SCE Historical Rate Base and Core Earnings

(\$ billions)

**2009 – 2014 CAGR**

Rate Base 9%

Core Earnings 12%



**Core  
EPS**

\$2.68

\$3.01

\$3.33

\$4.10

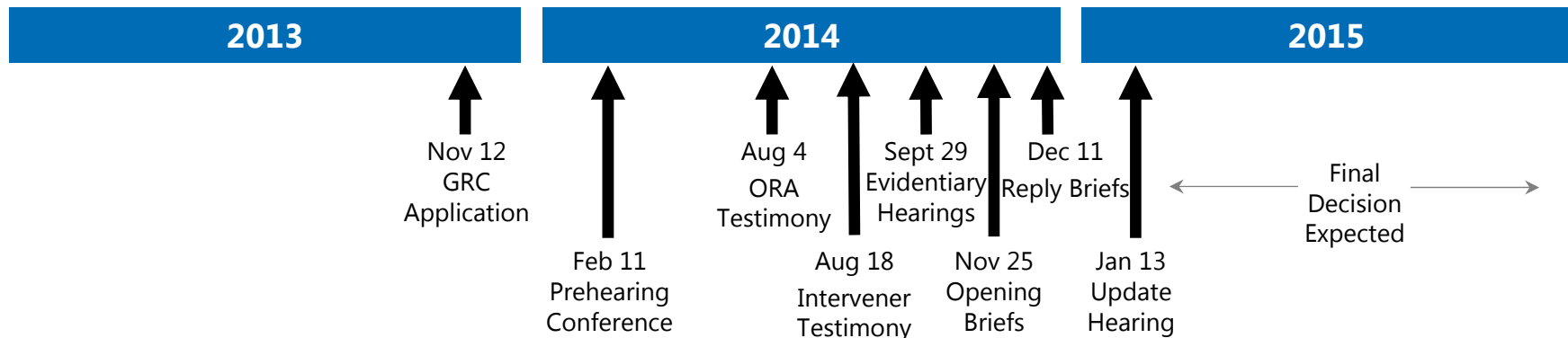
\$3.88

\$4.68

Note: Recorded rate base, year-end basis. See Earnings Non-GAAP Reconciliations and Use of Non-GAAP Financial Measures in Appendix. 2013 and 2014 rate base excludes SONGS

# SCE 2015 CPUC General Rate Case

- November 2013, 2015 GRC Application A.13-11-003 sets 2015 – 2017 base revenue requirement
  - Includes operating costs and CPUC jurisdictional capital
  - Excludes fuel and purchased power (and other utility cost-recovery activities), cost of capital, and FERC jurisdictional transmission
- 2015 revenue requirement request of \$5.713 billion
  - \$80 million increase over presently authorized base rates based on January 2015 update filing
  - Post test year requested increase of \$286 million in 2016 and additional increase of \$315 million in 2017
- Request consistent with SCE strategy to ramp up infrastructure investment consistent with capital plan while mitigating customer rate impacts through productivity and lower operating costs
- Current CPUC schedule does not specify a proposed decision timeframe



Note: Schedule affirmed November 3, 2015, other than minor change in Update Hearing dates

# SCE Key Regulatory Proceedings

Proceeding	Description	Next Steps
<b>Capital</b>		
2015 GRC Application (A.13-11-003)	Rate setting for CPUC 3-year cycle 2015 – 17	Proposed and final decision Q3 2015
Cost of Capital Application	Capital structure and return on equity	Extension to file in April 2016 approved
Distribution Resources Plan OIR (R.14-08-013)	Grid investments to integrate distributed energy resources	SCE plan due to CPUC Q3 2015
FERC Formula Rates	Transmission ratesetting with annual updates	ROE moratorium expires June 2015; annual update due December 2015
<b>Rate Design</b>		
Rate Design OIR (R.12-06-013)	Tiers, fixed charges, time of use (Phase 1); Net metering tariff (Phase 3)	Phase 1 proposed decision Q1 2015; Phase 3 testimony due Q3 2015
<b>Cost Recovery</b>		
2012 LTPP Tracks 1 & 4 RFO (D.13-02-015)	Local capacity/preferred resources to replace SONGS and once through cooling plants	2,221 MW, including 262 MW storage, submitted for PUC approval November 2014
Energy Storage RFO	Solicitation for 16.3 MW launched December 2014	Short list notification May 15; final selection September 14
Energy Resource Recovery Account (ERRA)	Annual forecast and review of fuel and purchased power costs	2014 review due April 1; 2016 forecast due May 1



# SCE Operational Excellence

## Defining Excellence

### Top Quartile

- Safety
- Cost efficiency
- Reliability
- Customer service

### Optimize

- Capital productivity
- Purchased power cost

High performing, continuous improvement culture

## Measuring Excellence

- Employee and public safety metrics
- System 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**

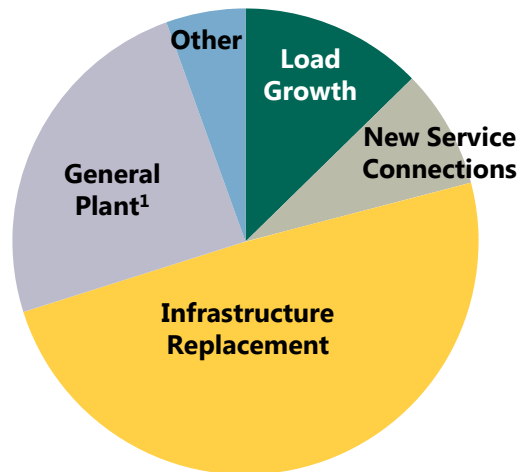
# SCE System Investments

(\$ millions)

## Distribution

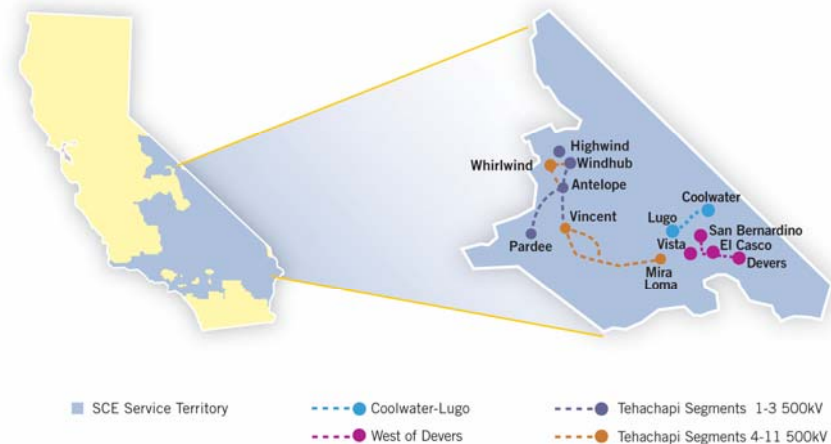
- Aging system reaching equilibrium replacement rate
- 2015 GRC request includes ~120% increase in infrastructure replacement

**2015 – 2017 Requested GRC Expenditures for Distribution Assets  
\$9.4 Billion**



## Transmission

- Large transmission projects:
  - Tehachapi 4-11 – \$2.4 billion total project cost; 2016-17 in service date
  - Coolwater-Lugo – \$0.7 billion total project cost; 2018 in service date pending CPUC review
  - West of Devers – \$1.0 billion total project cost; 2019-20 in service date

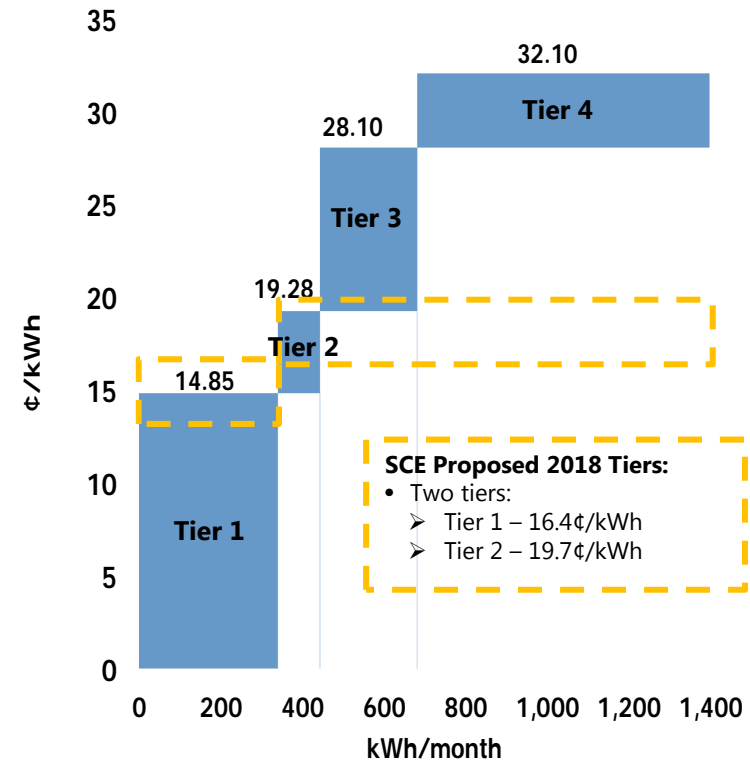


Coolwater-Lugo Project need based on current operator's decision to continue Coolwater Generating Station operations  
 Note: Total Project Costs are nominal direct expenditures, subject to CPUC and FERC cost recovery approval

# Residential Rate Design OIR

- June 2012, CPUC opened Order Instituting Ratemaking (OIR) R.12-06-013:
  - Comprehensive review of residential rate structure
  - Transition to Time of Use (TOU) rates
  - AB327 rate design
- Phase 2 (Summer 2014): simple tiered rate adjustments
  - Settlement approved in June; rates implemented in July – 12% increase to Tier 1 rate, 17% increase to Tier 2 rate
- Phase 1 (2015 – 2018): longer-term rates
  - 2 tiers (2017); TOU rates (2018)
  - Fixed charge or minimum bill (2015)
  - Proposed Decision expected March 2015
- Net Energy Metering: successor tariff proposed decision due Q4 2015 (statutory deadline)

## OIR Phase 2 Settlement Summary



### Fixed Monthly Charge

Current:	\$0.94/month
SCE Proposed:	\$10/month

Note: Rates in effect as of July 7, 2014, based on forecast

# Earnings Non-GAAP Reconciliations

(\$ millions)

## Reconciliation of EIX Core Earnings to EIX GAAP Earnings

Earnings Attributable to Edison International	Q4 2014	Q4 2013	2014	2013
<b>Core Earnings</b>				
SCE	\$356	\$258	\$1,525	\$1,265
EIX Parent & Other	(1)	6	(28)	(28)
<b>Core Earnings</b>	<b>\$355</b>	<b>\$264</b>	<b>\$1,497</b>	<b>\$1,237</b>
<b>Non-Core Items</b>				
SCE	\$24	\$-	\$(72)	\$(365)
EIX Parent & Other	2	-	2	7
Discontinued operations	39	37	185	36
<i>Total Non-Core</i>	65	37	115	(322)
<b>Basic Earnings</b>	<b>\$420</b>	<b>\$301</b>	<b>\$1,612</b>	<b>\$915</b>

Note: See Use of Non-GAAP Financial Measures in Appendix

# SCE Core EPS Non-GAAP Reconciliations

Reconciliation of SCE Core Earnings Per Share to SCE Basic Earnings Per Share

<b>Earnings Per Share Attributable to SCE</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>CAGR</b>
<b>Core EPS</b>	<b>\$2.68</b>	<b>\$3.01</b>	<b>\$3.33</b>	<b>\$4.10</b>	<b>\$3.88</b>	<b>\$4.68</b>	<b>12%</b>
<b>Non-Core Items</b>							
Tax settlement	0.94	0.30	—	—	—	—	
Health care legislation	—	(0.12)	—	—	—	—	
Regulatory and tax items	0.14	—	—	0.71	—	—	
Impairment and other charges	—	—	—	—	(1.12)	(0.22)	
<i>Total Non-Core Items</i>	<i>1.08</i>	<i>0.18</i>	<i>—</i>	<i>0.71</i>	<i>(1.12)</i>	<i>(0.22)</i>	
<b>Basic EPS</b>	<b>\$3.76</b>	<b>\$3.19</b>	<b>\$3.33</b>	<b>\$4.81</b>	<b>\$2.76</b>	<b>\$4.46</b>	<b>4%</b>

Note: See Use of Non-GAAP Financial Measures in Appendix

# SCE Results of Operations – Fourth Quarter 2014

(\$ millions)

- Utility earning activities – revenue authorized by CPUC and FERC to provide reasonable cost recovery and return on investment
- Utility 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

	Q4 2014			Q4 2013		
	Utility Earning Activities	Utility Cost-Recovery Activities	Total Consolidated	Utility Earning Activities	Utility Cost-Recovery Activities	Total Consolidated
Operating revenue	\$1,808	\$1,296	\$3,104	\$1,590	\$1,341	\$2,931
Purchased power and fuel	—	1,029	1,029	—	1,073	1,073
Operation and maintenance	604	266	870	608	268	876
Depreciation, decommissioning and amortization	472	—	472	398	—	398
Property and other taxes	86	—	86	79	—	79
Impairment and other charges	(68)	—	(68)	—	—	—
Total operating expenses	1,094	1,295	2,389	1,085	1,341	2,426
<b>Operating income</b>	714	1	715	505	—	505
Interest expense	(130)	(1)	(131)	(136)	—	(136)
Other income and expenses	(12)	—	(12)	(3)	—	(3)
<b>Income before income taxes</b>	572	—	572	366	—	366
Income tax expense	164	—	164	83	—	83
<b>Net income</b>	408	—	408	283	—	283
Preferred and preference stock dividend requirements	28	—	28	25	—	25
<b>Net income available for common stock</b>	<u>\$380</u>	<u>\$—</u>	<u>\$380</u>	<u>\$258</u>	<u>\$—</u>	<u>\$258</u>
Core earnings			\$356			\$258
Non-core earnings			24			—
<b>Total SCE GAAP earnings</b>			<u>\$380</u>			<u>\$258</u>

Note: See Use of Non-GAAP Financial Measures in Appendix

# SCE Results of Operations – Full-Year 2014

(\$ millions)

- Utility earning activities – revenue authorized by CPUC and FERC to provide reasonable cost recovery and return on investment
- Utility 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

	2014			2013		
	Utility Earning Activities	Utility Cost-Recovery Activities	Total Consolidated	Utility Earning Activities	Utility Cost-Recovery Activities	Total Consolidated
Operating revenue	\$6,831	\$6,549	\$13,380	\$6,602	\$5,960	\$12,562
Purchased power and fuel	—	5,593	5,593	—	4,891	4,891
Operation and maintenance	2,106	951	3,057	2,348	1,068	3,416
Depreciation, decommissioning and amortization	1,720	—	1,720	1,622	—	1,622
Property and other taxes	318	—	318	307	—	307
Impairment and other charges	163	—	163	575	—	575
Total operating expenses	4,307	6,544	10,851	4,852	5,959	10,811
<b>Operating income</b>	2,524	5	2,529	1,750	1	1,751
Interest expense	(528)	(5)	(533)	(519)	(1)	(520)
Other income and expenses	43	—	43	48	—	48
<b>Income before income taxes</b>	2,039	—	2,039	1,279	—	1,279
Income tax expense	474	—	474	279	—	279
<b>Net income</b>	1,565	—	1,565	1,000	—	1,000
Preferred and preference stock dividend requirements	112	—	112	100	—	100
<b>Net income available for common stock</b>	<u>\$1,453</u>	<u>\$—</u>	<u>\$1,453</u>	<u>\$900</u>	<u>\$—</u>	<u>\$900</u>
Core earnings			\$1,525			\$1,265
Non-core earnings			(72)			(365)
<b>Total SCE GAAP earnings</b>			<u>\$1,453</u>			<u>\$900</u>

Note: See Use of Non-GAAP Financial Measures in Appendix

# 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.

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