



**JOINT NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS**

**AND**

**JOINT PROXY STATEMENT**

**ANNUAL MEETINGS**

**May 14, 2001**



April 19, 2001

Dear Shareholder:

You are invited to attend the Edison International and Southern California Edison Company ("SCE") annual meetings of shareholders. The meetings will be held jointly on Monday, May 14, 2001, at the DoubleTree Hotel Ontario, 222 N. Vineyard Avenue, Ontario, California, at 1:30 p.m., Pacific Time. **Please note the change in location and time.**

Your voting instructions and the applicable 2000 Annual Report are enclosed with this Joint Proxy Statement. The Joint Proxy Statement discusses the matters to be considered at the annual meetings. At the meetings, shareholders of Edison International and SCE will elect Directors who will be responsible for the direction of Company affairs until the next annual meetings.

**Your Board of Directors and Management recommend that you vote "FOR" the nominees for Directors listed in the Joint Proxy Statement.**

Whether or not you expect to attend the annual meetings, it is important that your shares be represented. If you hold shares in both Edison International and SCE, you will receive a proxy card for each Company.

We are pleased to offer you options to vote your shares by mail, telephone or the Internet. To vote by mail, you may complete, sign, date and return the enclosed proxy card in the envelope provided. If you hold shares in your own name, or through the Edison International Dividend Reinvestment and Stock Purchase Plan or the SCE Stock Savings Plus Plan, you may vote by telephone or via the Internet by following the instructions on your proxy card. There is a special number assigned to you on the proxy card to safeguard your vote. Voting by telephone and via the Internet is available 24 hours a day, seven days a week, through midnight, May 13, 2001, except for Stock Savings Plus Plan shareholders who must vote by 5:00 p.m., Eastern Time, on May 9, 2001. If you hold your shares in an account with a broker or other nominee, you will receive separate instructions from that nominee which may also allow telephone and Internet voting.

Your continued interest in the business of Edison International and SCE is appreciated.

John E. Bryson  
*Chairman of the Board, President  
and Chief Executive Officer*  
Edison International

Stephen E. Frank  
*Chairman of the Board, President  
and Chief Executive Officer*  
Southern California Edison Company

**IMPORTANT**

**In order to assure a quorum of shareholders at the annual meetings, please complete, sign, date and mail the enclosed card promptly; or (if available to you) give your instructions by telephone or the Internet as described on the enclosed card. If you mail the enclosed card, please sign (do not print) your name exactly as it appears on the card. When signing as attorney, executor, administrator, trustee or guardian, include your full title. Please have an authorized officer whose title is indicated sign for corporations, charitable institutions and governmental units. For partnerships, have a partner sign and indicate partnership status.**



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**JOINT NOTICE OF ANNUAL MEETINGS  
OF SHAREHOLDERS**

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**Date:** Monday, May 14, 2001

**Time:** 1:30 p.m., Pacific Time

**Place:** DoubleTree Hotel Ontario  
222 N. Vineyard Avenue  
Ontario, California 91764

**Matters to be voted upon by Edison International and Southern California Edison Company (“SCE”) shareholders:**

- Election of 13 and 12 Directors, respectively – The names of the Director nominees are:

John E. Bryson*	Ronald L. Olson
Warren Christopher	James M. Rosser
Stephen E. Frank	Robert H. Smith
Joan C. Hanley	Thomas C. Sutton
Carl F. Huntsinger	Daniel M. Tellep
Charles D. Miller	Edward Zapanta
Luis G. Nogales	

\*John E. Bryson is a Director nominee for the Edison International Board only.

- Any other business that may properly come before the meetings.

**Record Date:** Shareholders of record at the close of business on March 23, 2001, and valid proxyholders for those shareholders, are entitled to vote at the annual meetings.

**Meeting Admission:** The following individuals will be admitted to the meetings:

- Shareholders of record on the record date, and their spouses;
- Individuals holding written proxies executed by shareholders of record on the record date;
- Shareholders who provide a letter or account statement from their broker or other nominee showing that they owned stock held in the name of the broker or other nominee on the record date, and their spouses; and
- Other individuals with the approval of the Edison International or SCE Secretary.

Shareholders which are companies or other entities are limited to three authorized representatives at the meetings. Cameras, recording devices and other electronic devices will not be permitted at the meetings.

Dated: April 19, 2001

For the Boards of Directors,

BEVERLY P. RYDER, *Secretary*  
Edison International and  
Southern California Edison Company

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**EDISON INTERNATIONAL  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE  
P. O. BOX 800  
ROSEMEAD, CALIFORNIA 91770**

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**JOINT PROXY STATEMENT**

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**INTRODUCTION – SOLICITATION OF PROXIES**

This Joint Proxy Statement, proxy forms, voting instructions and the 2000 Annual Reports are being distributed together beginning April 19, 2001, to the Edison International and Southern California Edison Company shareholders for their annual meetings. The annual meetings will be held jointly on Monday, May 14, 2001, at the DoubleTree Hotel Ontario, 222 N. Vineyard Avenue, Ontario, California, at 1:30 p.m., Pacific Time. The Edison International and Southern California Edison Company Boards of Directors are soliciting proxies from you for use at their annual meetings, or at any adjournment or postponement of the meetings. Proxies allow properly designated individuals to vote on your behalf at an annual meeting. This Proxy Statement discusses the matters to be voted on at the annual meetings.

In this Proxy Statement:

- “Annual meeting” means the Edison International annual meeting of shareholders and the Southern California Edison Company annual meeting of shareholders, which are being held jointly.
- “SCE” means Southern California Edison Company.
- “SSPP” means the SCE employee benefit plan known as the Stock Savings Plus Plan through which participants may hold Edison International shares.
- “DRP” means the Edison International shareholder plan known as the Dividend Reinvestment and Stock Purchase Plan.
- Holding shares in “street name” means your shares are held in an account through your broker, bank, fiduciary, custodian or other nominee, and you are considered the beneficial owner of those shares. Your name does not appear on the Companies’ records as a shareholder.
- Holding shares as a “registered” shareholder or “of record” means your shares are registered in your own name directly with the Companies rather than in street name, and that stock certificates are issued in your own name. Shares held in your DRP plan account are also included.

## QUESTIONS AND ANSWERS ON VOTING, PROXIES, AND ATTENDANCE

### **Q: What am I voting on?**

A: You are voting on the election of 13 Directors for Edison International and 12 Directors for SCE and any other matters properly brought before the meetings. The election of Directors is Item 1 on the proxy card.

### **Q. Who can vote?**

A. All registered shareholders at the close of business on March 23, 2001, are entitled to vote at the meeting. Holders of Edison International's Common Stock are entitled to one vote per share on each item of Edison International business. On each item of SCE business, holders of SCE Cumulative Preferred Stock are entitled to six votes per share; holders of SCE \$100 Cumulative Preferred Stock are entitled to two votes per share; and holders of SCE Common Stock are entitled to one vote per share. Shareholders who hold shares that are not registered in their own name will give voting instructions to the registered shareholders. Shares held by participants in the SSPP are registered in the name of the plan trustee and will be voted in its capacity as the stock fund investment manager. Fractional shares, such as those held in the SSPP and in the DRP, may not be voted. All shares of SCE Common and Preferred Stocks vote together as one class.

### **Q: Who can attend the meeting?**

A: All shareholders on the record date, or their duly appointed proxies, may attend the meeting. Shareholders' spouses are also welcome. Seating, however, is limited. All shareholders must check in at the registration desk at the meeting. The registration desk will open at 10:30 a.m., Pacific Time. If you are a registered or SSPP shareholder, an admission pass is included with these materials, and you will present your pass at the registration desk for admission. If you do not have an admission pass and you are a registered shareholder, we will be able to verify your share ownership from the share register upon presentation of proper identification. If your shares are not registered in your name, you will need to bring a letter or an account statement from your broker, plan trustee or other nominee reflecting your stock ownership as of the record date and to provide proper identification. A shareholder which is a corporation, partnership, association or other entity is limited to three authorized representatives at the annual meeting. Cameras, recording devices and other electronic devices will not be permitted at the meeting. Additional security measures are being implemented for the meeting; please excuse any inconvenience.

### **Q: How do I vote?**

A: **If you are a registered or SSPP shareholder**, you may choose one of the following ways to cast your vote:

- **By mail:** Complete, date, sign and mail the proxy/voting instruction card in the enclosed postage prepaid envelope.
- **By telephone:** Call 1-877-779-8683 toll free from the U.S. and Canada.  
Call 1-201-536-8073 from outside the U.S. and Canada.

- **Via the Internet:** Access the Edison International World Wide Web site <http://www.eproxyvote.com/eix>  
Access the SCE World Wide Web site <http://www.eproxyvote.com/sce>

**Registered shareholders** have a fourth option to cast their vote:

- **By ballot at the meeting:** Attend the annual meeting and complete a written ballot distributed at the meeting.

If you vote by telephone or via the Internet, follow the instructions on the enclosed card. You will be asked to enter a specially assigned control number on the proxy card. Additionally, if you vote by telephone, you will receive recorded instructions, and if you vote via the Internet, an electronic proxy card. Voting by telephone and via the Internet is available 24 hours a day, seven days a week, through midnight, May 13, 2001, except for SSPP shareholders who must vote by 5:00 p.m., Eastern Time, on May 9, 2001.

By voting by mail, telephone or the Internet, you will authorize the individuals named on the proxy card, referred to as the proxies, or the SSPP trustee in its capacity as stock fund investment manager to vote your shares according to your instructions. You are also authorizing those persons to vote your shares on any other matter properly presented at the meeting.

**If you hold shares in street name**, you will provide voting instructions as follows:

- **By mail:** On cards received from your broker or other nominee.
- **By telephone or via the Internet:** If offered by your broker or other nominee.
- **By ballot at the meeting:** If you request a legal proxy from your broker or other nominee and deliver the proxy to the inspector of election before or at the meeting.

Under California law, you may transmit a proxy by telephone or via the Internet if authorized by you or your attorney in fact. **SHAREHOLDERS WHO VOTE BY TELEPHONE OR OVER THE INTERNET SHOULD NOT MAIL THE PROXY CARD.**

**Q: What happens if I return my proxy or vote by mail, telephone or the Internet, but I do not indicate my voting preference?**

A: If you return your proxy or vote by mail and do not indicate how you wish to vote for the nominees for Director, the proxies and SSPP trustee will vote FOR election of all the nominees for Director (*Item 1*). If you enter your control number by telephone or on the Internet and do not indicate how you wish to vote for the nominees for Director, your shares will not be voted on the election.

**Q: What happens if I do not return my proxy or provide voting instructions?**

A: If you are a registered shareholder and you do not deliver voting instructions to a designated proxy or cast a ballot at the annual meeting, your shares will not be voted. If you are an SSPP shareholder and you do not deliver voting instructions to the trustee, the trustee as stock fund investment manager may vote your shares as it chooses. If you hold your shares in street name and you do not instruct

your broker or other nominee how to vote your shares, the registered owner may be authorized to vote your shares as it chooses on the matters to be considered at the meeting. If your broker lacks this discretionary authority to vote on an item and properly indicates this to us, we call this a “broker nonvote” on that item.

**Q: What if I vote and then change my mind?**

A: If you are a registered shareholder, you can revoke your proxy by:

- Writing to the Edison International or SCE Secretary;
- Voting again via mail, telephone or the Internet; or
- Voting in person at the annual meeting.

Your last vote will be the vote that is counted.

If you are an SSPP shareholder, you can revoke your voting instructions by voting again via mail, telephone or the Internet by 5:00 p.m., Eastern Time, on May 9, 2001.

If you hold shares in street name, you should contact the registered shareholder before the annual meeting to determine whether you can change your voting instructions.

**Q: How many votes do you need to hold the meeting?**

A: As of the record date, March 23, 2001, Edison International had 325,791,958 shares of Edison International Common Stock outstanding and entitled to vote. SCE had 5,150,198 shares of Cumulative Preferred Stock, 2,557,000 shares of \$100 Cumulative Preferred Stock, and 434,888,104 shares of SCE Common Stock outstanding and entitled to vote.

The holders of the Edison International Common Stock have the right to cast a total of 325,791,958 votes. The holders of the SCE Cumulative Preferred Stock have the right to cast a total of 30,901,188 votes, the holders of the SCE \$100 Cumulative Preferred Stock have the right to cast a total of 5,114,000 votes, and the holder of the SCE Common Stock, Edison International, has the right to cast a total of 434,888,104 votes. Voting together as a class, the SCE shareholders have the right to cast a total of 470,903,292 votes.

A quorum is required to transact business at the annual meeting. The presence at the annual meeting, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast constitutes a quorum. If you properly return your proxy by mail, by telephone or via the Internet, you will be considered part of the quorum, even if you abstain from voting or withhold votes, and the proxies will vote your shares as you have indicated. If a broker or other nominee holding your shares in street name votes your shares or returns a properly executed proxy representing your shares, your shares will be considered as present and part of the quorum, even if your broker or other nominee does not indicate a voting preference, or otherwise abstains or withholds votes, on any or all matters.

**Q: What vote is required to adopt the proposal at the meeting?**

A: On Item 1, the Election of Directors, the 13 and 12 nominees receiving the highest number of affirmative or “for” votes will be elected as Directors of Edison International and SCE, respectively. Votes withheld for any of the nominees, abstentions or broker nonvotes will have the effect of reducing the number of affirmative votes a candidate might otherwise have received.

**Q: Who will count the votes?**

A: EquiServe Trust Company, N.A., will tabulate the votes and act as the inspector of election. To protect the confidentiality of votes cast under the SSPP, Edison International will not have access to any of the SSPP shareholders’ voting instructions, and SSPP voting results will only be reported in the aggregate.

**Q: What shares are included on the proxy card?**

A: If you hold shares in both Edison International and SCE, you will receive a card for each Company. The shares listed on your card(s) represent all the shares of common stock and preferred stock registered in your name (as distinguished from those held in street name), all whole shares held in the DRP, and all whole shares held in the SSPP. You will receive separate cards from your broker or other nominee if you hold shares in street name.

**Q: What does it mean if I get more than one proxy card?**

A: It indicates that your shares are held in more than one account, such as two brokerage accounts, and registered in different names. You should vote each of the proxy cards to ensure that all of your shares are voted.

**Q: How much did this proxy solicitation cost?**

A: Edison International and SCE have retained Corporate Investment Communications, Inc., to solicit proxies from shareholders at an estimated fee of \$10,000 plus expenses. (This fee does not include the costs of printing and mailing the proxy materials.) Edison International and SCE will pay all proxy solicitation costs. Some of the directors, officers and other employees of Edison International and/or SCE also may solicit proxies personally, by mail, by telephone or by other electronic means for no additional compensation, except for customary overtime pay. Edison International and SCE will also reimburse brokers and other nominees for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of their stocks and obtaining voting instructions.

**Q: Whom can I call with any questions?**

A: You may call Wells Fargo Bank at 1-800-347-8625 or visit their World Wide Web site at <http://www.stocktransfer@wellsfargo.com>

**Q: How does the Board recommend I vote?**

A: The Edison International and SCE Boards recommend the election of their nominees for Directors listed in this Proxy Statement.

## ELECTION OF DIRECTORS

### *Item 1 on Proxy Card*

## NOMINEES FOR ELECTION

Thirteen and twelve Directors will be elected to the Edison International and SCE Boards, respectively, to hold office until the next annual meeting. Should any of the nominees become unavailable to stand for election as a Director, the proxies will have the authority to vote for substitute nominees as they choose.

The nominees for Directors of Edison International and SCE are the same, except for Mr. Bryson who is a nominee for the Edison International Board only. A brief biography of each nominee is presented below.

### **JOHN E. BRYSON\***

**Chairman of the Board, President and Chief Executive Officer of Edison International and Chairman of the Board of Edison Mission Energy (electric power generation; a nonutility subsidiary of Edison International) (since 2000); Chairman of the Board and Chief Executive Officer of Edison International and SCE (1990–1999)**

Mr. Bryson has been a Director of Edison International since 1990. He is a Director of The Walt Disney Company, The Boeing Company, and Pacific American Income Shares, Inc. and LM Institutional Fund Advisors I, Inc. Mr. Bryson is a graduate of Stanford University and Yale Law School. [Age 57](#).

### **WARREN CHRISTOPHER**

**Senior Partner of the law firm of O'Melveny & Myers (1958–1967, 1969–1977, 1981–1993, and since 1997); U. S. Secretary of State (1993–1997)**

Mr. Christopher has been a Director of SCE from August 1971 through January 1977, from June 1981 through January 1993, and from May 1997 to date. He has been a Director of Edison International from April 1988 through January 1993 and from May 1997 to date. Mr. Christopher is a graduate of the University of Southern California and Stanford Law School. [Age 75](#).

### **STEPHEN E. FRANK**

**Chairman, President and Chief Executive Officer of SCE (since 2000); President and Chief Operating Officer of SCE (1995–1999)**

Mr. Frank has been a Director of Edison International and SCE since 1995. He is a Director of Washington Mutual, Inc., Associated Electric & Gas Insurance Services Limited, UNOVA, Inc., and LNR Property Corporation. Mr. Frank is a graduate of Dartmouth College and received his MBA degree from the University of Michigan. [Age 59](#).

### **JOAN C. HANLEY**

**The Former General Partner and Manager of Miramonte Vineyards (1973–1998)**

Mrs. Hanley has been a Director of SCE since 1980 and a Director of Edison International since 1988. She is a Director of the Harbor–UCLA Research and Education Institute. Mrs. Hanley is a graduate of the University of Washington. [Age 68](#).

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\* John E. Bryson is a nominee for Director of Edison International only.

**CARL F. HUNTSINGER**

**General Partner of DAE Limited Partnership, Ltd. (agricultural management) (since 1986)**

Mr. Huntsinger has been a Director of SCE since 1983 and a Director of Edison International since 1988. Mr. Huntsinger is a graduate of the Massachusetts Institute of Technology. [Age 71.](#)

**CHARLES D. MILLER**

**Retired Chairman of the Board of Avery Dennison Corporation (manufacturer of self-adhesive products) (1998–April 2000); Chairman of the Board and Chief Executive Officer of Avery Dennison Corporation (1983–1998)**

Mr. Miller has been a Director of SCE since 1987 and a Director of Edison International since 1988. He is a Director of Avery Dennison Corporation, Nationwide Health Properties (Chairman), The Air Group, Mellon Financial Group–West Coast, and Korn/Ferry International. He is a graduate of Johns Hopkins University. [Age 72.](#)

**LUIS G. NOGALES**

**President of Nogales Partners (a private equity investment company) (since 1990)**

Mr. Nogales has been a Director of Edison International and SCE since 1993. He is a Director of Adolph Coors Company, Arbitron Inc., KB Home, and Kaufman and Broad, France. Mr. Nogales is a graduate of San Diego State University and Stanford Law School. [Age 57.](#)

**RONALD L. OLSON**

**Partner of the law firm of Munger, Tolles and Olson (since 1970)**

Mr. Olson has been a Director of Edison International and SCE since 1995. He is a Director of Berkshire Hathaway, Inc., and Pacific American Income Shares, Inc. and LM Institutional Fund Advisors I, Inc. Mr. Olson is a graduate of Drake University and University of Michigan Law School and holds a Diploma in Law from Oxford University. [Age 59.](#)

**JAMES M. ROSSER**

**President of California State University, Los Angeles (since 1979)**

Dr. Rosser has been a Director of SCE since 1985 and a Director of Edison International since 1988. He is a Director of Sanwa Bank. Dr. Rosser holds three degrees from Southern Illinois University. [Age 61.](#)

**ROBERT H. SMITH**

**Managing Director of Smith & Crowley, Inc. (merchant banking) (since 1992)**

Mr. Smith has been a Director of SCE since 1987 and a Director of Edison International since 1988. He is a Director of Tarpanware International, Inc. Mr. Smith is a graduate of the University of Southern California and holds a Law Degree from Van Norman University. [Age 65.](#)

**THOMAS C. SUTTON**

**Chairman of the Board and Chief Executive Officer of Pacific Life Insurance Company (since 1990)**

Mr. Sutton has been a Director of Edison International and SCE since 1995. He is a Director of Newhall Land & Farming Company and The Irvine Company. Mr. Sutton is a graduate of the University of Toronto. [Age 58.](#)

**DANIEL M. TELLEP**

**Retired Chairman of the Board of Lockheed Martin Corporation (aerospace industry) (1996)**

Mr. Tellep has been a Director of Edison International and SCE since 1992. Mr. Tellep holds two degrees from the University of California at Berkeley and has completed studies at Harvard University. [Age 69.](#)

**EDWARD ZAPANTA**

**Private Practice Physician (neurosurgical care) (since 1970)**

Dr. Zapanta has been a Director of SCE since 1984 and a Director of Edison International since 1988. He is a Director of EastWest Bancorp, Inc., and is a trustee of the University of Southern California. Dr. Zapanta attended the University of California at Los Angeles and is a graduate of the University of Southern California School of Medicine. [Age 61.](#)

## BOARD COMMITTEES

The Edison International and SCE Board Committees are the Audit Committee, Compensation and Executive Personnel Committee, Executive Committee, Finance Committee and Nominating Committee. The composition of each Committee is the same for Edison International and SCE, except for the Executive Committee. Each Committee held the same number of meetings in 2000, unless otherwise indicated in the table below. This table describes the Boards' Committees.

COMMITTEE NAME AND MEMBERS	COMMITTEE FUNCTIONS	NUMBER OF MEETINGS IN 2000
<p><b>Audit</b> Daniel M. Tellep, Chair Carl F. Huntsinger Charles D. Miller Robert H. Smith Thomas C. Sutton Edward Zapanta</p>	<ul style="list-style-type: none"> <li>• Meets regularly with management, the independent public accountants, and the internal auditors to make inquiries regarding the manner in which the responsibilities of each are being discharged.</li> <li>• Recommends to the Boards the annual appointment of the independent public accountants, Committee charter revisions, and the inclusion of the year-end audited financial statements in the Annual Report on Form 10-K.</li> <li>• Reviews with the independent public accountants the scope of audit and other engagements and the related fees, their independence, the adequacy of internal accounting controls, and the year-end audited financial statements.</li> <li>• Reviews with management the audit plans and year-end audited financial statements.</li> <li>• Reviews information provided on legal proceedings, environmental compliance, health and safety compliance, information technology security, legal compliance, business ethics monitoring and internal auditing programs.</li> </ul>	4
<p><b>Compensation and Executive Personnel</b> Robert H. Smith, Chair Charles D. Miller Luis G. Nogales James M. Rosser Thomas C. Sutton Edward Zapanta</p>	<ul style="list-style-type: none"> <li>• Reviews the performance and sets the compensation of the Executive Officers.</li> <li>• Approves the design of executive compensation programs.</li> <li>• May elect designated officers and determine their compensation.</li> </ul>	<p><b>Edison International:</b> 11</p> <p><b>SCE:</b> 3</p>

<b>COMMITTEE NAME AND MEMBERS</b>	<b>COMMITTEE FUNCTIONS</b>	<b>NUMBER OF MEETINGS IN 2000</b>
	<ul style="list-style-type: none"> <li>• Participates in executive succession planning and management development.</li> <li>• Has additional duties described in the "Compensation and Executive Personnel Committees' Report on Executive Compensation" below.</li> </ul>	
<p><b>Executive</b>  <u><b>Edison International</b></u>  Warren Christopher, Chair  John E. Bryson  Carl F. Huntsinger  Ronald L. Olson  James M. Rosser  Edward Zapanta  <u><b>SCE</b></u>  Warren Christopher, Chair  Stephen E. Frank  Carl F. Huntsinger  Ronald L. Olson  James M. Rosser  Edward Zapanta</p>	<ul style="list-style-type: none"> <li>• Has all the authority of the Boards between meetings except to the extent limited by the California General Corporation Law.</li> </ul>	1
<p><b>Finance</b>  Luis G. Nogales, Chair  Joan C. Hanley  Ronald L. Olson  James M. Rosser  Thomas C. Sutton  Daniel M. Tellep</p>	<ul style="list-style-type: none"> <li>• Regularly reviews the financial structure of their respective company.</li> <li>• The Edison International Finance Committee reviews the financial planning process and investment outlook for Edison International and its nonutility subsidiaries, and approves certain committed investments.</li> <li>• The SCE Finance Committee reviews the five-year capital expenditure outlook, financing plans, total revenue requirements, and earnings trends of SCE as well as approving certain capital projects.</li> </ul>	3

<b>COMMITTEE NAME AND MEMBERS</b>	<b>COMMITTEE FUNCTIONS</b>	<b>NUMBER OF MEETINGS IN 2000</b>
<b>Nominating</b> Joan C. Hanley, Chair Warren Christopher Carl F. Huntsinger Charles D. Miller Ronald L. Olson	<ul style="list-style-type: none"> <li>• Periodically consults with management, reviews shareholder suggestions of Director candidates, and makes recommendations regarding Board composition and selection of candidates for election.</li> </ul>	2

For consideration by the Nominating Committees, shareholder suggestions for Director candidates should be submitted in writing to the Secretary of Edison International and/or SCE. The deadlines and additional procedures for shareholder nominations are in “Shareholder Proposals and Nominations for 2002 Annual Meetings” below.

### **BOARD MEETINGS AND ATTENDANCE**

During 2000, the Edison International Board met 15 times, and the SCE Board met 11 times.

During 2000, all current Directors attended 75% or more of all Edison International and SCE Board and applicable Committees’ meetings.

### **BOARD COMPENSATION**

Directors who are employees of Edison International or SCE are not paid additional compensation for serving as Directors. Non-employee Directors are compensated as described below.

#### **Fees**

During 2000, each non-employee Director was paid as follows:

- an annual Board retainer of \$25,000,
- an annual retainer of \$3,000 to Board Committee chairpersons,
- an annual Executive Committee retainer of \$2,000 to Executive Committee members,
- \$1,500 for each Board meeting attended,
- \$1,000 for each Board Committee meeting attended, and
- \$1,500 for any other business meetings attended as a Director.

Non-employee Directors serve on both the Edison International Board and the SCE Board and the same Committees of each Board. Non-employee Directors receive only one retainer and, if the meetings

of the Boards or the same Committees of each Company are held concurrently or consecutively, they receive only one meeting fee. It is the usual practice of Edison International and SCE that meetings of the Edison International and SCE Boards are held together or consecutively and a single meeting fee is paid to each non-employee Director for each set of meetings. Edison International and SCE Committee meetings are similarly managed. Directors are reimbursed for out-of-pocket expenses they incur serving as Directors.

### **Equity Compensation Plan**

Under terms of the Edison International Equity Compensation Plan, each non-employee Director of Edison International and SCE is automatically granted upon election or reelection to the Boards:

- 500 shares of Edison International Common Stock, and
- 300 deferred stock units.

Directors serving on both Boards receive only one award of stock and deferred stock units per year. The deferred stock units are credited to the Director's deferred compensation plan account. Each stock unit represents the value of one share of Edison International Common Stock. Stock units accrue dividend equivalents that are converted to additional stock units under the plan. The stock units cannot be voted or sold. The deferred stock units will be distributed in cash in a lump sum upon the Director's retirement from the Boards unless the Director's request to receive distribution in the form of installments over 5, 10, or 15 years was previously approved. Resignation prior to retirement will result in a lump sum payment.

### **Deferred Compensation Plans**

#### **1985 Deferred Compensation Plan**

SCE non-employee Directors were permitted to defer compensation earned from October 1, 1985, through December 31, 1989, under the terms of the SCE 1985 Deferred Compensation Plan for Directors. These amounts are deferred until the participant ceases to be a Director, dies or attains a predetermined age of at least 65, but not greater than 72. The account may be paid in installments of 10 or 15 equal annual installments or 120 or 180 equal monthly installments. If a participant dies before payments have begun, his or her beneficiary will receive the account payments over the term elected by the participant. In addition, the beneficiary will receive annual payments equal to 75% of the participant's total deferred commitment for ten years. If a participant dies after payments have begun, the remainder of his or her account will continue to be paid to the beneficiary. Following the completion of these payments, if the beneficiary is the surviving spouse, the person will be entitled to a five-year certain life annuity equal to 50% of the payments the participant had been receiving. If the beneficiary is someone other than a spouse, the payments will be made for five years only. All amounts payable under this plan are treated as obligations of SCE.

#### **Director Deferred Compensation Plan**

Non-employee Directors of Edison International and SCE are eligible to defer up to 100% of their Board compensation, including any retainers, and any meeting fees under the Edison International Director Deferred Compensation Plan. A grantor trust has been adopted to fund the deferred compensation liability. Amounts may be deferred until a specified year, retirement, death or

discontinuance of service as a Director. Compensation deferred until a specified year is paid as a single lump sum. Compensation deferred until retirement or death may be paid as a single lump sum, in monthly installments of 60, 120, or 180 months, or in a combination of a partial lump sum and installments. Deferred compensation is paid as a single lump sum or in three annual installments upon any other discontinuance of service as a Director. All amounts payable under this plan are treated as obligations of Edison International.

Preferential interest (interest considered under the Securities and Exchange Commission rules to be at above-market rates) was credited during 2000 to the plan accounts of the following Directors under the 1985 Deferred Compensation Plan and the Director Deferred Compensation Plan:

	<b>Preferential Interest</b>	
	<b>1985 Plan (\$)</b>	<b>Director DCP (\$)</b>
Warren Christopher	7,411	0
Joan C. Hanley	76,208	0
Carl F. Huntsinger	76,208	5,272
Ronald L. Olson	0	1,937
James M. Rosser	76,208	5,312
Robert H. Smith	0	2,336
Thomas C. Sutton	0	1,308
Edward Zapanta	76,208	260

Mr. Christopher was re-elected as a Director of Edison International and SCE in 1997 following distinguished service as U. S. Secretary of State. Retirement and deferred compensation benefit payments attributable to his prior service as a Director will continue to be paid. Any additional benefits accruing during his current term as a Director will be payable to Mr. Christopher in accordance with the terms of the plans in effect at the time of his subsequent retirement.

## STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows the number of equity securities of Edison International, SCE and any of their subsidiaries beneficially owned as of February 28, 2001, by the respective Directors and Executive Officers of Edison International and SCE. The table includes shares that can be acquired through April 29, 2001, through the exercise of stock options. Unless otherwise noted, each individual has sole voting and investment power.

Name	Company and Class of Stock	Amount and Nature of Beneficial Ownership <sup>(1)</sup>		
		Options	SSPP Shares <sup>(2)</sup>	Total Shares Beneficially Owned <sup>(3)</sup>
John E. Bryson <sup>(4)</sup>	Edison International Common Stock	839,501	17,447	917,557 <sup>(5)</sup>
Warren Christopher	Edison International Common Stock			3,185 <sup>(6)</sup>
Theodore F. Craver, Jr. <sup>(4)</sup>	Edison International Common Stock	103,751		109,751 <sup>(7)</sup>
Bryant C. Danner <sup>(4)</sup>	Edison International Common Stock	269,451	3,600	280,051
John R. Fielder <sup>(4)</sup>	Edison International Common Stock	127,750	15,045	145,947
Alan J. Fohrer <sup>(4)</sup>	Edison International Common Stock	267,426	28,965	299,313
Robert G. Foster	Edison International Common Stock	106,350	4,319	110,669
Stephen E. Frank	Edison International Common Stock	354,500	6,774	366,274
Joan C. Hanley	Edison International Common Stock			9,094 <sup>(6)</sup>
Carl F. Huntsinger	Edison International Common Stock			14,037 <sup>(8)</sup>
Charles D. Miller	Edison International Common Stock			19,087 <sup>(9)</sup>
Luis G. Nogales	Edison International Common Stock			3,525
Ronald L. Olson	Edison International Common Stock			28,994 <sup>(10)</sup>
Harold B. Ray <sup>(4)</sup>	Edison International Common Stock	123,725	1,517	125,242
Richard M. Rosenblum <sup>(4)</sup>	Edison International Common Stock	64,825	1,706	66,532
James M. Rosser	Edison International Common Stock			8,100 <sup>(11)</sup>
Robert H. Smith	Edison International Common Stock			19,123 <sup>(12)</sup>
Thomas C. Sutton	Edison International Common Stock			30,217 <sup>(6)</sup>
Daniel M. Tellep	Edison International Common Stock			17,134 <sup>(6)</sup>
Edward Zapanta	Edison International Common Stock			14,277 <sup>(13)</sup>
All Directors and Executive Officers of Edison International as a group (21 individuals)	Edison International Common Stock	2,224,231	83,916	2,559,494 <sup>(14)</sup>
All Directors and Executive Officers of SCE as a group (22 individuals)	Edison International Common Stock	1,109,144	92,936	1,377,058 <sup>(15)</sup>

<sup>(1)</sup> No Director owns, no named Executive Officer owns, nor do the Directors and Executive Officers of Edison International or SCE as a group own in excess of 1% of the outstanding shares of any class of Edison International's, SCE's or any of their subsidiaries' outstanding equity securities.

<sup>(2)</sup> SSPP shares for which instructions are not received from any plan participant may be voted by the Edison International stock fund investment manager as it chooses.

<sup>(3)</sup> Includes amounts listed in the first two columns.

<sup>(4)</sup> Mr. Bryson is a Director and Executive Officer of Edison International only. Messrs. Danner, Craver and Fohrer are Executive Officers of Edison International only. Messrs. Fielder, Ray, and Rosenblum are Executive Officers of SCE only.

- (5) Includes 14,000 shares held as co-trustee of trust with shared voting and investment power, 6,000 shares held as trustee of trust with shared voting and sole investment power, 40,409 shares held as co-trustee and co-beneficiary of trust with shared voting and investment power, and 200 shares held by spouse with shared voting and investment power.
- (6) Held as co-trustee and co-beneficiary of trust with shared voting and investment power.
- (7) Includes 6,000 shares held as co-trustee and co-beneficiary of trust with shared voting and investment power.
- (8) Includes 9,037 shares held as trustee and co-beneficiary with shared voting and sole investment power, and 5,000 shares held by spouse with shared voting and investment power.
- (9) Includes 16,087 held as co-trustee and co-beneficiary of trust with shared voting and investment power, and 3,000 shares held in a foundation with shared voting and investment power which are not deemed beneficially owned under Section 16 of the Securities Exchange Act of 1934.
- (10) Includes 3,994 shares held as co-trustee and co-beneficiary of trust with shared voting and investment power, 10,000 shares held in a 401(k) plan with shared voting and sole investment power, and 15,000 shares held in a foundation with shared voting and investment power which are not deemed beneficially owned under Section 16 of the Securities Exchange Act.
- (11) Held as co-trustee and co-beneficiary with shared voting and sole investment power.
- (12) Includes 5,900 shares held as co-trustee and co-beneficiary of trust with shared voting and sole investment power, 2,223 shares held by daughter with shared voting and investment power, 3,000 shares held by spouse with shared voting and investment power, and 5,000 held in a Pension Purchase Program with shared voting and sole investment power.
- (13) Includes 4,278 shares held as co-trustee and co-beneficiary with shared voting and investment power.
- (14) Includes 130,398 shares held as co-trustee and co-beneficiary of trust with shared voting and investment power, 14,000 shares held as co-trustee of trust with shared voting and investment power, 14,000 shares held as co-trustee and co-beneficiary of trust with shared voting and sole investment power, 9,037 shares held as trustee and co-beneficiary with shared voting and sole investment power, 6,000 shares held as trustee of trust with shared voting and sole investment power, 10,000 shares held in a 401(k) plan with shared voting and sole investment power, 5,000 shares held in a Pension Purchase Program with shared voting and sole investment power, 8,200 shares held by spouse with shared voting and investment power, 2,223 shares held by daughter with shared voting and investment power, and 18,000 shares held in a foundation with shared voting and investment power.
- (15) Includes 83,989 shares held as co-trustee and co-beneficiary of trust with shared voting and investment power, 14,000 shares held as co-trustee and co-beneficiary of trust with shared voting and sole investment power, 9,037 shares held as trustee and co-beneficiary with shared voting and sole investment power, 10,000 shares held in a 401(k) plan with shared voting and sole investment power, 5,000 shares held in a Pension Purchase Program with shared voting and sole investment

power, 8,000 shares held by spouse with shared voting and investment power, 2,223 shares held by daughter with shared voting and investment power, and 18,000 shares held in a foundation with shared voting and investment power.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Edison International and SCE Directors and certain officers, and persons who own more than 10% of a registered class of Edison International's or SCE's equity securities, are required to file ownership reports and changes in ownership of such securities with the SEC and one designated national securities exchange under Section 16(a) of the Securities Exchange Act. Based on a review of the reports and written representations from the Directors and those officers, Edison International and SCE believe that all Section 16(a) filing requirements were met during 2000, except that Mrs. Hanley filed one late report for one 1999 Edison International Common Stock transaction, and Mr. Miller filed two late reports for two separate 2000 Edison International Common Stock transactions.

### STOCK OWNERSHIP OF CERTAIN SHAREHOLDERS

The following are the only shareholders known by Edison International or SCE to beneficially own more than 5% of any class of either Companies' voting securities as of February 28, 2001, except as otherwise indicated:

Class of Stock	Name and Address of Shareholder	Amount and Nature of Beneficial Ownership	Percent of Class
SCE Common Stock	Edison International 2244 Walnut Grove Avenue Rosemead, California 91770	434,888,104 <sup>(1)</sup>	100%
Edison International Common Stock	State Street Bank and Trust Company 105 Rosemont Avenue Westwood, Massachusetts 02090	30,243,423 <sup>(2)</sup>	9.3%

- (1) Edison International became the holder of all issued and outstanding shares of SCE Common Stock on July 1, 1988, when it became the holding company of SCE. Edison International has sole voting and investment power over these shares.
- (2) This information is based on a Schedule 13G, dated February 9, 2001, filed with the SEC. Acting in various fiduciary capacities, State Street reports that at December 31, 2000, it had sole voting power over 5,912,676 shares, sole investment power over 30,214,787 shares, shared voting power over 23,649,150 shares, and shared investment power over 28,636 shares. As of February 28, 2001, 25,486,898 shares of the class, or 7.8%, are held as the SSPP Trustee. SSPP shares are voted in accordance with instructions given by participants, whether vested or not. SSPP shares for which instructions are not received may be voted by the Edison International stock fund investment manager as it chooses. SSPP participants may not vote or give instructions how to vote fractional shares.

**EXECUTIVE COMPENSATION**  
**SUMMARY COMPENSATION TABLE <sup>(1)</sup>**

The following table presents information regarding compensation of the Chief Executive Officers of Edison International and SCE ("CEO"), and the other four most highly compensated Executive Officers of Edison International and SCE, for services rendered during 1998, 1999 and 2000. These individuals are referred to as "Named Officers" in this Joint Proxy Statement.

(a)	(b)	Annual Compensation			Long-Term Compensation			(i)
		(c)	(d)	(e)	(f)	(g)	(h)	
Name and Principal Position <sup>(2)</sup>	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>(3)</sup> (\$)	Re-stricted Stock Award(s) (\$)	Securities Underlying Options/SARs <sup>(4)</sup> (#)	LTIP Pay-outs (\$)	All Other Compensation <sup>(5)</sup> (\$)
John E. Bryson, Chairman of the Board, President and CEO of Edison International	2000	950,000	0	91,938 <sup>(6)</sup>	—	1,273,600	—	579,115
	1999	900,000	1,260,000	78,422	—	267,800	—	461,909
	1998	860,000	1,000,000	70,550	—	160,000	—	481,899
Stephen E. Frank, Chairman of the Board, President and CEO of SCE	2000	617,000	0	76,538 <sup>(7)</sup>	—	321,600	—	65,831
	1999	593,000	711,600	1,114	—	117,700	—	49,793
	1998	565,000	559,400	1,109	—	69,600	—	61,255
Alan J. Fohrer, President and CEO of Edison Mission Energy	2000	477,000	0	49,797	—	497,800	—	57,342
	1999	397,000	486,000	—	—	83,100	—	39,310
	1998	367,000	393,800	—	—	44,700	—	60,810
Theodore F. Craver, Jr., Senior Vice President, CFO and Treasurer of Edison International	2000	375,000	100,000 <sup>(8)</sup>	—	—	244,800	—	36,824
	1999	305,000	347,100	—	—	53,000	—	24,189
	1998	290,000	228,400	—	—	25,000	—	24,084
Bryant C. Danner, Executive Vice President and General Counsel of Edison International	2000	470,600	0	109,718 <sup>(9)</sup>	—	483,100	—	61,361
	1999	435,000	534,000	84,187	—	83,100	—	44,328
	1998	415,000	433,500	77,935	—	44,700	—	70,530
Harold B. Ray, Executive Vice President of SCE	2000	390,000	50,000 <sup>(8)</sup>	—	—	171,200	—	43,280
	1999	372,000	446,400	—	—	73,800	—	43,176
	1998	355,000	372,800	—	—	43,700	—	54,294
Robert G. Foster, Senior Vice President of Edison International and SCE	2000	322,500	0	—	—	128,900	—	55,595
	1999	284,000	242,800	—	—	49,300	—	48,363
	1998	270,000	194,400	—	—	29,300	—	57,231
John R. Fielder, Senior Vice President of SCE	2000	272,500	0	—	—	103,400	—	32,390
	1999	260,000	231,400	—	—	45,200	—	23,810
	1998	245,000	192,900	—	—	20,000	—	26,079
Richard M. Rosenblum, Senior Vice President of SCE	2000	265,000	0	—	—	102,500	—	21,721
	1999	250,000	197,500	—	—	43,400	—	15,997
	1998	230,000	175,950	—	—	20,000	—	269,581

- (1) For Edison International, the Named Officers for 2000 are John E. Bryson, Stephen E. Frank, Alan J. Fohrer, Theodore F. Craver, Jr., and Bryant C. Danner. For SCE, the Named Officers for 2000 are Stephen E. Frank, Harold B. Ray, Robert G. Foster, John R. Fielder and Richard M. Rosenblum.
- (2) The principal positions shown are at December 31, 2000. On January 17, 2000, Mr. Fohrer resigned as Executive Vice President and Chief Financial Officer of Edison International and was elected President and CEO of Edison Mission Energy.
- (3) Includes perquisites if in total they exceed the lesser of \$50,000 or 10% of annual salary and bonus, plus reimbursed taxes. Each perquisite exceeding 25% of the total is separately described in footnotes below.
- (4) The awards shown in Column (g) are Edison International nonqualified stock options for each Named Officer. The terms and conditions for the 2000 Option Awards are described in footnotes to the table below entitled "Options/SAR Grants in 2000."
- (5) The amounts shown in column (i) for 2000 include contributions to the SSPP and a supplemental plan for eligible participants who are affected by SSPP participation limits imposed on higher paid individuals by federal tax law, preferential interest (that portion of interest that is considered under SEC rules to be at above-market rates) accrued on deferred compensation, vacation sale proceeds, Employee Stock Ownership Plan ("ESOP") dividend incentives (the ESOP is a component of the SSPP), electric vehicle incentives, benefit forfeiture allocations and forgiven loans in the following amounts:

	<b>Plan Contributions</b> (\$)	<b>Preferential Interest</b> (\$)	<b>Vacation Sold</b> (\$)	<b>ESOP Dividend Incentives</b> (\$)	<b>Electric Vehicle Incentives</b> (\$)	<b>Benefit Forfeiture Allocations</b> (\$)	<b>Loan Forgiven</b> (\$)
John E. Bryson	68,792	508,220	0	1,730	0	373	0
Stephen E. Frank	42,380	23,151	0	0	300	0	0
Alan J. Fohrer	33,540	23,743	0	0	0	59	0
Theodore F. Craver, Jr.	23,440	13,137	0	0	0	247	0
Bryant C. Danner	32,659	28,702	0	0	0	0	0
Harold B. Ray	13,779	28,388	0	1,064	0	49	0
Robert G. Foster	17,151	9,743	5,770	0	0	74	22,857
John R. Fielder	17,547	7,900	5,240	1,584	0	119	0
Richard M. Rosenblum	16,420	5,202	0	0	0	99	0

- (6) Includes the following costs of providing Mr. Bryson's benefits: \$33,149 under the Executive Survivor Benefit Plan and \$22,076 for survivor benefits under the Executive Deferred Compensation Plan.
- (7) Includes the following costs of providing Mr. Frank's benefits: \$23,100 under the Executive Survivor Benefit Plan, \$22,500 under the Estate and Financial Planning Program, and \$17,074 for survivor benefits under the Executive Deferred Compensation Plan.
- (8) Although no bonuses were paid under the Executive Incentive Compensation Plan to Executive Officers for 2000 performance, Mr. Craver and Mr. Ray received special recognition awards in acknowledgment

of their significant contributions in 2000 to preserving the viability of the Companies during the financial crisis, and for retention purposes.

- (9) Includes \$30,633 which is the cost of providing Mr. Danner's survivor benefits under the Executive Deferred Compensation Plan.

### OPTION / SAR GRANTS IN 2000

The following table presents information regarding Edison International stock options granted during 2000 to the Named Officers pursuant to the Edison International Equity Compensation Plan and/or the Edison International 2000 Equity Plan adopted by the Edison International Board on May 18, 2000. No SARs were granted under the Equity Compensation Plan to any participant during 2000. SARs cannot be granted under the 2000 Equity Plan.

Individual Grants					Grant Date Value
(a) Name	(b) Number of Securities Underlying Options/SARs Granted <sup>(1)</sup> (#)	(c) % of Total Options/SARs Granted to Employees in 2000 (%)	(d) Exercise or Base Price (\$/Sh)	(e) Expiration Date <sup>(2)</sup>	(f) Grant Date Present Value <sup>(3)</sup> (\$)
John E. Bryson	273,600 <sup>(4)</sup>	2%	\$25.1875	01/04/2010	1,444,308
	1,000,000 <sup>(5)</sup>	7%	\$20.0625	05/18/2010	5,820,000
Stephen E. Frank	106,600 <sup>(4)</sup>	1%	\$25.1875	01/04/2010	562,848
	215,000 <sup>(5)</sup>	2%	\$20.0625	05/18/2010	1,251,300
Alan J. Fohrer	83,100 <sup>(4)</sup>	1%	\$25.1875	01/04/2010	438,768
	14,700 <sup>(6)</sup>	<1%	\$27.1250	01/04/2010	84,231
	400,000 <sup>(5)</sup>	3%	\$20.0625	05/18/2010	2,328,000
Theodore F. Craver, Jr.	43,900 <sup>(4)</sup>	<1%	\$25.1875	01/04/2010	231,792
	20,900 <sup>(6)</sup>	<1%	\$27.1250	01/04/2010	119,757
	180,000 <sup>(5)</sup>	1%	\$20.0625	05/18/2010	1,047,600
Bryant C. Danner	83,100 <sup>(4)</sup>	1%	\$25.1875	01/04/2010	438,768
	400,000 <sup>(5)</sup>	3%	\$20.0625	05/18/2010	2,328,000
Harold B. Ray	56,200 <sup>(4)</sup>	<1%	\$25.1875	01/04/2010	296,736
	115,000 <sup>(5)</sup>	1%	\$20.0625	05/18/2010	669,300
Robert G. Foster	38,900 <sup>(4)</sup>	<1%	\$25.1875	01/04/2010	205,392
	90,000 <sup>(5)</sup>	1%	\$20.0625	05/18/2010	523,800
John R. Fielder	33,400 <sup>(4)</sup>	<1%	\$25.1875	01/04/2010	176,352
	70,000 <sup>(5)</sup>	1%	\$20.0625	05/18/2010	407,400
Richard M. Rosenblum	32,500 <sup>(4)</sup>	<1%	\$25.1875	01/04/2010	171,600
	70,000 <sup>(5)</sup>	1%	\$20.0625	05/18/2010	407,400

- (1) Edison International nonqualified stock options granted in 2000 may be exercised when vested to purchase one share of Edison International Common Stock. In January 2000, the annual Option Awards were made, and in May 2000, special Option Awards were made in lieu of the 2001 and 2002 annual Option Awards. No dividend equivalents were included with these option grants.

The Edison International Compensation and Executive Personnel Committee administers the Equity Compensation Plan and the 2000 Equity Plan and has sole discretion to determine all terms and

conditions of any grant, subject to plan limits. It may substitute cash that is equivalent in value to the Option Awards and, with the consent of the executive, may amend the terms of any award, including the post-termination term, and the vesting schedule.

- (2) All Option Awards are subject to earlier expiration upon termination of employment as described in footnotes (4) and (5) below.
- (3) The estimated grant date values are based on the Black-Scholes Model, a mathematical formula used to value options. The Black-Scholes Model relies on several key assumptions to estimate the present value of options, including the volatility of the underlying security, the risk-free rate of return on the date of grant, the dividend yield, the risk of forfeiture and the estimated time period until exercise of the option. These estimated values are not a prediction of future stock price. The actual amount that an option holder may realize will depend on the value of Edison International Common Stock on the date the option is exercised, so there is no assurance that the value realized will be at or near the grant date value estimated by the Black-Scholes Model. The value that would have been realized by each of the Named Officers if they were able to exercise all of their “in-the-money” Edison International stock options on December 31, 2000, is shown in Column (e) of the table below entitled “Aggregated Option / SAR Exercises in 2000 and FY-End Option / SAR Values.”

The grant date value of each Edison International stock option for the January 3, 2000, Option Award was calculated to be \$5.28 per option share using the Black-Scholes Model with the following assumptions: a volatility rate of 23.48%, a risk-free rate of return of 5.58%, a dividend yield of 4.02%, a risk of forfeiture factor of 0.9039 and an exercise date of ten years after the date of grant.

The grant date value of each Edison International stock option for the January 18, 2000, Option Award was calculated to be \$5.73 per option share using the Black-Scholes Model with the following assumptions: a volatility rate of 23.48%, a risk-free rate of return of 5.65%, a dividend yield of 4.02%, a risk of forfeiture factor of 0.9039 and an exercise date of ten years after the date of grant.

The grant date value of each Edison International stock option for the May 18, 2000, Option Award was calculated to be \$5.82 per option share using the Black-Scholes Model with the following assumptions: a volatility rate of 36.67%, a risk-free rate of return of 6.01%, a dividend yield of 4.21%, a risk of forfeiture factor of 0.9039 and an exercise date of ten years after the date of grant.

- (4) The January 3, 2000, Option Awards are subject to a four-year vesting period with one-fourth of the total award vesting and becoming exercisable annually beginning on January 2, 2001. If an executive retires, dies, or terminates employment following a permanent and total disability (a “Separation Event”) during the four-year vesting period, the unvested Option Awards will vest and be exercisable to the extent of 1/48 of the grant for each full month of service during the vesting period. Unvested Option Awards of Messrs. Bryson, Fohrer, Danner and Ray will vest and be exercisable upon a Separation Event. The vested Option Awards may continue to be exercised within their original term by the recipient or beneficiary following a Separation Event. If employment is terminated for reasons other than a Separation Event, Option Awards that were vested as of the prior anniversary date of the grant are forfeited unless exercised within 180 days of the date of termination. All unvested Option Awards are forfeited on the date of termination. The Option Awards of Messrs. Bryson, Frank, Fohrer, Craver, Danner and Foster are transferable to a spouse, child or grandchild.

Appropriate and proportionate adjustments may be made by the Edison International Compensation and Executive Personnel Committee to the Option Award to reflect any impact resulting from various

events such as corporate reorganizations and stock splits. If Edison International is not the surviving corporation in such a reorganization, all Option Awards then outstanding will become vested and be exercisable unless provisions are made as part of the transaction for the assumption or substitution of the Option Awards with options of the successor corporation with appropriate adjustments as to the number and price of the options.

Notwithstanding the foregoing, the January 3, 2000, Option Awards provide that upon a change of control of Edison International after the occurrence of a "Distribution Date" under the Rights Agreement approved by the Edison International Board of Directors on November 21, 1996, and amended on September 16, 1999, the options will vest and will remain exercisable for at least two years following the Distribution Date. A Distribution Date is generally the date a person acquires 20% or more of the Common Stock of Edison International, or a date specified by the Edison International Board of Directors after commencement of a tender offer for 20% or more of such stock. In no event, however, may an Option Award be exercised beyond its original term.

- (5) The May 18, 2000, Option Awards are subject to a five-year vesting period with one-fourth of the total award vesting annually beginning on May 18, 2002. The Option Awards may not be exercised prior to May 18, 2005, unless the closing price of Edison International Common Stock has averaged at least \$25 per share over 20 consecutive trading days. If a Separation Event occurs during the five-year vesting period, the unvested Option Awards will vest and be exercisable (subject to the stock price appreciation requirement) to the extent of 1/60 of the grant for each full month of service during the vesting period, taking into consideration prior vesting and exercises (the "regular vesting rule"). Portions of the Option Awards of Messrs. Bryson, Fohrer and Danner covering 452,800 shares, 204,400 shares and 233,800 shares, respectively, will fully vest upon a Separation Event, but will not be exercisable before May 18, 2005 unless the stock price appreciation requirement described above is met. The remaining portions of the Option Awards of Messrs. Bryson, Fohrer, and Danner and all of the Option Award of Mr. Ray will vest and be exercisable upon a Separation Event in two equal blocks, referred to below as the 2001 block and the 2002 block. Both blocks will vest and be exercisable to the extent provided under the regular vesting rule if the Separation Event occurs prior to January 1, 2001. If the Separation Event occurs during 2001, the 2001 block will be fully vested and exercisable (subject to the stock price appreciation requirement), and the 2002 block will vest and be exercisable to the extent determined under the regular vesting rule. If the Separation Event occurs after 2002, both blocks will be fully vested and exercisable (subject to the stock price appreciation requirement). Following a Separation Event, vested Option Awards may be exercised within their original term by the recipient or beneficiary. If an executive terminates employment other than by a Separation Event, Option Awards that were vested as of the prior anniversary date of the grant are forfeited unless exercised within 180 days of the date employment is terminated. All unvested Option Awards are forfeited on the date employment is terminated. The Option Awards of Messrs. Bryson, Frank, Fohrer, Craver, Danner and Foster are transferable to a spouse, child or grandchild.

Appropriate and proportionate adjustments may be made by the Edison International Compensation and Executive Personnel Committee to the Option Award to reflect any impact resulting from various events such as corporate reorganizations and stock splits. In the event of a change in control of Edison International, the May 18, 2000, Option Awards then outstanding will vest and be exercisable unless provisions are made as part of the transaction for the assumption or substitution of the Option Awards with options of the successor corporation with appropriate adjustments as to the number and price of the options. If an involuntary severance occurs during a protected period, but prior to a change in control, unvested Option Awards and vested Option Awards reaching the end of their 180-day exercise period will be suspended and unexercisable. If a change in control occurs within 24 months after the

involuntary severance, the Option Awards will vest and be exercisable for 60 days after the change in control, or until the end of the 180-day period following employment termination, whichever date is later. In no event, however, may an Option Award be exercised beyond its original term.

- (6) The January 18, 2000, Option Awards granted an additional increment of Edison International stock options to Mr. Fohrer and Mr. Craver upon their elections as President and Chief Executive Officer of Edison Mission Energy and Chief Executive Officer of Edison Enterprises, respectively. These Option Awards are subject to the same terms described in footnote (4) above.

**AGGREGATED OPTION / SAR EXERCISES IN 2000  
AND FY-END OPTION / SAR VALUES**

The following table presents information regarding the exercise of Edison International stock options during 2000 by any of the Named Officers, and regarding unexercised options held at year-end 2000 by any of the Named Officers. No SARs were exercised during 2000 or held at year-end 2000 by any of the Named Officers.

(a)	(b)	(c)	(d)	(e)
Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options / SARs at FY-End <sup>(1)</sup> (#)	Value of Unexercised In-the-Money Options / SARs at FY-End <sup>(1)(2)</sup> (\$)
			Exercisable / Unexercisable	Exercisable / Unexercisable
John E. Bryson	—	—	664,151 / 1,554,449	101,100 / 0
Stephen E. Frank	—	—	281,026 / 444,674	0 / 0
Alan J. Fohrer	—	—	211,026 / 582,474	37,912 / 0
Theodore F. Craver, Jr.	—	—	68,051 / 297,049	0 / 0
Bryant C. Danner	—	—	216,726 / 567,774	33,700 / 0
Harold B. Ray	0 <sup>(3)</sup>	168,400 <sup>(3)</sup>	80,301 / 248,399	0 / 0
Robert G. Foster	0 <sup>(4)</sup>	257,360 <sup>(4)</sup>	76,975 / 180,525	0 / 0
John R. Fielder	8,400 <sup>(5)</sup>	643,179 <sup>(5)</sup>	103,101 / 147,299	16,850 / 0
Richard M. Rosenblum	—	—	40,850 / 145,050	0 / 0

- (1) Each Edison International stock option may be exercised for one share of Edison International Common Stock at an exercise price equal to the fair market value of the underlying Common Stock on the date the option was granted. Dividend equivalents that may accrue on some of the Edison International stock options accumulate without interest and are paid in cash. The option terms for current year awards are discussed in footnotes (4) and (5) in the table above entitled “Option/SAR Grants in 2000.”
- (2) Edison International stock options have been treated as “in-the-money” if the fair market value of the underlying stock at year-end 2000 exceeded the exercise price of the options. The dollar amounts shown for Edison International stock options are the differences between (i) the fair market value of the Edison International Common Stock underlying all unexercised “in-the-money” options at year-end 2000 and (ii) the exercise prices of those options.

The aggregate value at year-end 2000 of all accrued dividend equivalents, exercisable and unexercisable, for the Named Officers was:

	\$ / \$
John E. Bryson	3,196,046 / 0
Stephen E. Frank	1,081,528 / 0
Alan J. Fohrer	1,051,040 / 0
Theodore F. Craver, Jr.	183,658 / 0
Bryant C. Danner	1,103,294 / 0
Harold B. Ray	0 / 0
Robert G. Foster	0 / 0
John R. Fielder	0 / 0
Richard M. Rosenblum	84,200 / 0

- (3) The amount shown represents the proceeds from the exercise of dividend equivalents related to 40,000 options granted in 1997, although the options themselves have not been exercised. These options will accrue no further dividend equivalents.
- (4) The amount shown represents the proceeds from the exercise of dividend equivalents related to 2,400 options granted in 1992, 3,000 options granted in 1993, 18,600 options granted in 1996, and 26,000 options granted in 1997, although the options themselves have not been exercised. These options will accrue no further dividend equivalents.
- (5) The amount shown includes \$97,020 of value from dividend equivalents on the 8,400 options exercised. It also includes \$505,734 in proceeds from the exercise of dividend equivalents related to 6,600 options granted in 1992, 7,000 options granted in 1993, 9,600 options granted in 1994, 2,000 options granted in 1995, 18,600 options granted in 1996, and 20,000 options granted in 1997, although the options themselves have not been exercised. These options will accrue no further dividend equivalents.

**LONG-TERM INCENTIVE PLAN  
AWARDS IN LAST FISCAL YEAR**

The following table presents information regarding Edison International performance shares granted during 2000 to the Named Officers.

(a)  Name	(b)  Number of Shares, Units or Other Rights <sup>(1)</sup> (#)	(c)  Performance or Other Period Until Maturation Or Payout <sup>(1)</sup>	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			(d)  Threshold (\$)	(e)  Target (\$)	(f)  Maximum (\$)
John E. Bryson	9,421 Units 9,420 Units	2 years 3 years	N/A	N/A	N/A
Stephen E. Frank	3,673 Units 3,673 Units	2 years 3 years	N/A	N/A	N/A
Alan J. Fohrer	3,328 Units 3,328 Units	2 years 3 years	N/A	N/A	N/A
Theodore F. Craver, Jr.	2,180 Units 2,179 Units	2 years 3 years	N/A	N/A	N/A
Bryant C. Danner	2,854 Units 2,854 Units	2 years 3 years	N/A	N/A	N/A
Harold B. Ray	1,930 Units 1,929 Units	2 years 3 years	N/A	N/A	N/A
Robert G. Foster	1,337 Units 1,337 Units	2 years 3 years	N/A	N/A	N/A
John R. Fielder	1,144 Units 1,144 Units	2 years 3 years	N/A	N/A	N/A
Richard M. Rosenblum	1,111 Units 1,110 Units	2 years 3 years	N/A	N/A	N/A

- <sup>(1)</sup> Twenty-five percent of each Named Officer's long-term incentive compensation for 2000 was awarded in the form of Edison International performance shares, with the balance being granted in the form of Edison International Stock Options. The stock options are discussed in the footnotes to the table above entitled "Option/SAR Grants in 2000." Performance shares are stock-based units with each unit worth one share of Edison International Common Stock. No dividend equivalents were included with these grants. The performance shares cannot be voted or sold. Two payment dates were established for this initial grant of performance shares, each covering one-half of the performance shares awarded. The first payment date is December 31, 2001; the second payment date is December 31, 2002. One-half of the performance shares will be paid in Edison International Common Stock under the Equity Compensation Plan, and one-half will be paid in cash equal to the value of such stock outside of the plan.

The initial grant and payment of performance shares was conditioned on certain performance targets being met including total shareholder return. However, as discussed in its report below, effective January 2, 2001, the Edison International Compensation and Executive Personnel Committee restructured the performance shares into retention incentives as an inducement to continue

employment through resolution of the California power crisis. The downside and upside potential was eliminated, and the performance shares will pay at target levels on the first and second payment dates if the Named Officer remains employed by the Companies on those dates. Pro rata payments will be made in the event of death, disability, or involuntary severance without cause, but no payment will be made in the event of a voluntary separation or a separation for cause.

**PENSION PLAN TABLE <sup>(1)</sup>**

The following table presents estimated gross annual benefits payable upon retirement at age 65 to the Named Officers in the remuneration and years of service classifications indicated.

Annual Remuneration	Years of Service						
	10	15	20	25	30	35	40
200,000	50,000	67,500	85,000	102,500	120,000	130,000	140,000
400,000	100,000	135,000	170,000	205,000	240,000	260,000	280,000
600,000	150,000	202,500	255,000	307,500	360,000	390,000	420,000
800,000	200,000	270,000	340,000	410,000	480,000	520,000	560,000
1,000,000	250,000	337,500	425,000	512,500	600,000	650,000	700,000
1,200,000	300,000	405,000	510,000	615,000	720,000	780,000	840,000
1,400,000	350,000	472,500	595,000	717,500	840,000	910,000	980,000
1,600,000	400,000	540,000	680,000	820,000	960,000	1,040,000	1,120,000
1,800,000	450,000	607,500	765,000	922,500	1,080,000	1,170,000	1,260,000
2,000,000	500,000	675,000	850,000	1,025,000	1,200,000	1,300,000	1,400,000
2,200,000	550,000	742,500	935,000	1,127,500	1,320,000	1,430,000	1,540,000
2,400,000	600,000	810,000	1,020,000	1,230,000	1,440,000	1,560,000	1,680,000
2,600,000	650,000	877,500	1,105,000	1,332,500	1,560,000	1,690,000	1,820,000
2,800,000	700,000	945,000	1,190,000	1,435,000	1,680,000	1,820,000	1,960,000
3,000,000	750,000	1,012,500	1,275,000	1,537,500	1,800,000	1,950,000	2,100,000

The retirement plans provide monthly benefits at normal retirement age (65 years) determined by a percentage of the average of the executive's highest 36 consecutive months of regular salary and, in the case of the executive plan with respect to the Named Officers, the executive's highest 36 consecutive months of salary and bonus prior to attaining age 65. Compensation used to calculate combined benefits under the

<sup>(1)</sup> Estimates are based on the terms of the SCE Retirement Plan, a qualified defined benefit employee retirement plan, and the SCE Executive Retirement Plan, a nonqualified supplemental executive retirement plan, with the following assumptions: (i) SCE's qualified retirement plan will be maintained, (ii) optional forms of payment which reduce benefit amounts have not been selected, and (iii) any benefits in excess of limits contained in the Internal Revenue Code of 1986 and any incremental retirement benefits attributable to consideration of the annual bonus will be paid out of the executive retirement plan as unsecured obligations of Edison International or the participating affiliate. For purposes of the Executive Retirement Plan, as of December 31, 2000, Mr. Bryson had completed 16 years of service, Mr. Frank – 11 years, Mr. Fohrer – 27 years, Mr. Craver – 4 years, Mr. Danner – 18 years, Mr. Ray – 30 years, Mr. Foster – 16 years, Mr. Fielder – 30 years, and Mr. Rosenblum – 24 years.

plans is based on base salary and bonus as reported in the "Summary Compensation Table" above. The service percentage is based on 1 $\frac{3}{4}$ % per year for the first 30 years of service (52 $\frac{1}{2}$ % upon completion of 30 years of service) and 1% for each year in excess of 30. Named Officers receive an additional service percentage of  $\frac{3}{4}$  percent per year for the first ten years of service (7.5% upon completion of ten years of service). The actual benefit is offset by up to 40% of the executive's primary Social Security benefits.

The normal form of benefit is a life annuity with a 50% survivor benefit following the death of the participant. Retirement benefits are reduced for retirement prior to age 61. The amounts shown in the Pension Plan Table above do not reflect reductions in retirement benefits due to the Social Security offset or early retirement.

Messrs. Fohrer and Danner have elected to retain coverage under a prior benefit program. This program provided, among other benefits, the post-retirement benefits discussed in the following section. The retirement benefits provided under the prior program are less than the benefits shown in the Pension Plan Table in that they do not include the additional 7.5% service percentage. To determine these reduced benefits, multiply the dollar amounts shown in each column by the following factors: 10 years of service – 70%, 15 years – 78%, 20 years – 82%, 25 years – 85%, 30 years – 88%, 35 years – 88%, and 40 years – 89%.

#### **OTHER RETIREMENT BENEFITS**

Additional post-retirement benefits are provided pursuant to the Survivor Income Continuation Plan and the Survivor Income/Retirement Income Plan under the Executive Supplemental Benefit Program. For purposes of determining the estimated annual benefits payable under these plans upon retirement at normal retirement age for each of the Named Officers, which is dependent upon final compensation, the highest compensation level in the Pension Plan Table above (\$3,000,000) has been used in the examples which follow.

The Survivor Income Continuation Plan provides a post-retirement survivor benefit payable to the beneficiary of the participant following his or her death. The benefit is approximately 23% of final compensation (salary at retirement and the average of the three highest bonuses paid in the five years prior to retirement) payable for ten years certain. If a Named Officer's final annual compensation were \$3,000,000, the beneficiary's estimated annual survivor benefit would be \$720,000. Messrs. Fohrer and Danner have elected coverage under this plan.

The Supplemental Survivor Income/Retirement Income Plan provides a post-retirement survivor benefit payable to the beneficiary of the Named Officer following his or her death. The benefit is 25% of final compensation (salary at retirement and the average of the three highest bonuses paid in the five years prior to retirement) payable for ten years certain. At retirement, a Named Officer has the right to elect the retirement income benefit in lieu of the survivor income benefit. The retirement income benefit is 10% of final compensation (salary at retirement and the average of the three highest bonuses paid in the five years prior to retirement) payable to the participant for ten years certain immediately following retirement. If a Named Officer's final annual compensation were \$3,000,000, the beneficiary's estimated annual survivor benefit would be \$750,000. If a Named Officer were to elect the retirement income benefit in lieu of the survivor income benefit and had final annual compensation of \$3,000,000, the Named Officer's estimated annual benefit would be \$300,000. Messrs. Fohrer and Danner have elected coverage under this plan.

The 1985 Deferred Compensation Plan provides a post-retirement survivor benefit. This plan allowed eligible participants in September 1985 to voluntarily elect to defer until retirement a portion of annual

salary and annual bonuses otherwise earned and payable for the period October 1985 through January 1990. Messrs. Bryson and Ray participate in this plan. The post-retirement survivor benefit is 50% of the annual amount the participant had been receiving from the plan. Survivor benefit payments begin following completion of the deferred compensation payments. If the named beneficiary is the executive's spouse, then survivor benefits are paid as a life annuity, five years certain. The benefit amount will be reduced actuarially if the spouse is more than five years younger than the executive at the time of the executive's death. If the beneficiary is not the spouse, then benefits are paid for five years only. The annual amounts which would be payable to the surviving beneficiaries of Messrs. Bryson and Ray if each retired at age 65 are \$1,260,020 and \$46,324, respectively.

## **EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT ARRANGEMENTS**

**Stephen E. Frank.** Mr. Frank executed an employment agreement when he joined SCE as President and Chief Operating Officer and as a member of the Boards of Directors of Edison International and SCE in 1995. For purposes of the Executive Retirement Plan, he will be credited with 1.25 years of additional service for each year of actual service up to ten years. A deferred compensation plan account was established and credited with \$250,000 which vested when Mr. Frank completed five years of service. He is also provided two club memberships along with regular executive and employee benefits. If Mr. Frank's employment is terminated involuntarily (other than for cause), he will receive a severance payment equal to one year's salary plus bonus.

**Bryant C. Danner.** Mr. Danner executed an employment agreement when he joined Edison International and SCE as Senior Vice President and General Counsel in 1992. After completing three years of service, he was credited with ten additional years of service with SCE and Edison International for purposes of determining benefits under the Executive Retirement Plan. Edison International and SCE agreed to use their best efforts to make available health care coverage until Mr. Danner and his spouse reach age 65, with the Companies bearing the cost over the amount an SCE retiree would pay for coverage in the SCE group plan with the highest deductible. Mr. Danner resigned his SCE positions effective January 1, 2001.

## **COMPENSATION AND EXECUTIVE PERSONNEL COMMITTEES' REPORT ON EXECUTIVE COMPENSATION <sup>(1)</sup>**

The Edison International and SCE Compensation and Executive Personnel Committees are each composed of the same non-employee directors named at the end of this report. The Committees have responsibility for all executive compensation programs of the Companies and met jointly to consider executive compensation matters for 2000. As discussed in more detail below, the salary adjustments described in this report were approved in 1999, well before the onset of the California energy crisis. No bonuses were awarded to Executive Officers for 2000 performance, and no salary merit increases were approved for the Executive Officers for 2001.

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<sup>(1)</sup> SEC filings sometimes "incorporate information by reference." This means the Companies are referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless Edison International or SCE specifically states otherwise, this report shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933 or the Securities Exchange Act.

The Edison International Committee determines salaries and bonuses for Edison International officers. The SCE Committee determines salaries and bonuses for SCE officers. The salaries and bonuses of the officers of the other Edison International subsidiaries are determined by their respective boards of directors subject to review and approval of the Edison International Committee to ensure consistency with overall Edison International compensation policies. In addition, the Edison International Committee administers the Equity Compensation Plan and the 2000 Equity Plan pursuant to which stock options and/or performance awards were awarded in 2000.

## **Compensation Policies**

The executive compensation programs of Edison International, SCE and the other subsidiaries are intended to achieve three fundamental objectives: (1) attract and retain qualified executives; (2) motivate performance to achieve specific strategic objectives of the Companies; and (3) align the interests of senior management with the long-term interests of the Companies' shareholders and ratepayers. At present, the basic components of the Companies' executive compensation program are base salaries, bonuses, and long-term incentives. The Companies also provide broad-based employee benefit plans and certain other executive benefit plans.

Section 162(m) of the Internal Revenue Code of 1986 generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to their chief executive officers and the four other most highly compensated executive officers unless certain tests are met. The Committees' general intent is to design and administer the Edison International and SCE compensation programs in a manner that will preserve the deductibility of compensation payments to Executive Officers. However, this goal is secondary in importance to achievement of the Companies' compensation objectives discussed above. The Committees believe that the potential increased tax liability is of insufficient magnitude to warrant alteration of the present compensation system which is achieving the desired compensation objectives while retaining the flexibility of the Committees to exercise judgment in assessing an executive's performance.

## **2000 Compensation Objectives**

The Committees base their compensation actions for the Companies on data gathered through independent surveys of peer group companies. Independent compensation consultants are retained to annually review and identify the appropriate comparison companies and to obtain and evaluate current executive compensation data for Edison International, SCE and the other subsidiaries of Edison International. The Committees identified 13 deregulating, diversified electric utilities for Edison International and SCE compensation comparisons for 2000. This peer group of companies includes nine of the companies used for compensation planning in the prior year, plus four new companies. The Committees determined that it was no longer necessary to include the deregulated telecommunications and gas pipeline companies that were part of the peer group in the past because the electric service industry as a whole is now facing the competitive challenges that began in California. The comparison utility companies were selected on the basis of total assets and net sales. Although the peer group differs from the Dow Jones U.S. Electric Utilities Index depicted in the Stock Performance Graph, all of the companies comprising the peer group are included in the index, and the Committees believe the constitution of the peer group provides relevant compensation data for Edison International and SCE in view of their changing business environment. Selecting peer groups for the other subsidiaries was accomplished by a similar process geared to identify appropriate comparison companies in their respective industries.

The Compensation Committees' strategy for 2000 compensation planning was established in December 1999 to generally target fixed compensation (salary and benefits) for Edison International, SCE and the other subsidiaries at the median level of their respective peer groups. Target annual bonus and long-term incentive opportunities were also set at the median level of the peer groups, with maximum annual award opportunities of 200% of target levels for significant performance exceeding target levels. The Compensation Committees may deviate above and below established targets in individual cases as deemed appropriate in their discretion.

### **Affiliate Options**

Beginning in 1994 for Edison Mission Energy and 1995 for Edison Capital (both of which are subsidiaries of Edison International), affiliate option performance awards were used as part of the long-term incentive compensation program for key employees. Each affiliate option granted could be exercised to realize certain appreciation in the deemed value of one hypothetical share of Edison Mission Energy or Edison Capital stock in excess of their respective annually escalated exercise prices.

This program was terminated in December 1999 and no affiliate options were granted for the year 2000. On July 3, 2000, the Edison International Compensation and Executive Personnel Committee with the approval of the Edison International Board of Directors offered to exchange cash and Edison International stock equivalent units for all of the outstanding affiliate options. As 100% of the holders accepted the exchange offer, there are no longer any affiliate options outstanding.

### **Base Salaries**

As mentioned at the beginning of this report, the salary actions reported in this section were approved in 1999, before the onset of the California energy crisis. No salary merit increases have been approved for 2001.

The Committees reviewed the base salaries for Mr. Bryson and the other Executive Officers at the end of 1999 to set salaries for 2000. The factors considered by the Committees in determining Mr. Bryson's 2000 salary were the relationship of his compensation to the average compensation of the other chief executive officers of the peer group of companies, and the Committees' judgment of Mr. Bryson's performance as CEO. The Committees determined that the Companies had outstanding years in 1999, each contributing above target levels and achieving nearly every performance objective. Only Edison Enterprises had disappointing results. Factors found to be particularly significant with respect to setting Mr. Bryson's 2000 salary were the Companies' 1999 performance in attaining the established goals and objectives and Edison Mission Energy's acquisition of major generation assets in strategic regional markets. The base salary component of Mr. Bryson's 2000 compensation was raised to \$950,000 which was within 8% of the average for CEOs in the peer group. The 2000 base salaries approved by the Compensation Committees for the other Executive Officers at Edison International and SCE increased 8% over 1999 levels.

In December 1999, the Edison International Committee also reviewed the base salaries of the Executive Officers at the other subsidiaries. Salary actions for 2000 taken by their respective boards of directors were examined in light of the 1999 performance of the Companies and survey data of competitive firms to assure conformance with overall Edison International compensation policies. The 2000 base salaries approved by the Compensation Committees for Executive Officers at the other subsidiaries increased 10% over 1999 levels. After 2000 salary adjustments are taken into account, the

base salaries in the aggregate of the Executive Officers at Edison International, SCE and the other subsidiaries are 1% below the median levels of their respective peer groups.

### **Bonus Compensation for 2000 Performance**

The financial effects of the California energy crisis have overshadowed all other aspects of Company and individual performance. Notwithstanding the Companies' strong operating performance in many areas, the Committees determined that no bonuses will be paid to Executive Officers for 2000 under the annual incentive plan.

Ordinarily, bonus compensation is determined on the basis of overall corporate performance and the Committees' assessment of the individual Executive Officer's performance. Target bonuses for Executive Officers for 2000 ranged from 30% of base salary for certain subsidiary vice presidents to 80% of base salary for Mr. Bryson. Maximum opportunity levels were set at 200% of target award levels. Awards are made in the judgment of the Committees taking into account overall Company results as guided by the specific performance objectives for the year.

From time-to-time, the Committees approve awards for special recognition of accomplishment and for retention purposes. The Committees approved such awards for two Executive Officers in recognition of their significant contributions in 2000 to preserving the viability of the Companies during the financial crisis, and for retention purposes.

### **Long-Term Compensation Awards**

The January 2000 long-term compensation awards were comprised of ten-year nonqualified Edison International Common Stock options and performance shares. As the value that would otherwise have been allocated to dividend equivalents was allocated to additional Edison International options in 2000, the number of options granted to the Executive Officers increased over 1999. In May 2000, accelerated levels of long-term compensation in the form of Edison International options were granted to Executive Officers. These option grants were made to include the anticipated level of options that would have been scheduled for issuance in 2001 and 2002 under the long-term compensation program. They were made in an effort to more clearly align the interests of the Executive Officers with the long-term interests of the shareholders. The awards were granted to Executive Officers in the judgment of the Edison International Committee guided by the survey results described above and were not formula-driven. The number and value of options granted in prior years was not a factor in the current year award determinations. The Edison International Committee approved January 2000 and May 2000 awards for Mr. Bryson of 273,600 and 1,000,000 Edison International options, respectively. Mr. Bryson was also awarded 18,841 performance shares in January 2000. These awards reflect the Committees' commitment to link a significant portion of Mr. Bryson's compensation directly to the value provided to shareholders by Edison International stock. The target values established and the actual awards granted to Mr. Bryson and the other Executive Officers were consistent with the Committees' strategy described above.

### **Retention Measures**

The extraordinary challenges facing the Companies as a result of the California energy crisis caused the Edison International Committee to focus on retention of the management team at SCE and throughout Edison International. As a result, Edison International has guaranteed the payment of SCE's deferred compensation plan benefits for active executives with certain exceptions related to voluntary employment termination and in-service withdrawals. In addition, because of the retention concerns mentioned above,

the Edison International Committee restructured the long-term compensation 2000 performance shares into retention incentives. The retention incentives will pay out if an executive remains actively employed through the performance period.

**Summary**

The Committees' compensation actions for 2000 reflect the volatility of the energy industry and the Companies' performance in 1999 and 2000. Although salary merit increases for 2000 were approved for the Executive Officers because of 1999 operating performance and for competitive reasons, no annual incentive awards were paid for 2000 and no salary merit increases will be granted in 2001.

The members of the Committees believe that the compensation programs of the Companies are effective in attracting and retaining qualified executives to lead the Companies. A significant portion of Executive Officer compensation is directly linked to shareholder value. The Committees will continue to monitor closely the effectiveness and appropriateness of each of the components of compensation to reflect changes in the business environment of the Companies.

<b>Compensation and Executive Personnel Committees of the Edison International and SCE Boards of Directors</b>	
Robert H. Smith (Chair)	Thomas C. Sutton
Charles D. Miller	Daniel M. Tellep*
Luis G. Nogales	Edward Zapanta**
James M. Rosser**	

March 12, 2001

\* Mr. Tellep ceased to be a member of the Committees on April 20, 2000. He did not participate in deliberations and decisions of the Committees from that date, including the determination that there would be no bonuses for 2000 performance.

\*\* Dr. Rosser and Dr. Zapanta became members of the Committees on April 20, 2000. They did not participate in deliberations and decisions of the Committees prior to that date, including the determination of base salaries for 2000.

**COMPENSATION AND EXECUTIVE PERSONNEL COMMITTEES' INTERLOCKS AND INSIDER PARTICIPATION**

Mr. Tellep was a member of the Compensation Committees until the Committees were changed by the Boards on April 20, 2000. Dr. Rosser and Dr. Zapanta became members of the Committees on April 20, 2000. The other Compensation Committees members whose names appear on the Committees' Report above were members of the Compensation Committees during all of 2000. During 2000, Mr. Danner served as a director of Edison Mission Energy and Edison Capital, both nonutility subsidiaries of Edison International. Mr. Bryson is Chairman of the Board of both subsidiaries, but his compensation is determined by the Edison International Compensation Committee, not the subsidiaries' boards. Under applicable SEC rules, there were no other interlocks or insider participation on the Compensation Committees.

## **CERTAIN RELATIONSHIPS AND TRANSACTIONS OF NOMINEES AND EXECUTIVE OFFICERS**

Mr. Christopher is a Senior Partner of the law firm of O'Melveny & Myers, and Mr. Olson is a Senior Partner of the law firm of Munger, Tolles and Olson. Both firms provided legal services to Edison International, SCE, and/or their subsidiaries in 2000, and such services are expected to continue to be provided in the future. Edison International and its subsidiaries paid Munger, Tolles and Olson an aggregate amount of \$5,036,326 in 2000 for legal services. The amount paid to O'Melveny & Myers for legal services was below the threshold requiring disclosure by the SEC.

In 2000, WRG, a management consulting firm of which Mr. John Danner is a partner, was paid \$191,969 by SCE for consulting services provided in late 1999 and 2000, and such services are expected to continue to be provided in the future. Mr. Danner is the brother of Bryant C. Danner.

Edison International and SCE believe that any transactions described above are comparable to those which would have been undertaken under similar circumstances with nonaffiliated entities or persons.

## **OTHER MANAGEMENT TRANSACTIONS**

During 1997, Edison International loaned Robert G. Foster \$160,000 interest-free in connection with his purchase of a principal residence following his relocation from SCE's Sacramento Region Office to the Southern California Metropolitan area. Under the terms of the loan, one-seventh of the original principal amount was forgiven in 1997, and one-seventh will be forgiven each year thereafter if Mr. Foster remains employed with an Edison International affiliate. As of February 28, 2001, a principal balance of \$68,571 remained outstanding. If Mr. Foster's employment terminates before the end of the loan term, the remaining principal balance owing will be due and payable. Interest will accrue on any remaining principal balance at the Bank of America Prime Interest Rate after 90 days.

## **CERTAIN LEGAL PROCEEDINGS**

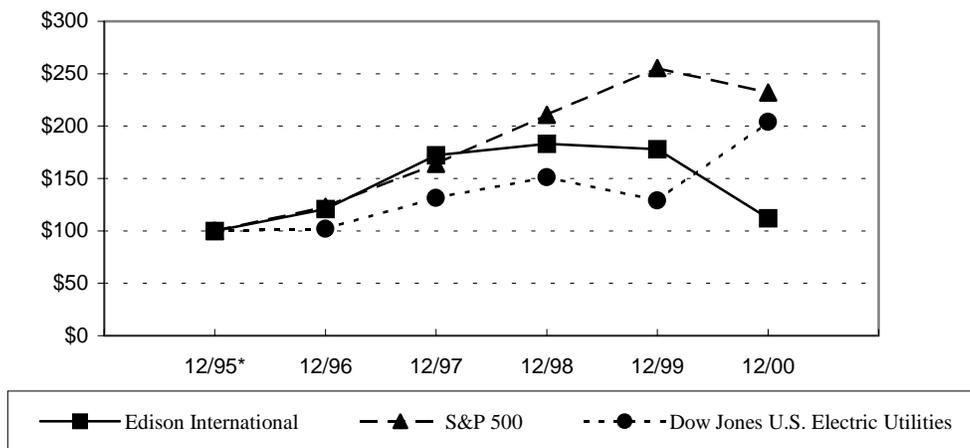
On March 15, 2001, a purported class action lawsuit was filed in federal district court in Los Angeles, California against Edison International and SCE and certain of their officers, including Messrs. Bryson and Craver, and Thomas M. Noonan, Vice President and Controller of Edison International and SCE. The complaint alleges that the defendants engaged in securities fraud by misrepresenting and/or failing to disclose material facts concerning the financial condition of Edison International and SCE, including that the defendants allegedly overreported income and improperly accounted for the transition revenue account or TRA undercollections. The TRA is a California Public Utilities Commission-authorized regulatory asset account in which SCE records the difference between the revenues received from customers through currently frozen rates and the costs of providing service to customers, including power procurement costs. The complaint purports to be filed on behalf of a class of persons who purchased all publicly-traded securities of Edison International between May 12, 2000, and December 22, 2000. Plaintiffs seek damages, in an unstated amount, in connection with their purchase of securities during the class period. This action may be consolidated with another purported class action lawsuit filed on October 30, 2000, in federal district court in Los Angeles against Edison International and SCE, also involving securities fraud claims arising from alleged improper accounting by Edison International and SCE of undercollections in SCE's TRA. This action purports to be filed on behalf of a class of persons who purchased Edison International Common Stock beginning June 1, 2000, and continuing until TRA-related undercollections are recorded as a loss on SCE's income statements. Plaintiffs seek compensatory damages caused by the alleged fraud and punitive damages.

As previously reported, due to the current energy and liquidity crisis, it is possible that SCE could be forced into bankruptcy proceedings. SCE is continuing to seek to avoid bankruptcy.

### FIVE-YEAR STOCK PERFORMANCE GRAPH <sup>(1) (2)</sup>

The graph below compares the yearly percentage change in the cumulative total shareholder return on the Edison International Common Stock with the cumulative total return of companies in the Standard and Poor's 500 Stock Index and the Dow Jones U.S. Electric Utilities Index (also known as the Dow Jones U.S. Total Market Electric Utilities Index).<sup>(3)</sup> The Dow Jones U.S. Electric Utilities Index contains 62 United States utility companies that are electric or combination (electric and gas) companies. Both indices are published daily in The Wall Street Journal. Edison International is included in both the S&P 500 Index and the Dow Jones U.S. Electric Utilities Index.

### COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN <sup>(4)</sup> AMONG EDISON INTERNATIONAL, THE S&P 500 INDEX AND THE DOW JONES U.S. ELECTRIC UTILITIES INDEX



\* \$100 INVESTED ON 12/31/95 IN STOCK OR INDEX-  
INCLUDING REINVESTMENT OF DIVIDENDS.  
FISCAL YEAR ENDING DECEMBER 31.

	Cumulative Total Return					
	12/95	12/96	12/97	12/98	12/99	12/00
Edison International	100.00	120.88	172.17	183.17	177.86	112.08
Standard & Poor's 500 Index	100.00	122.96	163.98	210.84	255.22	231.98
Dow Jones U.S. Electric Utilities Index	100.00	102.01	131.58	151.20	128.97	204.08

<sup>(1)</sup> SEC filings sometimes “incorporate information by reference.” This means the Companies are referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless Edison International or SCE specifically states otherwise, this graph shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act or the Securities Exchange Act.

- (2) The historical stock performance depicted on the graph is not necessarily indicative of future performance. The Companies do not make or endorse any predictions as to future stock performance or dividends. The dividends customarily paid on January 31 and April 30 were not declared for 2001 by the Edison International Board. This proxy statement is not to be considered material for soliciting the purchase or sale of either Companies' stock.
- (3) In February 2000, Dow Jones launched a new U.S. Equity Index series which replaced all of its prior index series including the Dow Jones Electric Utilities Index previously used for this graph. The new series covers 95% of the U.S. equity market and replaces the previous series that covered 80% of the equity market. Additionally, the industry classification system was restructured. The net result of these changes is that all U.S. indices will show differences when compared to the prior indices.
- (4) Ex-dividend dates have been used to determine the number of dividends included in Edison International's cumulative total return calculation. The ex-dividend date occurs a few days prior to the record date for each dividend payment, and is the date on which the stock begins trading at a price that does not include the dividend. Edison International had three ex-dividend dates in 1995, five ex-dividend dates in 1996, and three ex-dividend dates in 1999 even though shareholders received four dividend payments in each year. In 2000, there were four ex-dividend dates and four dividend payments. For purposes of calculating the adjusted cumulative total return presented in the following table, four ex-dividend dates were used for each year starting in 1996 through 1999, and three ex-dividend dates were used in 2000. The adjusted calculation for 2000 includes only three ex-dividend dates since the Board did not declare the dividend customarily paid on January 31, 2001.

<b>Adjusted Cumulative Total Return</b>					
<b>12/95</b>	<b>12/96</b>	<b>12/97</b>	<b>12/98</b>	<b>12/99</b>	<b>12/00</b>
\$100.00	\$119.21	\$169.79	\$180.64	\$175.40	\$109.35

### **AUDIT COMMITTEES' REPORT <sup>(1)</sup>**

The Edison International and SCE Audit Committees have certain duties and powers as described in their charters. In 2000, the Committees developed updated charters which were approved by the Boards on December 14, 2000, and are attached to this Proxy Statement as Appendices A and B, respectively. The Audit Committees are composed of the same six non-employee directors named at the end of this report and are independent as defined by the rules of the stock exchanges on which the Companies are listed.

<sup>(1)</sup> SEC filings sometimes "incorporate information by reference." This means the Companies are referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless Edison International or SCE specifically states otherwise, this report shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act or the Securities Exchange Act.

Management is responsible for the Companies' internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of the Companies' financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Committees monitor and oversee these processes.

In connection with the December 31, 2000, financial statements, the Audit Committees:

- reviewed and discussed the audited financial statements with Company management;
- discussed with Arthur Andersen LLP, the Companies' independent public accountants for calendar year 2000, the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees); and
- received the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with Arthur Andersen its independence from the Companies.

Based upon these reviews and discussions, the Edison International and SCE Audit Committees recommended to their respective Boards of Directors that the audited financial statements be included in the Edison International and SCE 2000 Annual Reports on Form 10-K to be filed with the SEC.

<b>Audit Committees of the Edison International and SCE Boards of Directors</b>	
Daniel M. Tellep (Chair)	Robert H. Smith
Carl F. Huntsinger	Thomas C. Sutton
Charles D. Miller	Edward Zapanta

#### **INDEPENDENT PUBLIC ACCOUNTANT FEES**

The following table sets forth the aggregate fees billed to Edison International and SCE, respectively, for the fiscal year ended December 31, 2000, by Arthur Andersen:

	<b>Edison International (\$)</b>	<b>SCE (\$)</b>
Audit Fees	5,893,000	2,653,000
Financial Information Systems Design and Implementation Fees	3,442,000	0
All Other Fees	8,003,000	4,183,000

## **INDEPENDENT PUBLIC ACCOUNTANTS FOR 2001**

The Edison International and SCE Boards have selected Arthur Andersen LLP as the Companies' independent public accountants for calendar year 2001. Arthur Andersen is an international public accounting firm which provides leadership in public utility accounting matters. The Audit Committees of the Boards of Directors have considered whether the provision of the non-audit services described above is compatible with maintaining Arthur Andersen's independence.

Representatives of Arthur Andersen are expected to attend the annual meeting to respond to appropriate questions and to make a statement if they wish.

## **SHAREHOLDER PROPOSALS AND NOMINATIONS FOR 2002 ANNUAL MEETINGS**

To be considered for inclusion in the 2002 proxy statement, shareholder proposals for the Edison International and SCE 2002 annual meetings must be received by December 20, 2001.

Shareholders intending to bring any other business before an annual meeting, including Director nominations, must give written notice to the Edison International or SCE Secretary, as the case may be, of the business to be presented. The notice must be received at Company offices within the periods, and with the information and documents, specified in the Bylaws. A copy of the Bylaws may be obtained by writing to the Edison International or SCE Secretary.

Assuming that the 2002 annual meetings of shareholders are held on April 18, 2002, as currently specified by the Bylaws, the period for the receipt by the Edison International or SCE Secretary of written notice of other business to be brought by shareholders before the 2002 annual meetings of shareholders, including Director nominations, will begin on October 22, 2001, and end on December 20, 2001.

## **AVAILABILITY OF FORM 10-K AND OTHER INFORMATION**

**The Edison International and SCE 2000 Annual Reports on Form 10-K, including the financial statements and the financial statement schedules but excluding other exhibits, will be furnished without charge to shareholders upon written request. This report is expected to be available for distribution after April 17, 2001.**

**A copy may be requested by writing to:**

**Ms. Betty Hutchinson  
Law Department, Corporate Governance  
Edison International (or SCE, as the case may be)  
2244 Walnut Grove Avenue, P. O. Box 800  
Rosemead, California 91770**

## **OTHER PROPOSED MATTERS**

The Edison International and SCE Boards were not aware by November 14, 2000 (the latest date for shareholders to provide advance notice of business intended to be presented at the annual meeting) of any other matters which can properly be presented for action at the annual meeting.

If any other matters should properly come before the annual meeting, including matters incident to the conduct of the annual meeting, the proxies will vote the shares in accordance with their judgment. Discretionary authority to do so is included in the proxies.

Dated: April 19, 2001

For the Boards of Directors,

BEVERLY P. RYDER, *Secretary*  
Edison International and  
Southern California Edison Company

## **APPENDIX A**

### **EDISON INTERNATIONAL CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**Adopted by the Board of Directors  
December 14, 2000**

#### **Membership**

The Audit Committee ("Committee") of the Board of Directors ("Board") shall consist of not less than four nor more than seven members of the Board. Each Committee member shall be appointed by the Board and shall serve until a successor shall be appointed by the Board. The Board shall designate one of the Committee members as Chair ("Chair") who shall preside over meetings of the Committee and report Committee actions to the Board.

Each member of the Committee shall be (i) independent as determined pursuant to the listing standards of any stock exchange on which the Company is listed, subject to any exceptions provided in such standards; and (ii) financially literate as determined by the Board, or become financially literate within a reasonable time after appointment. At least one member shall have accounting or related financial management expertise as determined by the Board.

#### **Meetings and Other Actions**

At least four regular meetings per year shall be held with the Company's independent public accountants, one of which shall be held at the completion of the annual audit and before the Company's annual financial statements are published, and three of which shall be scheduled at the direction of the Chair. Additional meetings may be requested by any Committee member. Regular meetings normally shall be attended by the Company's chief executive officer, chief financial officer, chief accounting officer, chief legal officer, and chief internal auditor and representatives of the independent public accountants retained by the Company. The Committee may meet in executive session at its discretion. Representatives of management, the independent public accountants, and the chief internal auditor each shall be given the opportunity to meet privately with the Committee.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. Meetings shall be held at the principal offices of the Company or as directed by the Chair.

The Company's Secretary shall keep, or appoint an appropriate employee of the Company to keep, regular minutes of all Committee proceedings. The minutes of each meeting shall be reviewed and approved by legal counsel and the Chair. The approved minutes shall become a permanent corporate record maintained by the Company's Secretary. A report on the Committee's activities shall be provided to the Board after each meeting.

Unless otherwise provided in this Charter, the meetings and any other actions of the Committee shall be governed by the provisions of Article III of the Bylaws of the Company applicable to meetings and actions of the Board.

## **Duties and Responsibilities**

The Committee shall exercise the following powers and duties at least annually:

1. Recommend to the Board the appointment of the Company's independent public accountants. The Board and the Committee shall have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent public accountants, who shall be ultimately accountable to the Board and the Committee.
2. Ensure that the independent public accountants submit to the Committee a formal written statement delineating all relationships between such accountants and the Company, including information required by Independence Standards Board Standard No. 1. Review any disclosed relationships and the scope of the professional services performed or to be performed by the independent public accountants as well as the related fees and consider the possible effect that these services could have on the independence of such accountants. Actively engage in a dialogue with the independent public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of such accountants and recommend to the Board, if necessary, that appropriate action be taken in response to such accountants' report to satisfy itself of the accountants' independence.
3. Review the independent public accountants' and internal auditors' evaluations of the adequacy of the Company's internal controls, and the extent to which major recommendations made by the independent public accountants and the Company's chief internal auditor have been implemented by management.
4. Review with management the audit plans of the independent public accountants and the Company's internal auditors in light of current and contemplated business activities.
5. Review with the independent public accountants, upon completion of their audit, the Company's year-end audited financial statements and related notes, including the matters required to be discussed by Statement on Auditing Standards No. 61, the results of their examination, any report or opinion proposed to be rendered in connection therewith and any unresolved disagreements with management concerning accounting or disclosure matters.
6. Review information provided by management on issues such as litigation and regulatory proceedings, environmental compliance, health and safety compliance, information technology security, and legal compliance.
7. Review information provided by the chief internal auditor and management regarding business ethics monitoring and internal auditing programs.
8. Review and discuss with management the Company's year-end audited financial statements.
9. Recommend to the Board that the year-end audited financial statements be included in the Company's Annual Report on Form 10-K.
10. Review and reassess the adequacy of the Committee charter.

11. Provide a report in the Company's proxy statement when required by the Securities and Exchange Commission.

In addition, the Committee shall exercise the following duties and responsibilities at its discretion:

1. Request the independent public accountants, the Company's chief internal auditor or management to conduct any reviews or studies considered necessary. As deemed appropriate by the Committee, it shall direct and supervise an investigation into any matter within the scope of its duties and responsibilities. In connection with any such investigation, the Committee shall have the authority to utilize the Company's internal audit staff and to employ outside counsel or consultants at Company expense.
2. Perform such additional functions as are necessary or prudent to fulfill the Committee's duties and responsibilities.

While the Committee has the duties and powers set forth in this Committee charter, it is not the duty of the Committee to conduct audits or carry out its own independent analyses for purposes of determining that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent public accountants. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent public accountants or to assure compliance with laws and regulations and the Company's Standards of Conduct.

## **APPENDIX B**

### **SOUTHERN CALIFORNIA EDISON COMPANY CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**Adopted by the Board of Directors  
December 14, 2000**

#### **Membership**

The Audit Committee ("Committee") of the Board of Directors ("Board") shall consist of not less than four nor more than seven members of the Board. Each Committee member shall be appointed by the Board and shall serve until a successor shall be appointed by the Board. The Board shall designate one of the Committee members as Chair ("Chair") who shall preside over meetings of the Committee and report Committee actions to the Board.

Each member of the Committee shall be (i) independent as determined pursuant to the listing standards of any stock exchange on which the Company is listed, subject to any exceptions provided in such standards; and (ii) able to read and understand fundamental financial statements including a balance sheet, income statement, and cash flow statement, or become able to do so within a reasonable time after appointment. At least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background resulting in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

#### **Meetings and Other Actions**

At least four regular meetings per year shall be held with the Company's independent public accountants, one of which shall be held at the completion of the annual audit and before the Company's annual financial statements are published, and three of which shall be scheduled at the direction of the Chair. Additional meetings may be requested by any Committee member. Regular meetings normally shall be attended by the Company's chief executive officer, chief financial officer, chief accounting officer, chief legal officer, and chief internal auditor and representatives of the independent public accountants retained by the Company. The Committee may meet in executive session at its discretion. Representatives of management, the independent public accountants, and the chief internal auditor each shall be given the opportunity to meet privately with the Committee.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. Meetings shall be held at the principal offices of the Company or as directed by the Chair.

The Company's Secretary shall keep, or appoint an appropriate employee of the Company to keep, regular minutes of all Committee proceedings. The minutes of each meeting shall be reviewed and approved by legal counsel and the Chair. The approved minutes shall become a permanent corporate record maintained by the Company's Secretary. A report on the Committee's activities shall be provided to the Board after each meeting.

Unless otherwise provided in this Charter, the meetings and any other actions of the Committee shall be governed by the provisions of Article III of the Bylaws of the Company applicable to meetings and actions of the Board.

### **Duties and Responsibilities**

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1. Recommend to the Board the appointment of the Company's independent public accountants. The Board and the Committee shall have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent public accountants, who shall be ultimately accountable to the Board and the Committee.
2. Ensure that the independent public accountants submit to the Committee a formal written statement delineating all relationships between such accountants and the Company, including information required by Independence Standards Board Standard No. 1. Review any disclosed relationships and the scope of the professional services performed or to be performed by the independent public accountants as well as the related fees and consider the possible effect that these services could have on the independence of such accountants. Actively engage in a dialogue with the independent public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of such accountants and take, or recommend that the Board take, appropriate action to oversee the accountants' independence.
3. Review the independent public accountants' and internal auditors' evaluations of the adequacy of the Company's internal controls, and the extent to which major recommendations made by the independent public accountants and the Company's chief internal auditor have been implemented by management.
4. Review with management the audit plans of the independent public accountants and the Company's internal auditors in light of current and contemplated business activities.
5. Review with the independent public accountants, upon completion of their audit, the Company's year-end audited financial statements and related notes, including the matters required to be discussed by Statement on Auditing Standards No. 61, the results of their examination, any report or opinion proposed to be rendered in connection therewith and any unresolved disagreements with management concerning accounting or disclosure matters.
6. Review information provided by management on issues such as litigation and regulatory proceedings, environmental compliance, health and safety compliance, information technology security, and legal compliance.
7. Review information provided by the chief internal auditor and management regarding business ethics monitoring and internal auditing programs.
8. Review and discuss with management the Company's year-end audited financial statements.
9. Recommend to the Board that the year-end audited financial statements be included in the Company's Annual Report on Form 10-K.

10. Review and reassess the adequacy of the Committee charter.
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In addition, the Committee shall exercise the following duties and responsibilities at its discretion:

1. Request the independent public accountants, the Company's chief internal auditor or management to conduct any reviews or studies considered necessary. As deemed appropriate by the Committee, it shall direct and supervise an investigation into any matter within the scope of its duties and responsibilities. In connection with any such investigation, the Committee shall have the authority to utilize the Company's internal audit staff and to employ outside counsel or consultants at Company expense.
2. Perform such additional functions as are necessary or prudent to fulfill the Committee's duties and responsibilities.

While the Committee has the duties and powers set forth in this Committee charter, it is not the duty of the Committee to conduct audits or carry out its own independent analyses for purposes of determining that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent public accountants. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent public accountants or to assure compliance with laws and regulations and the Company's Standards of Conduct.