

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2014
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number	Exact Name of Registrant as specified in its charter	State or Other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number
1-9936	EDISON INTERNATIONAL	California	95-4137452
1-2313	SOUTHERN CALIFORNIA EDISON COMPANY	California	95-1240335

EDISON INTERNATIONAL

2244 Walnut Grove Avenue
(P.O. Box 976)
Rosemead, California 91770
(Address of principal executive offices)
(626) 302-2222

(Registrant's telephone number, including area code)

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
(P.O. Box 800)
Rosemead, California 91770
(Address of principal executive offices)
(626) 302-1212

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Edison International Yes ☒ No ☐ Southern California Edison Company Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Edison International Yes ☒ No ☐ Southern California Edison Company Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-12 of the Exchange Act. (Check One):

Edison International	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Southern California Edison Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Edison International Yes ☐ No ☒ Southern California Edison Company Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock outstanding as of April 25, 2014:

Edison International	325,811,206 shares
Southern California Edison Company	434,888,104 shares

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This is a combined Form 10-Q separately filed by Edison International and Southern California Edison Company. Information contained herein relating to an individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representation whatsoever as to any other company.

GLOSSARY

The following terms and abbreviations appearing in the text of this report have the meanings indicated below.

2013 Form 10-K	Edison International's and SCE's combined Annual Report on Form 10-K for the year-ended December 31, 2013
APS	Arizona Public Service Company
ARO(s)	asset retirement obligation(s)
Bankruptcy Code	Chapter 11 of the United States Bankruptcy Code
Bankruptcy Court	United States Bankruptcy Court for the Northern District of Illinois, Eastern Division
Bcf	billion cubic feet
CAA	Clean Air Act
CAISO	California Independent System Operator
CARB	California Air Resources Board
CDWR	California Department of Water Resources
CEC	California Energy Commission
Competitive Businesses	competitive businesses related to the generation, delivery and use of electricity
CPUC	California Public Utilities Commission
CRRs	congestion revenue rights
DOE	U.S. Department of Energy
EME	Edison Mission Energy
EMG	Edison Mission Group Inc.
EPS	earnings per share
ERRA	energy resource recovery account
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Four Corners	coal fueled electric generating facility located in Farmington, New Mexico in which SCE held a 48% ownership interest
GAAP	generally accepted accounting principles
GHG	greenhouse gas
GRC	general rate case
GWh	gigawatt-hours
IRS	Internal Revenue Service
ISO	Independent System Operator
kWh(s)	kilowatt-hour(s)
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations in this report
MHI	Mitsubishi Heavy Industries, Ltd. and related companies
Moody's	Moody's Investors Service
MW	megawatts
MWh	megawatt-hours
NAAQS	national ambient air quality standards
NERC	North American Electric Reliability Corporation
NRC	Nuclear Regulatory Commission
OII	Order Instituting Investigation
Palo Verde	large pressurized water nuclear electric generating facility located near Phoenix, Arizona in which SCE holds a 15.8% ownership interest
PBOP(s)	postretirement benefits other than pension(s)
Petition Date	December 17, 2012 (date on which EME and certain of its wholly-owned subsidiaries filed for protection under Chapter 11 of the Bankruptcy Code)
PG&E	Pacific Gas & Electric Company

QF(s)	qualifying facility(ies)
ROE	return on common equity
S&P	Standard & Poor's Ratings Services
San Onofre	retired nuclear generating facility located in south San Clemente, California in which SCE holds a 78.21% ownership interest
SCE	Southern California Edison Company
SDG&E	San Diego Gas & Electric
SEC	U.S. Securities and Exchange Commission
SED	Safety and Enforcement Division of the CPUC, formerly known as the Consumer Protection and Safety Division or CPSD
US EPA	U.S. Environmental Protection Agency
VIE(s)	variable interest entity(ies)

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Consolidated Statements of Income

Edison International

(in millions, except per-share amounts, unaudited)	Three months ended March 31,	
	2014	2013
Operating revenue	\$ 2,926	\$ 2,632
Fuel	72	73
Purchased power	1,071	780
Operation and maintenance	811	873
Depreciation, decommissioning and amortization	410	414
Impairment and other charges	231	—
Total operating expenses	2,595	2,140
Operating income	331	492
Interest and other income	23	34
Interest expense	(141)	(131)
Other expenses	(8)	(11)
Income from continuing operations before income taxes	205	384
Income tax expense (benefit)	(19)	98
Income from continuing operations	224	286
Income (loss) from discontinued operations, net of tax	(22)	12
Net income	202	298
Preferred and preference stock dividend requirements of utility	26	27
Net income attributable to Edison International common shareholders	\$ 176	\$ 271
Amounts attributable to Edison International common shareholders:		
Income from continuing operations, net of tax	\$ 198	\$ 259
Income (loss) from discontinued operations, net of tax	(22)	12
Net income attributable to Edison International common shareholders	\$ 176	\$ 271
Basic earnings (loss) per common share attributable to Edison International common shareholders:		
Weighted-average shares of common stock outstanding	326	326
Continuing operations	\$ 0.61	\$ 0.79
Discontinued operations	(0.07)	0.04
Total	\$ 0.54	\$ 0.83
Diluted earnings (loss) per common share attributable to Edison International common shareholders:		
Weighted-average shares of common stock outstanding, including effect of dilutive securities	329	329
Continuing operations	\$ 0.61	\$ 0.78
Discontinued operations	(0.07)	0.04
Total	\$ 0.54	\$ 0.82
Dividends declared per common share	\$ 0.355	\$ 0.3375

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income		Edison International	
		Three months ended March 31,	
(in millions, unaudited)		2014	2013
Net income	\$	202	\$ 298
Other comprehensive income, net of tax:			
Pension and postretirement benefits other than pensions:			
Amortization of net loss included in net income		2	—
Other comprehensive income, net of tax		2	—
Comprehensive income		204	298
Less: Comprehensive income attributable to noncontrolling interests		26	27
Comprehensive income attributable to Edison International	\$	178	\$ 271

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets
Edison International

(in millions, unaudited)	March 31, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 149	\$ 146
Receivables, less allowances of \$67 and \$66 for uncollectible accounts at respective dates	725	838
Accrued unbilled revenue	576	596
Inventory	268	256
Derivative assets	112	122
Regulatory assets	931	538
Deferred income taxes	369	421
Other current assets	390	395
Total current assets	3,520	3,312
Nuclear decommissioning trusts	4,587	4,494
Other investments	220	207
Total investments	4,807	4,701
Utility property, plant and equipment, less accumulated depreciation of \$7,691 and \$7,493 at respective dates	30,741	30,379
Nonutility property, plant and equipment, less accumulated depreciation of \$76 and \$74 at respective dates	76	76
Total property, plant and equipment	30,817	30,455
Derivative assets	240	251
Regulatory assets	7,351	7,241
Other long-term assets	653	686
Total long-term assets	8,244	8,178
Total assets	\$ 47,388	\$ 46,646

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets
Edison International

(in millions, except share amounts, unaudited)	March 31, 2014	December 31, 2013
LIABILITIES AND EQUITY		
Short-term debt	\$ 611	\$ 209
Current portion of long-term debt	601	601
Accounts payable	1,116	1,407
Accrued taxes	423	358
Customer deposits	204	201
Derivative liabilities	143	152
Regulatory liabilities	455	767
Other current liabilities	1,004	1,186
Total current liabilities	4,557	4,881
Long-term debt	9,825	9,825
Deferred income taxes and credits	7,437	7,346
Derivative liabilities	985	1,042
Pensions and benefits	1,360	1,378
Asset retirement obligations	3,471	3,418
Regulatory liabilities	5,655	4,995
Other deferred credits and other long-term liabilities	2,096	2,070
Total deferred credits and other liabilities	21,004	20,249
Total liabilities	35,386	34,955
Commitments and contingencies (Note 12)		
Common stock, no par value (800,000,000 shares authorized; 325,811,206 shares issued and outstanding at respective dates)	2,417	2,403
Accumulated other comprehensive loss	(11)	(13)
Retained earnings	7,573	7,548
Total Edison International's common shareholders' equity	9,979	9,938
Preferred and preference stock of utility	2,023	1,753
Total noncontrolling interests	2,023	1,753
Total equity	12,002	11,691
Total liabilities and equity	\$ 47,388	\$ 46,646

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
Edison International

(in millions, unaudited)	Three months ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 202	\$ 298
Less: Income (loss) from discontinued operations	(22)	12
Income from continuing operations	224	286
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, decommissioning and amortization	410	414
Regulatory impacts of net nuclear decommissioning trust earnings	29	25
Impairment and other charges	231	—
Deferred income taxes and investment tax credits	(6)	174
Other	23	23
Changes in operating assets and liabilities:		
Receivables	112	(38)
Inventory	(12)	(11)
Accounts payable	(63)	(65)
Other current assets and liabilities	(80)	(120)
Derivative assets and liabilities, net	(46)	79
Regulatory assets and liabilities, net	(331)	(199)
Other noncurrent assets and liabilities	7	(62)
Net cash provided by operating activities	498	506
Cash flows from financing activities:		
Long-term debt issued, net of premium, discount, and issuance costs of \$1 and \$4 at respective dates	(1)	394
Long-term debt matured or repurchased	(2)	(1)
Preference stock issued, net	270	387
Preference stock redeemed	—	(400)
Short-term debt financing, net	401	245
Settlements of stock-based compensation, net	(42)	(32)
Dividends to noncontrolling interests	(30)	(30)
Dividends paid	(116)	(110)
Net cash provided by financing activities	480	453
Cash flows from investing activities:		
Capital expenditures	(940)	(979)
Proceeds from sale of nuclear decommissioning trust investments	1,502	435
Purchases of nuclear decommissioning trust investments and other	(1,536)	(466)
Other	(1)	(4)
Net cash used by investing activities	(975)	(1,014)
Net increase (decrease) in cash and cash equivalents	3	(55)
Cash and cash equivalents at beginning of period	146	170
Cash and cash equivalents at end of period	\$ 149	\$ 115

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income**Southern California Edison Company**

(in millions, unaudited)	Three months ended March 31,	
	2014	2013
Operating revenue	\$ 2,924	\$ 2,629
Fuel	72	73
Purchased power	1,071	780
Operation and maintenance	713	785
Depreciation, decommissioning and amortization	410	414
Property and other taxes	85	79
Impairment and other charges	231	—
Total operating expenses	2,582	2,131
Operating income	342	498
Interest and other income	23	32
Interest expense	(136)	(125)
Other expenses	(7)	(10)
Income before income taxes	222	395
Income tax expense (benefit)	(12)	112
Net income	234	283
Less: Preferred and preference stock dividend requirements	26	27
Net income available for common stock	\$ 208	\$ 256

Consolidated Statements of Comprehensive Income

(in millions, unaudited)	Three months ended March 31,	
	2014	2013
Net income	\$ 234	\$ 283
Other comprehensive income (loss), net of tax:		
Pension and postretirement benefits other than pensions:		
Net loss arising during the period plus amortization included in net income	1	(3)
Other comprehensive income (loss), net of tax	1	(3)
Comprehensive income	\$ 235	\$ 280

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets
Southern California Edison Company

(in millions, unaudited)	March 31, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents	\$ 46	\$ 54
Receivables, less allowances of \$67 and \$66 for uncollectible accounts at respective dates	702	813
Accrued unbilled revenue	576	596
Inventory	262	256
Derivative assets	112	122
Regulatory assets	931	538
Deferred income taxes	245	303
Other current assets	388	393
Total current assets	3,262	3,075
Nuclear decommissioning trusts	4,587	4,494
Other investments	150	140
Total investments	4,737	4,634
Utility property, plant and equipment, less accumulated depreciation of \$7,691 and \$7,493 at respective dates	30,741	30,379
Nonutility property, plant and equipment, less accumulated depreciation of \$72 and \$70 at respective dates	71	72
Total property, plant and equipment	30,812	30,451
Derivative assets	240	251
Regulatory assets	7,351	7,241
Other long-term assets	396	398
Total long-term assets	7,987	7,890
Total assets	\$ 46,798	\$ 46,050

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets**Southern California Edison Company**

	March 31, 2014	December 31, 2013
(in millions, except share amounts, unaudited)		
LIABILITIES AND EQUITY		
Short-term debt	\$ 405	\$ 175
Current portion of long-term debt	600	600
Accounts payable	1,089	1,373
Customer deposits	204	201
Derivative liabilities	143	152
Regulatory liabilities	455	767
Deferred income taxes	42	39
Other current liabilities	1,100	1,091
Total current liabilities	4,038	4,398
Long-term debt	9,423	9,422
Deferred income taxes and credits	7,928	7,841
Derivative liabilities	985	1,042
Pensions and benefits	932	951
Asset retirement obligations	3,471	3,418
Regulatory liabilities	5,655	4,995
Other deferred credits and other long-term liabilities	1,885	1,845
Total deferred credits and other liabilities	20,856	20,092
Total liabilities	34,317	33,912
Commitments and contingencies (Note 12)		
Common stock, no par value (560,000,000 shares authorized; 434,888,104 shares issued and outstanding at respective dates)	2,168	2,168
Additional paid-in capital	598	592
Accumulated other comprehensive loss	(10)	(11)
Retained earnings	7,655	7,594
Total common shareholder's equity	10,411	10,343
Preferred and preference stock	2,070	1,795
Total equity	12,481	12,138
Total liabilities and equity	\$ 46,798	\$ 46,050

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
Southern California Edison Company

(in millions, unaudited)	Three months ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 234	\$ 283
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, decommissioning and amortization	410	414
Regulatory impacts of net nuclear decommissioning trust earnings	29	25
Impairment and other charges	231	—
Deferred income taxes and investment tax credits	(12)	150
Other	22	22
Changes in operating assets and liabilities:		
Receivables	111	1
Inventory	(7)	(11)
Accounts payable	(55)	(63)
Other current assets and liabilities	(80)	(93)
Derivative assets and liabilities, net	(46)	79
Regulatory assets and liabilities, net	(331)	(199)
Other noncurrent assets and liabilities	15	(47)
Net cash provided by operating activities	521	561
Cash flows from financing activities:		
Long-term debt issued, net of premium, discount, and issuance costs of \$4 for the three months ended March 31, 2013	—	394
Long-term debt matured or repurchased	(2)	(1)
Preference stock issued, net	270	387
Preference stock redeemed	—	(400)
Short-term debt financing, net	229	229
Settlements of stock-based compensation, net	(22)	(29)
Dividends paid	(30)	(150)
Net cash provided by financing activities	445	430
Cash flows from investing activities:		
Capital expenditures	(939)	(979)
Proceeds from sale of nuclear decommissioning trust investments	1,502	435
Purchases of nuclear decommissioning trust investments and other	(1,536)	(466)
Other	(1)	1
Net cash used by investing activities	(974)	(1,009)
Net decrease in cash and cash equivalents	(8)	(18)
Cash and cash equivalents, beginning of period	54	45
Cash and cash equivalents, end of period	\$ 46	\$ 27

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

Edison International is the parent holding company of Southern California Edison Company ("SCE"). SCE is an investor-owned public utility primarily engaged in the business of supplying and delivering electricity to an approximately 50,000 square mile area of southern California. Edison International is also the parent company of subsidiaries that are engaged in competitive businesses related to the delivery or use of electricity. Such competitive business activities are currently not material to report as a separate business segment. These combined notes to the consolidated financial statements apply to both Edison International and SCE unless otherwise described. Edison International's consolidated financial statements include the accounts of Edison International, SCE and other wholly owned and controlled subsidiaries. References to Edison International refer to the consolidated group of Edison International and its subsidiaries. References to Edison International Parent and Other refer to Edison International Parent and its nonutility subsidiaries. SCE's consolidated financial statements include the accounts of SCE and its wholly owned and controlled subsidiaries. All intercompany transactions have been eliminated from the consolidated financial statements.

Edison International's and SCE's significant accounting policies were described in Note 1 of "Notes to Consolidated Financial Statements" included in the 2013 Form 10-K. The same accounting policies are followed for interim reporting purposes, with the exception of accounting principles adopted as of January 1, 2014, discussed below in "—New Accounting Guidance." This quarterly report should be read in conjunction with the financial statements and notes included in the 2013 Form 10-K.

In the opinion of management, all adjustments, consisting of recurring accruals, have been made that are necessary to fairly state the consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America for the periods covered by this quarterly report on Form 10-Q. The results of operations for the three-month period ended March 31, 2014 are not necessarily indicative of the operating results for the full year.

The December 31, 2013 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Cash Equivalents

Cash equivalents included investments in money market funds. Generally, the carrying value of cash equivalents equals the fair value, as these investments have original maturities of three months or less. The cash equivalents were as follows:

(in millions)	Edison International		SCE	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Money market funds	\$ 67	\$ 68	\$ 6	\$ 8

Cash is temporarily invested until required for check clearing from the primary disbursement accounts. Checks issued, but not yet paid by the financial institution, are reclassified from cash to accounts payable at the end of each reporting period as follows:

(in millions)	Edison International		SCE	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Cash reclassified to accounts payable	\$ 149	\$ 168	\$ 148	\$ 163

Inventory

Inventory is primarily composed of materials, supplies and spare parts, and stated at the lower of cost or market, cost being determined by the average cost method.

Earnings Per Share

Edison International computes earnings per common share ("EPS") using the two-class method, which is an earnings allocation formula that determines EPS for each class of common stock and participating security. Edison International's participating securities are stock-based compensation awards payable in common shares, including performance shares and restricted stock units, which earn dividend equivalents on an equal basis with common shares once the awards are vested. EPS attributable to Edison International common shareholders was computed as follows:

(in millions)	Three months ended March 31,	
	2014	2013
Basic earnings per share – continuing operations:		
Income from continuing operations available to common shareholders	\$ 198	\$ 259
Weighted average common shares outstanding	326	326
Basic earnings per share – continuing operations	\$ 0.61	\$ 0.79
Diluted earnings per share – continuing operations:		
Income from continuing operations available to common shareholders	\$ 198	\$ 259
Income impact of assumed conversions	—	—
Income from continuing operations available to common shareholders and assumed conversions	\$ 198	\$ 259
Weighted average common shares outstanding	326	326
Incremental shares from assumed conversions	3	3
Adjusted weighted average shares – diluted	329	329
Diluted earnings per share – continuing operations	\$ 0.61	\$ 0.78

In addition to the participating securities discussed above, Edison International also may award stock options which are payable in common shares and are included in the diluted earnings per share calculation. Stock option awards to purchase 2,050,449 and 4,455,669 shares of common stock for the three months ended March 31, 2014 and 2013, respectively, were outstanding, but were not included in the computation of diluted earnings per share because the exercise price of the awards was greater than the average market price of the common shares during the respective periods and, therefore, the effect would have been antidilutive.

New Accounting Guidance

Accounting Guidance Adopted in 2014

In July 2013, the FASB issued an accounting standards update that requires that an unrecognized tax benefit be presented on the balance sheet as a reduction of a deferred tax asset for a net operating loss ("NOL") or tax credit carryforward under certain circumstances. Edison International and SCE adopted this guidance effective January 1, 2014 and it did not have a material impact on the consolidated financial statements.

Accounting Guidance Not Yet Adopted

In April 2014, the FASB issued an accounting standards update which will reduce the number of disposals that qualify for reporting as a discontinued operation and will also increase the associated disclosure. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. In addition, this update also requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. Edison International and SCE will adopt this guidance prospectively effective January 1, 2015.

Note 2. Consolidated Statements of Changes in Equity

The following table provides Edison International's changes in equity for the three months ended March 31, 2014:

(in millions)	Equity Attributable to Edison International				Noncontrolling Interests	Total Equity
	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Subtotal	Preferred and Preference Stock	
Balance at December 31, 2013	\$ 2,403	\$ (13)	\$ 7,548	\$ 9,938	\$ 1,753	\$ 11,691
Net income	—	—	176	176	26	202
Other comprehensive income	—	2	—	2	—	2
Common stock dividends declared (\$0.355 per share)	—	—	(116)	(116)	—	(116)
Dividends, distributions to noncontrolling interests	—	—	—	—	(26)	(26)
Stock-based compensation and other	9	—	(50)	(41)	—	(41)
Non-cash stock-based compensation and other	5	—	15	20	—	20
Issuance of preference stock	—	—	—	—	270	270
Balance at March 31, 2014	\$ 2,417	\$ (11)	\$ 7,573	\$ 9,979	\$ 2,023	\$ 12,002

The following table provides Edison International's changes in equity for the three months ended March 31, 2013:

(in millions)	Equity Attributable to Edison International				Noncontrolling Interests	Total Equity
	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Subtotal	Preferred and Preference Stock	
Balance at December 31, 2012	\$ 2,373	\$ (87)	\$ 7,146	\$ 9,432	\$ 1,759	\$ 11,191
Net income	—	—	271	271	27	298
Common stock dividends declared (\$0.3375 per share)	—	—	(110)	(110)	—	(110)
Dividends, distributions to noncontrolling interests	—	—	—	—	(27)	(27)
Stock-based compensation and other	1	—	(33)	(32)	—	(32)
Non-cash stock-based compensation and other	6	—	(4)	2	—	2
Issuance of preference stock	—	—	—	—	387	387
Redemption of preference stock	—	—	(8)	(8)	(392)	(400)
Balance at March 31, 2013	\$ 2,380	\$ (87)	\$ 7,262	\$ 9,555	\$ 1,754	\$ 11,309

The following table provides SCE's changes in equity for the three months ended March 31, 2014:

(in millions)	Equity Attributable to SCE				Preferred and Preference Stock	Total Equity
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings		
Balance at December 31, 2013	\$ 2,168	\$ 592	\$ (11)	\$ 7,594	\$ 1,795	\$ 12,138
Net income	—	—	—	234	—	234
Other comprehensive income	—	—	1	—	—	1
Dividends declared on common stock	—	—	—	(126)	—	(126)
Dividends on preferred and preference stock	—	—	—	(26)	—	(26)
Stock-based compensation and other	—	9	—	(31)	—	(22)
Non-cash stock-based compensation and other	—	2	—	10	—	12
Issuance of preference stock	—	(5)	—	—	275	270
Balance at March 31, 2014	\$ 2,168	\$ 598	\$ (10)	\$ 7,655	\$ 2,070	\$ 12,481

The following table provides SCE's changes in equity for the three months ended March 31, 2013:

(in millions)	Equity Attributable to SCE				Preferred and Preference Stock	Total Equity
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings		
Balance at December 31, 2012	\$ 2,168	\$ 581	\$ (29)	\$ 7,228	\$ 1,795	\$ 11,743
Net income	—	—	—	283	—	283
Other comprehensive income	—	—	(3)	—	—	(3)
Dividends declared on common stock	—	—	—	(120)	—	(120)
Dividends on preferred and preference stock	—	—	—	(27)	—	(27)
Stock-based compensation and other	—	—	—	(29)	—	(29)
Non-cash stock-based compensation and other	—	3	—	5	—	8
Issuance of preference stock	—	(13)	—	—	400	387
Redemption of preference stock	—	8	—	(8)	(400)	(400)
Balance at March 31, 2013	\$ 2,168	\$ 579	\$ (32)	\$ 7,332	\$ 1,795	\$ 11,842

Note 3. Variable Interest Entities

A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb losses, or the right to receive the expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE. Commercial and operating activities are generally the factors that most significantly impact the economic performance of such VIEs. Commercial and operating activities include construction, operation and maintenance, fuel procurement, dispatch and compliance with regulatory and contractual requirements.

Variable Interest in VIEs that are not Consolidated

Power Purchase Contracts

SCE has power purchase agreements ("PPAs") that are classified as variable interests in VIEs, including tolling agreements through which SCE provides the natural gas to fuel the plants and contracts with qualifying facilities ("QFs") that contain variable pricing provisions based on the price of natural gas. SCE has concluded that it is not the primary beneficiary of these VIEs since it does not control the commercial and operating activities of these entities. Since payments for capacity are the primary source of income, the most significant economic activity for these VIEs is the operation and maintenance of the power plants.

As of the balance sheet date, the carrying amount of assets and liabilities in SCE's consolidated balance sheet that relate to its involvement with VIEs result from amounts due under the PPAs or the fair value of those derivative contracts. Under these contracts, SCE recovers the costs incurred through demonstration of compliance with its CPUC-approved long-term power procurement plans. SCE has no residual interest in the entities and has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts other than the purchase commitments described in Note 12 of the 2013 Form 10-K. As a result, there is no significant potential exposure to loss to SCE from its variable interest in these VIEs. The aggregate contracted capacity dedicated to SCE for these VIE projects was 5,641 MW and 3,578 MW at March 31, 2014 and 2013, respectively, and the amounts that SCE paid to these projects were \$125 million and \$98 million for the three months ended March 31, 2014 and 2013, respectively. These amounts are recoverable in customer rates, subject to reasonableness review.

Unconsolidated Trusts of SCE

SCE Trust I, Trust II and Trust III were formed in 2012, 2013 and 2014, respectively, for the exclusive purpose of issuing the 5.625%, 5.10% and 5.75% trust preference securities, respectively ("trust securities"). The trusts are VIEs. SCE has concluded that it is not the primary beneficiary of these VIEs as it does not have the obligation to absorb the expected losses or the right to receive the expected residual returns of the trusts. SCE Trust I, Trust II and Trust III issued \$475 million, \$400 million and \$275 million, respectively, (cumulative, liquidation amount of \$25 per share) to the public and \$10,000 of common stock each to SCE. The trusts invested the proceeds of these trust securities in Series F, Series G and Series H Preference Stock issued by SCE in the principal amounts of \$475 million, \$400 million and \$275 million (cumulative, \$2,500 per share liquidation value), respectively, which have substantially the same payment terms as the trust securities.

The Series F, Series G and Series H Preference Stock and the corresponding trust securities do not have a maturity date. Upon any redemption of any shares of the Series F, Series G or Series H Preference Stock, a corresponding dollar amount of trust securities will be redeemed by the applicable trust (for further information see Note 13). The applicable trust will make distributions at the same rate and on the same dates on the applicable series of trust securities when and if the SCE board of directors declares and makes dividend payments on the Series F, Series G or Series H Preference Stock. The applicable trusts will use any dividends it receives on the Series F, Series G or Series H Preference Stock to make its corresponding distributions on the applicable series of trust securities. If SCE does not make a dividend payment to any of these trusts, SCE would be prohibited from paying dividends on its common stock. SCE has fully and unconditionally guaranteed the payment of the trust securities and trust distributions, if and when SCE pays dividends on the Series F, Series G and Series H Preference Stock.

The Trust I and Trust II balance sheets as of March 31, 2014 and December 31, 2013, consisted of investments of \$475 million and \$400 million in the Series F and Series G Preference Stock, respectively, \$475 million and \$400 million of trust securities, respectively, and \$10,000 each of common stock. The Trust III balance sheet as of March 31, 2014 consisted of investments of \$275 million in the Series H Preference Stock, \$275 million of trust securities, and \$10,000 of common stock.

The trusts' income statements consisted of both dividend income and dividend distributions in the amounts of \$7 million and \$7 million for the three months ended March 31, 2014 and 2013, respectively for Trust I, \$5 million and \$4 million for the three months ended March 31, 2014 and 2013, respectively for Trust II, and \$1 million for the three months ended March 31, 2014 for Trust III.

Note 4. Fair Value Measurements

Recurring Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (referred to as an "exit price"). Fair value of an asset or liability considers assumptions that market participants would use in pricing the asset or liability, including assumptions about nonperformance risk. As of March 31, 2014 and December 31, 2013, nonperformance risk was not material for Edison International and SCE.

Assets and liabilities are categorized into a three-level fair value hierarchy based on valuation inputs used to determine fair value.

Level 1 – The fair value of Edison International and SCE's Level 1 assets and liabilities is determined using unadjusted quoted prices in active markets that are available at the measurement date for identical assets and liabilities. This level includes exchange-traded equity securities and derivatives, U.S. treasury securities, mutual funds and money market funds.

Level 2 – Edison International and SCE's Level 2 assets and liabilities include fixed income securities primarily consisting of U.S. government and agency bonds, municipal bonds and corporate bonds and over-the-counter derivatives. The fair value of fixed income securities is determined using a market approach by obtaining quoted prices for similar assets and liabilities in active markets and inputs that are observable, either directly or indirectly, for substantially the full term of the instrument.

The fair value of SCE's over-the-counter derivative contracts is determined using an income approach. SCE uses standard pricing models to determine the net present value of estimated future cash flows. Inputs to the pricing models include forward published or posted clearing prices from exchanges (New York Mercantile Exchange and Intercontinental Exchange) for similar instruments and discount rates. A primary price source that best represents trade activity for each market is used to develop observable forward market prices in determining the fair value of these positions. Broker quotes, prices from exchanges or comparison to executed trades are used to validate and corroborate the primary price source. These price quotations reflect mid-market prices (average of bid and ask) and are obtained from sources believed to provide the most liquid market for the commodity.

Level 3 – The fair value of SCE's Level 3 assets and liabilities is determined using the income approach through various models and techniques that require significant unobservable inputs. This level includes over-the-counter options, tolling arrangements and derivative contracts that trade infrequently such as congestion revenue rights ("CRRs") and long-term power agreements. Edison International Parent and Other does not have any Level 3 assets and liabilities.

Assumptions are made in order to value derivative contracts in which observable inputs are not available. Changes in fair value are based on changes to forward market prices, including extrapolation of short-term observable inputs into forecasted prices for illiquid forward periods. In circumstances where fair value cannot be verified with observable market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value. Modeling methodologies, inputs and techniques are reviewed and assessed as markets continue to develop and more pricing information becomes available and the fair value is adjusted when it is concluded that a change in inputs or techniques would result in a new valuation that better reflects the fair value of those derivative contracts.

SCE

The following table sets forth assets and liabilities of SCE that were accounted for at fair value by level within the fair value hierarchy:

March 31, 2014					
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral ¹	Total
Assets at fair value					
Derivative contracts	\$ —	\$ 20	\$ 345	\$ (13)	\$ 352
Other	38	—	—	—	38
Nuclear decommissioning trusts:					
Stocks ²	2,234	—	—	—	2,234
Fixed Income ³	777	1,221	—	—	1,998
Short-term investments, primarily cash equivalents	335	75	—	—	410
Subtotal of nuclear decommissioning trusts ⁴	3,346	1,296	—	—	4,642
Total assets	3,384	1,316	345	(13)	5,032
Liabilities at fair value					
Derivative contracts	—	29	1,118	(19)	1,128
Total liabilities	—	29	1,118	(19)	1,128
Net assets (liabilities)	\$ 3,384	\$ 1,287	\$ (773)	\$ 6	\$ 3,904

December 31, 2013					
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral ¹	Total
Assets at fair value					
Derivative contracts	\$ —	\$ 11	\$ 372	\$ (10)	\$ 373
Other	39	—	—	—	39
Nuclear decommissioning trusts:					
Stocks ²	2,208	—	—	—	2,208
Fixed Income ³	841	1,102	—	—	1,943
Short-term investments, primarily cash equivalents	331	—	—	—	331
Subtotal of nuclear decommissioning trusts ⁴	3,380	1,102	—	—	4,482
Total assets	3,419	1,113	372	(10)	4,894
Liabilities at fair value					
Derivative contracts	—	37	1,177	(20)	1,194
Total liabilities	—	37	1,177	(20)	1,194
Net assets (liabilities)	\$ 3,419	\$ 1,076	\$ (805)	\$ 10	\$ 3,700

¹ Represents the netting of assets and liabilities under master netting agreements and cash collateral across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

² Approximately 70% of SCE's equity investments were located in the United States at March 31, 2014 and December 31, 2013, respectively.

³ At March 31, 2014 and December 31, 2013, SCE's corporate bonds were diversified and included collateralized mortgage obligations and other asset backed securities of \$46 million and \$47 million, respectively.

⁴ Excludes net payables of \$55 million and net receivables of \$12 million at March 31, 2014 and December 31, 2013, respectively, of interest and dividend receivables as well as receivables and payables related to SCE's pending securities sales and purchases.

Edison International

Assets measured at fair value consisted of money market funds of \$67 million and \$68 million at March 31, 2014 and December 31, 2013, respectively, classified as Level 1.

SCE Fair Value of Level 3

The following table sets forth a summary of changes in SCE's fair value of Level 3 net derivative assets and liabilities:

(in millions)	Three months ended March 31,	
	2014	2013
Fair value of net liabilities at beginning of period	\$ (805)	\$ (791)
Total realized/unrealized gains (losses):		
Included in regulatory assets and liabilities ¹	31	(82)
Purchases	7	18
Settlements	(6)	(27)
Fair value of net liabilities at end of period	\$ (773)	\$ (882)
Change during the period in unrealized gains and losses related to assets and liabilities held at the end of the period	\$ 22	\$ (66)

¹ Due to regulatory mechanisms, SCE's realized and unrealized gains and losses are recorded as regulatory assets and liabilities.

Edison International and SCE recognize the fair value for transfers in and transfers out of each level at the end of each reporting period. There were no transfers between any levels during 2014 and 2013.

Valuation Techniques Used to Determine Fair Value

The process of determining fair value is the responsibility of SCE's risk management department, which reports to SCE's chief financial officer. This department obtains observable and unobservable inputs through broker quotes, exchanges and internal valuation techniques that use both standard and proprietary models to determine fair value. Each reporting period, the risk and finance departments collaborate to determine the appropriate fair value methodologies and classifications for each derivative. Inputs are validated for reasonableness by comparison against prior prices, other broker quotes and volatility fluctuation thresholds. Inputs used and valuations are reviewed period-over-period and compared with market conditions to determine reasonableness.

The following table sets forth SCE's valuation techniques and significant unobservable inputs used to determine fair value for significant Level 3 assets and liabilities:

	Fair Value (in millions)		Valuation Technique(s)	Significant	Range
	Assets	Liabilities		Unobservable Input	(Weighted Average)
Congestion revenue rights					
March 31, 2014	\$ 345	\$ —	Market simulation model	Load forecast	7,603 MW - 24,896 MW
				Power prices	\$(9.86) - \$108.56
				Gas prices	\$3.50 - \$7.10
December 31, 2013	366	—	Market simulation model	Load forecast	7,603 MW - 24,896 MW
				Power prices	\$(9.86) - \$108.56
				Gas prices	\$3.50 - \$7.10
Tolling					
March 31, 2014	4	1,111	Option model	Volatility of gas prices	13% - 31% (18%)
				Volatility of power prices	26% - 61% (32%)
				Power prices	\$37.50 - \$70.80 (\$50.10)
December 31, 2013	5	1,175	Option model	Volatility of gas prices	16% - 35% (21%)
				Volatility of power prices	25% - 45% (30%)
				Power prices	\$38.00 - \$63.90 (\$47.40)

Level 3 Fair Value Sensitivity

Congestion Revenue Rights

For CRRs, where SCE is the buyer, generally increases (decreases) in forecasted load in isolation would result in increases (decreases) to the fair value. In general, an increase (decrease) in electricity and gas prices at illiquid locations tends to result in increases (decreases) to fair value; however, changes in electricity and gas prices in opposite directions may have varying results on fair value.

Tolling Arrangements

The fair values of SCE's tolling arrangements contain intrinsic value and time value. Intrinsic value is the difference between the market price and strike price of the underlying commodity. Time value is made up of several components, including volatility, time to expiration, and interest rates. The option model for tolling arrangements reflects plant specific information such as operating and start-up costs.

For tolling arrangements where SCE is the buyer, increases in volatility of the underlying commodity prices would result in increases to fair value as it represents greater price movement risk. As power and gas prices increase, the fair value of tolling arrangements tends to increase. The valuation of tolling arrangements is also impacted by the correlation between gas and power prices. As the correlation increases, the fair value of tolling arrangements tends to decline.

Nuclear Decommissioning Trusts

SCE's nuclear decommissioning trust investments include equity securities, U.S. treasury securities and other fixed income securities. Equity and treasury securities are classified as Level 1 as fair value is determined by observable market prices in active or highly liquid and transparent markets. The remaining fixed income securities are classified as Level 2. The fair value of these financial instruments is based on evaluated prices that reflect significant observable market information such as reported trades, actual trade information of similar securities, benchmark yields, broker/dealer quotes, issuer spreads, bids, offers and relevant credit information.

Fair Value of Long-Term Debt Recorded at Carrying Value

The carrying value and fair value of Edison International and SCE's long-term debt (including current portion of long-term debt) are as follows:

(in millions)	March 31, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
SCE	\$ 10,023	\$ 11,012	\$ 10,022	\$ 10,656
Edison International	10,426	11,442	10,426	11,084

The fair value of Edison International and SCE's short-term and long-term debt is classified as Level 2 and is based on evaluated prices that reflect significant observable market information such as reported trades, actual trade information of similar securities, benchmark yields, broker/dealer quotes of new issue prices and relevant credit information.

The carrying value of Edison International and SCE's trade receivables and payables, other investments, and short-term debt approximates fair value.

Note 5. Debt and Credit Agreements

Credit Agreements and Short-Term Debt

In January 2014, SCE issued \$300 million of floating rate first and refunding mortgage bonds due in January 2015. The proceeds from these bonds were used for working capital to fund the ERRA balancing account undercollections.

At March 31, 2014, SCE's outstanding commercial paper was \$105 million at a weighted-average interest rate of 0.20%. This commercial paper was supported by a \$2.75 billion multi-year revolving credit facility. At March 31, 2014, letters of credit issued under SCE's credit facility aggregated \$141 million and are scheduled to expire in twelve months or less. At December 31, 2013, the outstanding commercial paper was \$175 million at a weighted-average interest rate of 0.24%.

At March 31, 2014, Edison International Parent's outstanding commercial paper was \$206 million at a weighted-average interest rate of 0.51%. This commercial paper was supported by a \$1.25 billion multi-year revolving credit facility. At December 31, 2013, the outstanding commercial paper was \$34 million at a weighted-average interest rate of 0.55%.

Note 6. Derivative Instruments

Derivative financial instruments are used to manage exposure to commodity price risk. These risks are managed in part by entering into forward commodity transactions, including options, swaps and futures. To mitigate credit risk from counterparties in the event of nonperformance, master netting agreements are used whenever possible and counterparties may be required to pledge collateral depending on the creditworthiness of each counterparty and the risk associated with the transaction.

Commodity Price Risk

Commodity price risk represents the potential impact that can be caused by a change in the market value of a particular commodity. SCE's electricity price exposure arises from energy purchased from and sold to wholesale markets as a result of differences between SCE's load requirements and the amount of energy delivered from its generating facilities and power purchase agreements. SCE's natural gas price exposure arises from natural gas purchased for the Mountainview power plant and peaker plants, QF contracts where pricing is based on a monthly natural gas index and power purchase agreements in which SCE has agreed to provide the natural gas needed for generation, referred to as tolling arrangements.

Credit and Default Risk

Credit and default risk represents the potential impact that can be caused if a counterparty were to default on its contractual obligations and SCE would be exposed to spot markets for buying replacement power or selling excess power. In addition, SCE would be exposed to the risk of non-payment of accounts receivable, primarily related to the sales of excess power and realized gains on derivative instruments.

Certain power contracts contain master netting agreements or similar agreements, which generally allows counterparties subject to the agreement to setoff amounts when certain criteria are met, such as in the event of default. The objective of netting is to reduce credit exposure. Additionally, to reduce SCE's risk exposures counterparties may be required to pledge collateral depending on the credit worthiness of each counterparty and the risk associated with the transaction.

Certain power contracts contain a provision that requires SCE to maintain an investment grade rating from each of the major credit rating agencies, referred to as a credit-risk-related contingent feature. If SCE's credit rating were to fall below investment grade, SCE may be required to pay the derivative liability or post additional collateral. The net fair value of all derivative liabilities with these credit-risk-related contingent features was \$53 million and \$49 million as of March 31, 2014 and December 31, 2013, respectively, for which SCE has posted no collateral to its counterparties for the respective periods. If the credit-risk-related contingent features underlying these agreements were triggered on March 31, 2014, SCE would be required to post collateral in the amount of \$10 million, excluding the impact of unpaid closed positions as their settlement is not impacted by the credit-risk-related contingent features.

Fair Value of Derivative Instruments

SCE presents its derivative assets and liabilities on a net basis on its consolidated balance sheets when subject to master netting agreements or similar agreements. Derivative positions are offset against margin and cash collateral deposits. In addition, SCE has provided collateral in the form of letters of credit. Collateral requirements can vary depending upon the level of unsecured credit extended by counterparties, changes in market prices relative to contractual commitments and other factors. The following table summarizes the gross and net fair values of SCE's commodity derivative instruments:

	March 31, 2014							
	Derivative Assets			Derivative Liabilities				
(in millions)	Short-Term	Long-Term	Subtotal	Short-Term	Long-Term	Subtotal	Net Liability	
Commodity derivative contracts								
Gross amounts recognized	\$ 135	\$ 240	\$ 375	\$ 170	\$ 987	\$ 1,157	\$ 782	
Gross amounts offset in the consolidated balance sheets	(23)	—	(23)	(23)	—	(23)	—	
Cash collateral posted ¹	—	—	—	(4)	(2)	(6)	(6)	
Net amounts presented in the consolidated balance sheets	\$ 112	\$ 240	\$ 352	\$ 143	\$ 985	\$ 1,128	\$ 776	

	December 31, 2013							
	Derivative Assets			Derivative Liabilities				
(in millions)	Short-Term	Long-Term	Subtotal	Short-Term	Long-Term	Subtotal	Net Liability	
Commodity derivative contracts								
Gross amounts recognized	\$ 141	\$ 251	\$ 392	\$ 178	\$ 1,045	\$ 1,223	\$ 831	
Gross amounts offset in the consolidated balance sheets	(19)	—	(19)	(19)	—	(19)	—	
Cash collateral posted ¹	—	—	—	(7)	(3)	(10)	(10)	
Net amounts presented in the consolidated balance sheets	\$ 122	\$ 251	\$ 373	\$ 152	\$ 1,042	\$ 1,194	\$ 821	

¹ In addition, at March 31, 2014 and December 31, 2013, SCE had posted \$7 million and \$19 million, respectively, of collateral that is not offset against derivative liabilities and is reflected in "Other current assets" on the consolidated balance sheets.

Income Statement Impact of Derivative Instruments

SCE recognizes realized gains and losses on derivative instruments as purchased power expense and expects that such gains or losses will be part of the purchase power costs recovered from customers. As a result, realized gains and losses do not affect earnings, but may temporarily affect cash flows. Due to expected future recovery from customers, unrealized gains and losses are recorded as regulatory assets and liabilities and therefore also do not affect earnings. The results of derivative activities and related regulatory offsets are recorded in cash flows from operating activities in the consolidated statements of cash flows.

The following table summarizes the components of SCE's economic hedging activity:

(in millions)	Three months ended March 31,	
	2014	2013
Realized losses	\$ (37)	\$ (16)
Unrealized gains (losses)	52	(54)

Notional Volumes of Derivative Instruments

The following table summarizes the notional volumes of derivatives used for SCE hedging activities:

Commodity	Unit of Measure	Economic Hedges	
		March 31, 2014	December 31, 2013
Electricity options, swaps and forwards	GWh	5,086	6,274
Natural gas options, swaps and forwards	Bcf	8	12
Congestion revenue rights	GWh	135,714	149,234
Tolling arrangements	GWh	86,248	87,991

Note 7. Income Taxes

Effective Tax Rate

The table below provides a reconciliation of income tax expense computed at the federal statutory income tax rate to the income tax provision:

	Edison International		SCE	
	Three months ended March 31,			
(in millions)	2014	2013	2014	2013
Income from continuing operations before income taxes	\$ 205	\$ 384	\$ 222	\$ 395
Provision for income tax at federal statutory rate of 35%	71	134	78	138
Increase (decrease) in income tax from:				
State tax, net of federal benefit	1	3	1	14
Property-related	(51)	(41)	(51)	(42)
Change related to uncertain tax positions	7	7	7	7
San Onofre settlement	(40)	—	(40)	—
Other	(7)	(5)	(7)	(5)
Total income tax expense (benefit) from continuing operations	\$ (19)	\$ 98	\$ (12)	\$ 112
Effective tax rate	(9.3)%	25.5%	(5.4)%	28.4%

The CPUC requires flow-through ratemaking treatment for the current tax benefit arising from certain property-related and other temporary differences which reverse over time. The accounting treatment for these temporary differences results in recording regulatory assets and liabilities for amounts that would otherwise be recorded to deferred income tax expense.

Property-related items include recognition of income tax benefits from repair deductions for income tax purposes. During the first quarter of 2014, SCE recorded flow through tax benefits related to repair deductions and other tax items under the San Onofre Settlement. The tax benefits were offset by estimated refunds to customers included as part of the pre-tax charge of \$231 million.

Tax Disputes

The IRS examination phase of tax years 2003 through 2006 was completed in the fourth quarter of 2010, which included proposed adjustments for the following two items:

- A proposed adjustment increasing the taxable gain on the 2004 sale of EME's international assets, which if sustained, would result in a federal tax payment of approximately \$208 million, including interest and penalties through March 31, 2014.
- A proposed adjustment to disallow a component of SCE's repair allowance deduction, which if sustained, would result in a federal tax payment of approximately \$101 million, including interest through March 31, 2014.

Edison International disagrees with the proposed adjustments and filed a protest with the IRS in the first quarter of 2011. Edison International anticipates that the IRS will issue a deficiency notice for the tax, interest and possibly penalties at the conclusion of the IRS appeals process. After the receipt of such deficiency notice, Edison International will have 90 days to file a petition in United States Tax Court. If a petition is not timely filed, Edison International anticipates after the expiration of the 90-day period, the IRS will assess the underpayment of tax, interest and penalties, if any, and demand payment.

Tax Years 2007 – 2009

The IRS examination phase of tax years 2007 through 2009 was completed during the first quarter of 2013. Edison International received a Revenue Agent Report from the IRS on February 28, 2013 which included a proposed adjustment to disallow a component of SCE's repair allowance deduction (similar to the 2003 – 2006 tax years). The proposed adjustment to disallow a component of SCE's repair allowance deduction, if sustained, would result in a federal tax payment of approximately \$75 million, including interest through March 31, 2014. Edison International disagrees with the proposed adjustment and filed a protest with the IRS in April 2013.

Note 8. Compensation and Benefit Plans

Pension Plans

Edison International made contributions of \$6 million during the three months ended March 31, 2014. Edison International expects to make contributions of \$202 million during the remainder of 2014, which includes \$185 million from SCE. Annual contributions made to most of SCE's pension plans are anticipated to be recovered through CPUC-approved regulatory mechanisms. Annual contributions to these plans are expected to be, at a minimum, equal to the related annual expense.

Pension expense components for continuing operations are:

(in millions)	Edison International		SCE	
	Three months ended March 31,			
	2014	2013	2014	2013
Service cost	\$ 30	\$ 38	\$ 29	\$ 37
Interest cost	45	42	44	41
Expected return on plan assets	(57)	(57)	(56)	(57)
Amortization of prior service cost	1	1	1	1
Amortization of net loss ¹	1	15	—	14
Expense under accounting standards	\$ 20	\$ 39	\$ 18	\$ 36
Regulatory adjustment	31	17	31	17
Total expense recognized	\$ 51	\$ 56	\$ 49	\$ 53

¹ Includes the amount of net loss reclassified from other comprehensive loss. The amount reclassified for Edison International and SCE was \$2 million and \$1 million for the three months ended March 31, 2014, respectively, and \$3 million and \$2 million for the three months ended March 31, 2013, respectively.

Postretirement Benefits Other Than Pensions

Edison International made contributions of \$4 million during the three months ended March 31, 2014 and expects to make contributions of \$11 million during the remainder of 2014, all of which are expected to be made by SCE. Annual contributions made to SCE plans are anticipated to be recovered through CPUC-approved regulatory mechanisms and are expected to be, at a minimum, equal to the total annual expense for these plans. Benefits under these plans, with some exceptions, are generally unvested and subject to change. Under the terms of the Edison International Health and Welfare Plan ("PBOP Plan") each participating employer (Edison International or its participating subsidiaries) is responsible for the costs and expenses of all PBOP benefits with respect to its employees and former employees. A participating employer may terminate the PBOP benefits with respect to its employees and former employees, as may SCE (as Plan sponsor), and, accordingly, the participants' PBOP benefits are not vested benefits.

PBOP expense components for continuing operations are:

(in millions)	Edison International		SCE	
	Three months ended March 31,			
	2014	2013	2014	2013
Service cost	\$ 11	\$ 14	\$ 11	\$ 13
Interest cost	27	26	27	26
Expected return on plan assets	(28)	(30)	(28)	(30)
Amortization of prior service credit	(9)	(9)	(9)	(9)
Amortization of net loss	—	7	—	7
Total expense	\$ 1	\$ 8	\$ 1	\$ 7

Workforce Reductions

In 2012, SCE commenced multiple efforts to reduce its workforce in order to reflect SCE's strategic direction to optimize its cost structure, moderate customer rate increases and align its cost structure with its peers. In addition, in June 2013, SCE announced plans to permanently retire San Onofre, which resulted in additional workforce reductions. See Note 9 for further information. Through March 31, 2014, SCE's share of estimated cash severance for these efforts totaled \$213 million. The following table provides a summary of changes in the accrued severance liability associated with these reductions:

(in millions)	
Balance at January 1, 2014	\$ 54
Additions	—
Payments	(10)
Balance at March 31, 2014	\$ 44

The liability presented in the table above is reflected in "Other current liabilities" on the consolidated balance sheets. The severance costs are included in "Operation and maintenance" on the consolidated income statements.

Note 9. San Onofre Issues

Replacement steam generators were installed at San Onofre in 2010 and 2011. On January 31, 2012, a water leak suddenly occurred in one of the heat transfer tubes in San Onofre's Unit 3 steam generators. The Unit was safely taken off-line and subsequent inspections revealed excessive tube to tube wear. At the time, Unit 2 was off-line for a planned outage when areas of unexpected tube to support structure wear were found. Later, evidence of tube to tube wear in Unit 2 was also discovered. On June 6, 2013, SCE decided to permanently retire Units 2 and 3.

Entry Into Settlement Agreement with Certain OII Parties

In October 2012 the CPUC issued an Order Instituting Investigation ("OII") that consolidated all San Onofre issues in related CPUC regulatory proceedings to consider appropriate cost recovery for all San Onofre costs, including among other costs, the cost of the steam generator replacement project, substitute market power costs, capital expenditures, and operation and maintenance costs.

On March 27, 2014, SCE entered into a Settlement Agreement with The Utility Reform Network ("TURN"), the CPUC's Office of Ratepayer Advocates ("ORA") and SDG&E, which was later joined by the Coalition of California Utility Employees ("CUE") and Friends of the Earth ("FOE") (together, the "Settling Parties"). If implemented, the Settlement Agreement will constitute a complete and final resolution of the CPUC's OII and related proceedings regarding the Steam Generator Replacement Project ("SGRP") at San Onofre and the related outage and subsequent shutdown of San Onofre. The Settlement Agreement does not affect proceedings before the NRC or proceedings related to recoveries from third parties described below. Implementation of the Settlement Agreement is subject to the approval of the CPUC. The parties to the Settlement Agreement have agreed to exercise their best efforts to obtain CPUC approval. The Settlement Agreement is subject to termination by any of the Settling Parties if the CPUC has not approved it within six months of submission, but there can be no certainty of when or what the CPUC will actually decide.

Disallowances, Refunds and Rate Recoveries

If the Settlement Agreement is approved, SCE will not be allowed to recover in rates its capitalized costs for the SGRP as of February 1, 2012 or a return on such investment after such date. As of February 1, 2012, SCE's net book value in the SGRP was approximately \$597 million. Additionally, SCE will not be allowed to recover in rates approximately \$99 million of incremental inspection and repair costs incurred for the replacement steam generators ("RSGs") in 2012 that were in excess of CPUC-authorized operations and maintenance expense. These costs, net of invoices paid, were previously expensed in SCE's 2012 financial results, although they remain subject to recovery from the supplier of the RSGs. Neither will SCE be allowed to recover in rates provisionally authorized operations and maintenance expense in 2013 that exceeds amounts included in recorded operations and maintenance expense (including severance and incremental repair and inspection costs); such excess had not been recognized in 2013 earnings. Subject to the foregoing, SCE will be authorized to recover in rates its remaining investment in San Onofre, including base plant, materials and supplies, nuclear fuel inventory and contracts and construction work in progress ("CWIP"), generally over a ten-year period commencing February 1, 2012. Additionally, SCE will be authorized to recover in rates its provisionally authorized operations and maintenance expenses for 2012, recorded costs for the 2012 refueling outage of Unit 2, recorded operations and maintenance expenses for 2013, and recorded operations and maintenance expenses for 2014 subject to customary prudence review. Finally, SCE will also be authorized to recover in rates through its fuel and purchased power balancing account ("ERRA") all costs incurred to purchase electric power in the market related to the outage and shutdown of San Onofre, and to recover by December 31, 2015 any San Onofre-related ERRA undercollections. Estimated market power costs through June 6, 2013 (the date of San Onofre's retirement) were approximately \$680 million using the methodology followed in the OII. To the extent that amounts otherwise recoverable in rates under the Settlement Agreement are recovered from SCE's Decommissioning Trust as a decommissioning cost, the amounts otherwise recoverable in rates will be reduced with no impact on earnings.

The portion of SCE's San Onofre investment in base plant, CWIP and materials and supplies, which SCE is entitled to recover from February 1, 2012, will earn a return equal to the weighted average of SCE's authorized return on debt and 50% of its authorized return on preferred equity, pro-rated to the percentage of the investment that equals SCE's percentage of debt and preferred equity in its authorized capital structure. SCE will not earn a return on common equity on its amortizable San Onofre investment. Accordingly, SCE will be allowed to earn a rate of return of 2.95% in 2012, 2.62% for the period 2013–2014 and a rate that will float during the amortization period thereafter with changes in SCE's authorized return on debt and preferred equity. SCE's investment in nuclear fuel will earn a return equal to commercial paper rates that SCE pays from time to time.

Accounting and Financial Impact

Due to the decision to early retire San Onofre Units 2 and 3, GAAP required reclassification of the amounts recorded in property, plant and equipment and related tangible operating assets to a regulatory asset to the extent that management concluded it was probable of recovery through future rates. Regulatory assets may also be recorded to the extent management concludes it is probable that direct and indirect costs incurred to retire Units 2 and 3 as of each reporting date are recoverable through future rates. In accordance with these requirements and as a result of its decision to retire San Onofre Units 2 and 3, SCE reclassified \$1,521 million of its total investment in San Onofre at May 31, 2013 to a regulatory asset ("San Onofre Regulatory Asset") and recorded an impairment charge of \$575 million (\$365 million after tax) in the second quarter of 2013. As of December 31, 2013, SCE had recorded a net regulatory asset of approximately \$1.3 billion, comprised of \$1.56 billion of property, plant and equipment, less \$266 million for estimated refunds of authorized revenue recorded in excess of SCE's costs of service.

As a result of the execution of the Settlement Agreement by the Settling Parties, SCE has concluded that the outcome of the OII that is more likely than any other outcome is approval and implementation of the Settlement Agreement, although approval by the CPUC remains uncertain. As a result, in the first quarter of 2014, SCE recorded an additional pre-tax charge of approximately \$231 million (approximately \$96 million after-tax). Including the amounts recorded during the first quarter of 2014 and the amounts previously recorded in 2013, the total impact of the San Onofre Settlement is estimated at \$806 million (approximately \$461 million after-tax). The total pre-tax charge is due to:

- the disallowance of the SGRP investment (\$542 million as of May 31, 2013);
- refund of revenue related to the SGRP previously recognized of \$159 million; and
- implementation of the other terms of the Settlement Agreement, including a refund of flow through tax benefits of \$71 million and a refund of the authorized return in excess of the return allowed for non-SGRP investments. The refund was offset by recognition of tax benefits in an equal amount. The after-tax impact of the settlement was \$96 million.

At March 31, 2014, the San Onofre Regulatory Asset was \$1.37 billion and the San Onofre regulatory liability for refunds of revenue was approximately \$371 million. Such amounts do not reflect any recoveries from third parties by SCE.

Settlement Agreement Procedure

On April 3, 2014, the Settling Parties filed a motion in the OII requesting the CPUC to approve the Settlement Agreement without change, find the Settlement Agreement reasonable and expedite consideration of the Settlement Agreement in order to provide the benefits of it as soon as possible. The Settling Parties also urged the CPUC to stay further proceedings in the OII pending a determination on the Settlement Agreement and to withdraw the November 19, 2013 Proposed Decision on Phase 1 and Phase 1A issues in the OII. During the pendency of proceedings regarding the Settlement Agreement, the Settling Parties are further bound to support and mutually defend the Settlement Agreement in its entirety, oppose any modifications proposed by any non-settling party to the OII unless all Settling Parties agree, and cooperate reasonably on all submissions. The Settling Parties further agree to review any CPUC orders regarding the Settlement Agreement to determine if the CPUC has changed or modified it, deleted a term or imposed a new term. If any Settling Party is unwilling to accept any such change, modification, deletion or addition of a new term, then the Settling Parties will negotiate in good faith to seek a resolution acceptable to all Settling Parties. If they are unable to resolve the matter to the satisfaction of all Settling Parties or to obtain prompt CPUC approval of an agreed upon resolution, then any Settling Party can terminate the Settlement Agreement upon prompt notice.

Under CPUC rules, parties in the OII will have an opportunity to comment on the Settlement Agreement, and if there are objections raising factual issues, then the CPUC's review may include evidentiary proceedings. CPUC rules do not provide for any fixed time period for the CPUC to act on the Settlement Agreement. The CPUC has stated that it will hold an evidentiary hearing in mid-May 2014 and has directed the Settling Parties to hold a community meeting in June 2014 to present the settlement to the public. Pursuant to the CPUC's rules, no settlement becomes binding on the parties to it unless the CPUC approves the settlement based on a finding that it is reasonable in light of the whole record, consistent with law, and in the public interest. The CPUC has discretion to approve or disapprove a settlement, or to condition its approval on changes to the settlement, which the parties may accept or reject.

Accordingly, there can be no assurance regarding the timing of any CPUC decision or that the CPUC will approve the Settlement Agreement or refrain from making changes to it that are not acceptable to all the Settling Parties. Thus, there can be no assurance that the OII proceeding will provide for recoveries as currently estimated by SCE in accordance with the Settlement Agreement, including the recovery of costs recorded as a regulatory asset, or that the CPUC does not order refunds to customers above those contemplated by the Settlement Agreement. Therefore, the amount recorded for the San Onofre Regulatory Asset is subject to further change based upon future developments and the application of SCE's judgment to those events.

Continuing NRC Proceedings

As part of the NRC's review of the San Onofre outage and proceedings related to the possible restart of Unit 2, the NRC appointed an Augmented Inspection Team to review SCE's performance. In December 2013, the NRC finalized an Inspection Report in connection with The Augmented Inspection Team's review and SCE's response to an earlier NRC Confirmatory Action Letter. The NRC's report contained a preliminary "white" finding (low to moderate safety significance) and an apparent violation regarding the steam generators in Unit 3 and a preliminary "green" finding (very low safety significance) for Unit 2's steam generators for failing to ensure that MHI's modeling and analysis were adequate. The NRC also issued an Inspection Report to MHI containing a Notice of Nonconformance for its flawed computer modeling in the design of San Onofre's steam generators. In addition, the NRC's Office of Investigations has been conducting an investigation into the accuracy and completeness of information SCE provided to the Augmented Inspection Team. SCE has also been made aware of an investigation related to San Onofre by the NRC's Office of Inspector General, which generally reviews internal NRC affairs. Certain anti-nuclear groups and individual members of Congress have alleged that SCE knew of deficiencies in the steam generators when they were installed or otherwise did not correctly follow NRC requirements in connection with the design and installation of the replacement steam generators, something which SCE has vigorously denied, and have called for investigations, including by the Department of Justice. SCE cannot predict when or whether ongoing inquiries or investigations by the NRC will be completed or whether inquiries by other government agencies will be initiated. Should the NRC find a deficiency in SCE's provision of information, SCE could be subject to additional NRC actions, including the imposition of penalties, and the findings could be taken into consideration in the CPUC regulatory proceedings described above.

Note 10. Other Investments

Nuclear Decommissioning Trusts

Future decommissioning costs of removal of SCE's nuclear assets are expected to be funded from independent decommissioning trusts, which currently receive contributions of approximately \$23 million per year through SCE customer rates. Contributions to the decommissioning trusts are reviewed every three years by the CPUC.

The following table sets forth amortized cost and fair value of the trust investments:

(in millions)	Longest Maturity Dates	Amortized Cost		Fair Value	
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Stocks	—	\$ 668	\$ 656	\$ 2,234	\$ 2,208
Municipal bonds	2051	725	675	838	756
U.S. government and agency securities	2044	812	902	864	947
Corporate bonds	2054	253	208	296	241
Short-term investments and receivables/payables	One-year	342	329	355	342
Total		\$ 2,800	\$ 2,770	\$ 4,587	\$ 4,494

Trust fund earnings (based on specific identification) increase the trust fund balance and the ARO regulatory liability. Proceeds from sales of securities (which are reinvested) were \$1.50 billion and \$435 million for the three months ended March 31, 2014 and 2013, respectively. Unrealized holding gains, net of losses, were \$1.79 billion and \$1.72 billion at March 31, 2014 and December 31, 2013, respectively.

The following table sets forth a summary of changes in the fair value of the trust:

(in millions)	Three months ended March 31,	
	2014	2013
Balance at beginning of period	\$ 4,494	\$ 4,048
Gross realized gains	10	5
Gross realized losses	—	(1)
Unrealized gains, net	62	176
Other-than-temporary impairments	(3)	(8)
Interest, dividends, contributions and other	24	26
Balance at end of period	\$ 4,587	\$ 4,246

Due to regulatory mechanisms, earnings (including other-than-temporary impairments) and realized gains and losses have no impact on operating revenue or earnings.

Note 11. Regulatory Assets and Liabilities

Regulatory Assets

SCE's regulatory assets included on the consolidated balance sheets are:

(in millions)	March 31, 2014	December 31, 2013
Current:		
Regulatory balancing accounts	\$ 883	\$ 484
Energy derivatives	48	54
Total current	931	538
Long-term:		
Deferred income taxes, net	3,116	2,957
Pensions and other postretirement benefits	377	369
Energy derivatives	768	816
Unamortized investments, net	312	332
San Onofre	1,371	1,325
Unamortized loss on reacquired debt	216	222
Nuclear-related investment, net	33	34
Regulatory balancing accounts	819	818
Other	339	368
Total long-term	7,351	7,241
Total regulatory assets	\$ 8,282	\$ 7,779

Regulatory Liabilities

SCE's regulatory liabilities included on the consolidated balance sheets are:

(in millions)	March 31, 2014	December 31, 2013
Current:		
Regulatory balancing accounts	\$ 417	\$ 724
Other	38	43
Total current	455	767
Long-term:		
Costs of removal	2,811	2,780
Asset retirement obligations	1,112	1,071
Regulatory balancing accounts	1,347	1,132
San Onofre	371	—
Other	14	12
Total long-term	5,655	4,995
Total regulatory liabilities	\$ 6,110	\$ 5,762

Regulatory Balancing Accounts

The following table summarizes the significant components of regulatory balancing accounts included in the above tables of regulatory assets and liabilities:

(in millions)	March 31, 2014	December 31, 2013
Asset (liability)		
Energy resource recovery account	\$ 1,478	\$ 1,005
Four Corners memorandum account	4	145
New system generation balancing account	99	132
Public purpose programs and energy efficiency programs	(959)	(1,037)
Base rate recovery balancing account	(29)	(247)
Greenhouse gas auction revenue	(470)	(385)
FERC balancing accounts	(13)	(59)
Other	(172)	(108)
Net liability	\$ (62)	\$ (554)

Note 12. Commitments and Contingencies

Indemnities

Edison International and SCE have various financial and performance guarantees and indemnity agreements which are issued in the normal course of business.

Edison International and SCE have provided indemnifications through contracts entered into in the normal course of business. These are primarily indemnifications against adverse litigation outcomes in connection with underwriting agreements, and indemnities for specified environmental liabilities and income taxes with respect to assets sold. Edison International's and SCE's obligations under these agreements may or may not be limited in terms of time and/or amount, and in some instances Edison International and SCE may have recourse against third parties. Edison International and SCE have not recorded a liability related to these indemnities. The overall maximum amount of the obligations under these indemnifications cannot be reasonably estimated.

SCE has indemnified the City of Redlands, California in connection with Mountainview's California Energy Commission permit for cleanup or associated actions related to groundwater contaminated by perchlorate due to the disposal of filter cake at the City's solid waste landfill. The obligations under this agreement are not limited to a specific time period or subject to a maximum liability. SCE has not recorded a liability related to this indemnity.

Contingencies

In addition to the matters disclosed in these Notes, Edison International and SCE are involved in other legal, tax and regulatory proceedings before various courts and governmental agencies regarding matters arising in the ordinary course of business. Edison International and SCE believe the outcome of these other proceedings will not, individually or in the aggregate, materially affect its results of operations or liquidity.

San Onofre

SCE believes that the actions taken and costs incurred in connection with the San Onofre replacement steam generators and outages have been prudent. Accordingly, SCE has argued in related CPUC regulatory proceedings that its operating, capital, and market power costs should be recoverable through base rates and the ERRR balancing account (as reduced by the charges recorded in 2013 and 2014). SCE, however, cannot provide assurance that the CPUC will not disallow costs incurred or order refunds to customers of amounts collected in rates, or that SCE will be successful in recovering amounts from third parties. Disallowances of costs and/or refund of amounts received from customers could be material and adversely affect SCE's financial condition, results of operations and cash flows. In March 2014, SCE, in recognition of these risks, entered into a settlement agreement with San Diego Gas & Electric Company, ORA, TURN, FOE and CUE that, if approved by the CPUC, would resolve the disallowance and regulatory recovery issues in accordance with the terms of the agreement. SCE will pursue recoveries from the manufacturer of the replacement steam generators and under San Onofre's insurance, but there is no assurance that SCE will recover all of its applicable costs pursuant to these arrangements. See Note 9 for further details.

San Gabriel Valley Windstorm Investigation

In November 2011, a windstorm resulted in significant damage to SCE's electric system and service outages for SCE customers primarily in the San Gabriel Valley. The CPUC directed its Safety and Enforcement Division ("SED") to conduct an investigation focused on the cause of the outages, SCE's service restoration effort, and SCE's customer communications during the outages. The SED issued its final report on January 11, 2013. The report asserts that SCE and others with whom SCE shares utility poles violated certain CPUC safety rules applicable to overhead line construction, maintenance and operation, which may have caused the failures of affected poles and supporting cables. The report also concludes that SCE's restoration time was not adequate and makes other assertions. Additionally, the report contends that SCE violated CPUC rules by failing to preserve evidence relevant to the investigation when it did not retain damaged poles that were replaced following the windstorm. In February 2014, SCE entered into agreements with the SED to settle this matter and another, unrelated matter involving SCE's system that occurred in San Bernardino for approximately \$24.5 million. In March 2014, the CPUC opened an OII on the 2011 windstorm and the San Bernardino matter and SCE and the SED jointly filed a motion seeking approval of the settlement agreements in this OII. If the settlement agreements are not approved by the CPUC and SCE is found to have violated any CPUC rules, it could be subject to penalties. Absent approval of the two settlement agreements by the CPUC, SCE is unable to estimate a possible loss or range of loss that may be imposed by the CPUC on SCE.

Four Corners Environmental Matters

In October 2011, four private environmental organizations filed a CAA citizen lawsuit against the co-owners of Four Corners. The complaint alleges that certain work performed at the Four Corners generating units 4 and 5, over the approximate periods of 1985 – 1986 and 2007 – 2010, constituted plant "major modifications" and the plant's failure to obtain permits and install best available control technology ("BACT") violated the Prevention of Significant Deterioration requirements and the New Source Performance Standards of the CAA. The complaint also alleges subsequent and continuing violations of BACT air emissions limits. The lawsuit seeks injunctive and declaratory relief, civil penalties, including a mitigation project and litigation costs. In November 2012, the parties requested a stay of the litigation to allow for settlement discussion, and the matter is currently stayed. In December 2013, SCE sold its ownership interest in generating units 4 and 5 to APS. Under the sale agreement SCE remains responsible for its pro-rata share of certain environmental liabilities, including penalties in the event they arise from environmental violations prior to the sale. In addition, under the terms of the sale agreement, SCE retains the liability for its proportionate share of expenses occurring as a result of new environmental regulations applicable to the coal ash and combustion residuals deposited at the landfill at Four Corners during the period that SCE held its ownership interest in Four Corners if such new regulations are adopted. SCE is unable to estimate a possible loss or range of loss associated with these matters.

Environmental Remediation

SCE records its environmental remediation liabilities when site assessments and/or remedial actions are probable and a range of reasonably likely cleanup costs can be estimated. SCE reviews its sites and measures the liability quarterly, by assessing a range of reasonably likely costs for each identified site using currently available information, including existing technology, presently enacted laws and regulations, experience gained at similar sites, and the probable level of involvement and financial condition of other potentially responsible parties. These estimates include costs for site investigations, remediation, operation and maintenance, monitoring and site closure. Unless there is a single probable amount, SCE records the lower end of this reasonably likely range of costs (reflected in "Other long-term liabilities") at undiscounted amounts as timing of cash flows is uncertain.

At March 31, 2014, SCE's recorded estimated minimum liability to remediate its 19 identified material sites (sites in which the upper end of the range of the costs is at least \$1 million) was \$112 million, including \$73 million related to San Onofre. In addition to these sites, SCE also has 39 immaterial sites for which the total minimum recorded liability was \$4 million. Of the \$116 million total environmental remediation liability for SCE, \$112 million has been recorded as a regulatory asset. SCE expects to recover \$37 million through an incentive mechanism that allows SCE to recover 90% of its environmental remediation costs at certain sites (SCE may request to include additional sites) and \$74 million through a mechanism that allows SCE to recover 100% of the costs incurred at certain sites through customer rates. SCE's identified sites include several sites for which there is a lack of currently available information, including the nature and magnitude of contamination, and the extent, if any, that SCE may be held responsible for contributing to any costs incurred for remediating these sites. Thus, no reasonable estimate of cleanup costs can be made for these sites.

The ultimate costs to clean up SCE's identified sites may vary from its recorded liability due to numerous uncertainties inherent in the estimation process, such as: the extent and nature of contamination; the scarcity of reliable data for identified sites; the varying costs of alternative cleanup methods; developments resulting from investigatory studies; the possibility of identifying additional sites; and the time periods over which site remediation is expected to occur. SCE believes that, due to these uncertainties, it is reasonably possible that cleanup costs at the identified material sites and immaterial sites could exceed its recorded liability by up to \$161 million and \$7 million, respectively, all of which is related to SCE. The upper limit of this range of costs was estimated using assumptions least favorable to SCE among a range of reasonably possible outcomes.

SCE expects to clean up and mitigate its identified sites over a period of up to 30 years. Remediation costs for each of the next four years are expected to range from \$6 million to \$32 million. Costs incurred for the three months ended March 31, 2014 and 2013 were \$1 million and \$2 million, respectively.

Based upon the CPUC's regulatory treatment of environmental remediation costs incurred at SCE, SCE believes that costs ultimately recorded will not materially affect its results of operations, financial position or cash flows. There can be no assurance, however, that future developments, including additional information about existing sites or the identification of new sites, will not require material revisions to estimates.

Nuclear Insurance

Federal law limits public liability claims from a nuclear incident to the amount of available financial protection, which is currently approximately \$13.6 billion. SCE and other owners of San Onofre and Palo Verde have purchased the maximum private primary insurance available (\$375 million). The balance is covered by a loss sharing program among nuclear reactor licensees. If a nuclear incident at any licensed reactor in the United States results in claims and/or costs which exceed the primary insurance at that plant site, all nuclear reactor licensees could be required to contribute their share of the liability in the form of a deferred premium.

Based on its ownership interests, SCE could be required to pay a maximum of approximately \$255 million per nuclear incident. However, it would have to pay no more than approximately \$38 million per incident in any one year. If the public liability limit above is insufficient, federal law contemplates that additional funds may be appropriated by Congress. This could include an additional assessment on all licensed reactor operators as a measure for raising further federal revenue.

NEIL, a mutual insurance company owned by entities with nuclear facilities, issues primary property damage, decontamination and excess property damage and accidental outage insurance policies. At San Onofre and Palo Verde, property damage insurance covers losses up to \$500 million, including decontamination costs. Decontamination liability and excess property damage coverage exceeding the primary \$500 million also has been purchased in amounts greater than the federal requirement of a minimum of approximately \$1.06 billion. Property damage insurance also covers damages caused by acts of terrorism up to specified limits. Additional outage insurance covers part of replacement power expenses during an accident-related nuclear unit outage. The accidental outage insurance at San Onofre has been canceled as a result of the permanent retirement, but that insurance continues to be in effect at Palo Verde.

If losses at any nuclear facility covered by the arrangement were to exceed the accumulated funds for these insurance programs, SCE could be assessed retrospective premium adjustments of up to approximately \$52 million per year. Insurance premiums are charged to operating expense.

Wildfire Insurance

Severe wildfires in California have given rise to large damage claims against California utilities for fire-related losses alleged to be the result of the failure of electric and other utility equipment. Invoking a California Court of Appeal decision, plaintiffs pursuing these claims have relied on the doctrine of inverse condemnation, which can impose strict liability (including liability for a claimant's attorneys' fees) for property damage. Prolonged drought conditions in California have also increased the risk of severe wildfire events. On September 1, 2013, Edison International, renewed its liability insurance coverage, which included coverage for SCE's wildfire liabilities up to a \$500 million limit (with a self-insured retention of \$10 million per wildfire occurrence). Various coverage limitations within the policies that make up this insurance coverage could result in additional self-insured costs in the event of multiple wildfire occurrences during the policy period (September 1, 2013 to May 31, 2014). SCE also has additional coverage for certain wildfire liabilities of \$450 million, which applies when total covered wildfire claims exceed \$550 million, through May 31, 2014. SCE may experience coverage reductions and/or increased insurance costs in future years. No assurance can be given that future losses will not exceed the limits of SCE's insurance coverage.

Spent Nuclear Fuel

Under federal law, the Department of Energy ("DOE") is responsible for the selection and construction of a facility for the permanent disposal of spent nuclear fuel and high-level radioactive waste. The DOE did not meet its contractual obligation to begin acceptance of spent nuclear fuel by January 31, 1998. Extended delays by the DOE have led to the construction of costly alternatives and associated siting and environmental issues. Currently, both San Onofre and Palo Verde have interim storage for spent nuclear fuel on site sufficient for the current license period.

In June 2010, the United States Court of Federal Claims issued a decision granting SCE and the San Onofre co-owners damages of approximately \$142 million (SCE share \$112 million) to recover costs incurred through December 31, 2005 for the DOE's failure to meet its obligation to begin accepting spent nuclear fuel from San Onofre. SCE received payment from the federal government in the amount of the damage award in November 2011. SCE has returned to the San Onofre co-owners their respective shares of the damage award paid. In December 2013, the CPUC approved SCE's proposal to return the SCE share of the award to customers based on the amount that customers actually contributed for fuel storage costs, resulting in approximately \$94 million of the SCE share being returned to customers and the remaining \$18 million being returned to shareholders. SCE, as operating agent, filed a lawsuit on behalf of the San Onofre owners against the DOE in the Court of Federal Claims in December 2011 seeking damages of approximately \$98 million for the DOE's failure to meet its obligation to begin accepting spent nuclear fuel for the period from January 1, 2006 to December 31, 2010. Additional legal action would be necessary to recover damages incurred after December 31, 2010. All damages recovered by SCE are subject to CPUC review as to how these amounts would be distributed among customers, shareholders, or to offset fuel decommissioning or storage costs.

Note 13. Preferred and Preference Stock of Utility

During the first quarter of 2014, SCE issued 110,004 shares of 5.75% Series H preference stock (cumulative, \$2,500 liquidation value) to SCE Trust III, a special purpose entity formed to issue trust securities as discussed in Note 3. The Series H preference stock may be redeemed at par, in whole, but not in part, at any time prior to March 15, 2024 if certain changes in tax or investment company laws occur. After March 15, 2024, SCE may redeem the Series H shares at par, in whole or in part. After March 15, 2024, distributions will accrue and be payable at a floating rate. The shares are not subject to mandatory redemption. The proceeds from the sale of these shares are to be used to repay commercial paper borrowings and for general corporate purposes.

Note 14. Accumulated Other Comprehensive Loss

The changes in accumulated other comprehensive loss, net of tax consist of:

	Edison International		SCE	
	Months ended March 31,			
(in millions)	2014	2013	2014	2013
Beginning balance	\$ (13)	\$ (87)	\$ (11)	\$ (29)
Pension and PBOP – net loss:				
Other comprehensive loss before reclassifications	—	(2)	—	(4)
Reclassified from accumulated other comprehensive income ¹	2	2	1	1
Change	2	—	1	(3)
Ending Balance	\$ (11)	\$ (87)	\$ (10)	\$ (32)

¹ These items are included in the computation of net periodic pension and PBOP expense. See Note 8 for additional information.

Note 15. Interest and Other Income and Other Expenses

Interest and other income and other expenses are as follows:

(in millions)	Three months ended March 31,	
	2014	2013
SCE interest and other income:		
Equity allowance for funds used during construction	\$ 13	\$ 21
Increase in cash surrender value of life insurance policies	7	7
Interest income	2	2
Other	1	2
Total SCE interest and other income	23	32
Edison International Parent and Other other income	—	2
Total Edison International interest and other income	\$ 23	\$ 34
SCE other expenses:		
Civic, political and related activities and donations	\$ 5	\$ 5
Other	2	5
Total SCE other expenses	7	10
Edison International Parent and Other other expenses	1	1
Total Edison International other expenses	\$ 8	\$ 11

Note 16. Discontinued Operations***EME Chapter 11 Bankruptcy***

In December 2012, EME and certain of its wholly-owned subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

In February 2014, Edison International, EME and the Consenting Noteholders entered into a Settlement Agreement pursuant to which EME amended its Plan of Reorganization to incorporate the terms of the Settlement Agreement, including extinguishing all existing claims between EME and Edison International. The Amended Plan of Reorganization, including the Settlement Agreement, was approved by the Bankruptcy Court in March 2014 and was completed on April 1, 2014 with the sale of substantially all of EME's assets to NRG Energy, Inc. and the transactions called for in the Settlement Agreement.

Under the Amended Plan of Reorganization, EME emerged from bankruptcy free of liabilities but remained an indirect wholly-owned subsidiary of Edison International, which will continue to be consolidated with Edison International for income tax purposes. On April 1, 2014, all of the assets and liabilities of EME that were not otherwise discharged in the bankruptcy or transferred to NRG Energy were transferred to a newly formed trust or entity under the control of EME's existing creditors (the "Reorganization Trust"), except for (a) EME's income tax attributes, which are retained by the Edison International consolidated income tax group; (b) certain tax and pension related liabilities in the approximate amount of \$350 million, which have been assumed by Edison International and for substantially all of which Edison International had joint and several responsibility; and (c) EME's indirect interest in Capistrano Wind Partners and a small hydroelectric project.

Edison International has agreed to pay to the Reorganization Trust an amount equal to 50% of EME's federal and California income tax benefits, which were not previously paid to EME under a tax allocation agreement between Edison International and EME that expired on December 31, 2013 ("EME Tax Attributes") and which are estimated to be approximately \$1.191 billion, subject to an estimate updating procedure set forth in the Settlement Agreement that is expected to take up to approximately six months from April 1, 2014. On April 1, 2014, Edison International paid the Reorganization Trust \$225 million in cash and the balance will be paid in two installment payments to be made on September 30, 2015 and 2016, respectively. The amount of the two installment payments with interest of 5% per annum from April 1, 2014 will be fixed once the estimate of the EME Tax Attributes is completed but are currently estimated to be approximately \$199 million and \$210 million, respectively, including applicable interest. Assuming continuation of existing law and tax rates, Edison International also anticipates realization of the tax benefits over a period similar to the period for which it pays for them. Extension of bonus depreciation could defer realization of the benefits, and reduction of federal income tax rates could permanently reduce them. Pending the realization of the tax benefits, Edison International will finance the settlement from existing credit lines.

EME and the Reorganization Trust released Edison International and its subsidiaries, officers, directors, and representatives from all claims, except for those deriving from commercial arrangements between SCE and certain EME subsidiaries and for obligations arising under the Settlement Agreement. Edison International and its subsidiaries that directly and indirectly own EME provided a similar release to EME and the Reorganization Trust. Under the Amended Plan of Reorganization, Edison International and its subsidiaries are also the beneficiaries of orders of the Bankruptcy Court releasing them from claims of third parties in EME's bankruptcy proceeding. As required in the Settlement Agreement, the Reorganization Trust set aside \$50 million in escrow to secure its obligations to Edison International, including its obligation to protect against liabilities, if any, not discharged in the bankruptcy for which the Reorganization Trust remains responsible. Such escrowed amount will decline over time to zero on September 30, 2016.

The final estimate of EME Tax Attributes, which will fix Edison International's installment obligations to the Reorganization Trust, may differ materially from the current estimate. Subject to the final determination of the EME Tax Attributes under the Settlement Agreement, Edison International anticipates that consolidated tax benefits it will retain will exceed the sum of liabilities it will assume and payments to the Reorganization Trust by approximately \$200 million, and that the transactions contemplated by the Settlement Agreement, will result in its recording approximately \$152 million in income in the second quarter of 2014, which is net of amounts recorded through March 31, 2014. Edison International has recorded deferred income tax benefits from EME, less a valuation allowance for amounts that would no longer be available had there been a tax deconsolidation of EME in the bankruptcy of approximately \$198 million, and a \$150 million provision for loss related to Edison International claims that had been filed against EME in the bankruptcy. The net impact of these items has been approximately \$48 million through March 31, 2014 and recorded as part of discontinued operations.

As the transactions called for in the Settlement Agreement closed on April 1, 2014, it is accounted for as a subsequent event under GAAP and not reflected in the first quarter 2014 financial statements (referred to as a "Type II" subsequent event).

Note 17. Supplemental Cash Flows Information

Supplemental cash flows information for continuing operations is:

(in millions)	Edison International		SCE	
	Three months ended March 31,			
	2014	2013	2014	2013
Cash payments (receipts) for interest and taxes:				
Interest, net of amounts capitalized	\$ 157	\$ 167	\$ 149	\$ 159
Tax payments (refunds), net	—	6	3	(3)
Non-cash financing and investing activities:				
Dividends declared but not paid:				
Common stock	\$ 116	\$ 110	\$ 126	\$ —
Preferred and preference stock	4	7	4	7

SCE's accrued capital expenditures at March 31, 2014 and 2013 were \$438 million and \$507 million, respectively. Accrued capital expenditures will be included as an investing activity in the consolidated statements of cash flow in the period paid.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect Edison International's and SCE's current expectations and projections about future events based on Edison International's and SCE's knowledge of present facts and circumstances and assumptions about future events and include any statement that does not directly relate to a historical or current fact. Other information distributed by Edison International and SCE that is incorporated in this report, or that refers to or incorporates this report, may also contain forward-looking statements. In this report and elsewhere, the words "expects," "believes," "anticipates," "estimates," "projects," "intends," "plans," "probable," "may," "will," "could," "would," "should," and variations of such words and similar expressions, or discussions of strategy or of plans, are intended to identify forward-looking statements. Such statements necessarily involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Some of the risks, uncertainties and other important factors that could cause results to differ from those currently expected, or that otherwise could impact Edison International and SCE, include, but are not limited to the:

- ability of SCE to recover its costs in a timely manner from its customers through regulated rates, including regulatory assets related to San Onofre and undercollection of fuel and purchased power costs;
- decisions and other actions by the CPUC, the FERC, the NRC and other regulatory authorities and delays in regulatory actions;
- ability of Edison International or its subsidiaries to borrow funds and access the capital markets on reasonable terms;
- possible customer bypass or departure due to technological advancements, federal and state subsidies, or cumulative rate impacts that make self-generation or use of alternative energy sources economically viable;
- risks inherent in the construction of transmission and distribution infrastructure replacement and expansion projects, including those related to project site identification, public opposition, environmental mitigation, construction, permitting, power curtailment costs (payments due under power contracts in the event there is insufficient transmission to enable the acceptance of power delivery), and governmental approvals;
- risks associated with the operation of transmission and distribution assets and power generating facilities including: public safety issues, failure, availability, efficiency, and output of equipment and availability and cost of spare parts;
- risks associated with the retirement and decommissioning of nuclear generating facilities;
- physical security of SCE's critical assets and personnel and the cyber security of SCE's critical information technology systems for grid control, and business and customer data;
- cost and availability of electricity, including the ability to procure sufficient resources to meet expected customer needs in the event of power plant outages or significant counterparty defaults under power-purchase agreements;
- environmental laws and regulations, at both the state and federal levels, or changes in the application of those laws, that could require additional expenditures or otherwise affect the cost and manner of doing business;
- risk that the costs incurred in connection with San Onofre may not be recoverable from SCE's supplier or insurance coverage;
- changes in the fair value of investments and other assets;
- changes in interest rates and rates of inflation, including escalation rates, which may be adjusted by public utility regulators;
- governmental, statutory, regulatory or administrative changes or initiatives affecting the electricity industry, including the market structure rules applicable to each market and price mitigation strategies adopted by the California Independent System Operator, Regional Transmission Organizations, and adjoining regions;
- availability and creditworthiness of counterparties and the resulting effects on liquidity in the power and fuel markets and/or the ability of counterparties to pay amounts owed in excess of collateral provided in support of their obligations;
- cost and availability of labor, equipment and materials;

- ability to obtain sufficient insurance, including insurance relating to SCE's nuclear facilities and wildfire-related liability, and to recover the costs of such insurance or in the absence of insurance the ability to recover uninsured losses;
- effects of legal proceedings, changes in or interpretations of tax laws, rates or policies;
- potential for penalties or disallowances caused by non-compliance with applicable laws and regulations;
- cost and availability of fuel for generating facilities and related transportation to the extent not recovered through regulated rate cost escalation provisions or balancing accounts;
- extent of technological change in the generation, storage, transmission, distribution and use of electricity;
- cost and availability of emission credits or allowances for emission credits;
- risk that competing transmission systems will be built by merchant transmission providers in SCE's service area; and
- weather conditions and natural disasters.

Additional information about risks and uncertainties, including more detail about the factors described above, is contained throughout this MD&A and in Edison International's and SCE's combined 2013 Form 10-K, including the "Risk Factors" section in Part I, Item 1A. Readers are urged to read this entire report, including the information incorporated by reference, as well as the 2013 Form 10-K, and carefully consider the risks, uncertainties and other factors that affect Edison International's and SCE's businesses. Forward-looking statements speak only as of the date they are made and neither Edison International nor SCE are obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by Edison International and SCE with the SEC.

The MD&A for the three months ended March 31, 2014 discusses material changes in the consolidated financial condition, results of operations and other developments of Edison International and SCE since December 31, 2013, and as compared to the three months ended March 31, 2013. This discussion presumes that the reader has read or has access to Edison International's and SCE's MD&A for the calendar year 2013 (the "year-ended 2013 MD&A"), which was included in the 2013 Form 10-K.

Except when otherwise stated, references to each of Edison International, SCE, EMG, EME or Edison Capital mean each such company with its subsidiaries on a consolidated basis. References to "Edison International Parent and Other" mean Edison International Parent and its consolidated non-utility subsidiaries.

MANAGEMENT OVERVIEW

Highlights of Operating Results

Edison International is the parent holding company of SCE. SCE is an investor-owned public utility primarily engaged in the business of supplying and delivering electricity. Edison International is also the parent company of subsidiaries that are engaged in competitive businesses related to the generation or use of electricity. Such competitive business activities are currently not material to report as a separate business segment. References to Edison International refer to the consolidated group of Edison International and its subsidiaries. References to Edison International Parent and Other refer to Edison International Parent and its nonutility subsidiaries. Unless otherwise described, all of the information contained in this report relates to both filers.

(in millions)	Three months ended March 31,		Change
	2014	2013	
Net income (loss) attributable to Edison International			
Continuing operations			
SCE	\$ 208	\$ 256	\$ (48)
Edison International Parent and Other	(10)	3	(13)
Discontinued operations	(22)	12	(34)
Edison International	176	271	(95)
Less: Non-core items			
SCE	(96)	—	(96)
Edison International Parent and Other	—	7	(7)
Discontinued operations	(22)	12	(34)
Total non-core items	(118)	19	(137)
Core earnings (losses)			
SCE	304	256	48
Edison International Parent and Other	(10)	(4)	(6)
Edison International	\$ 294	\$ 252	\$ 42

Edison International's earnings are prepared in accordance with GAAP used in the United States. Management uses core earnings internally for financial planning and for analysis of performance. Core earnings (losses) are also used when communicating with investors and analysts regarding Edison International's earnings results to facilitate comparisons of the Company's performance from period to period. Core earnings (losses) are a non-GAAP financial measure and may not be comparable to those of other companies. Core earnings (losses) are defined as earnings attributable to Edison International shareholders less income or loss from discontinued operations and income or loss from significant discrete items that management does not consider representative of ongoing earnings, such as: exit activities, including sale of certain assets, and other activities that are no longer continuing; asset impairments and certain tax, regulatory or legal settlements or proceedings. On December 17, 2012, EME and certain of its wholly-owned subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Edison International considers EME to be an abandoned asset under GAAP, and, as a result, the operations of EME prior to December 17, 2012 are reflected as discontinued operations.

SCE's first quarter 2014 core earnings increased \$48 million primarily due to higher authorized revenue from rate base growth, lower operation and maintenance expenses resulting from workforce reductions, and income tax benefits, partially offset by lower earnings from its investment in San Onofre.

Edison International Parent and Other's first quarter 2014 core losses increased \$6 million primarily due to costs from new businesses, higher corporate expenses and higher income tax benefits recognized in the first quarter of 2013.

Consolidated non-core items for 2014 and 2013 for SCE and Edison International included:

- Impairment and other charges of \$231 million (\$96 million after tax) in the first quarter of 2014 related to the San Onofre Settlement Agreement. For further information, see "—San Onofre Issues."

- An income tax loss of \$22 million for the first quarter of 2014 compared to a benefit of \$12 million for the first quarter of 2013, respectively, from revised estimates of the tax impact of a tax deconsolidation of EME from Edison International. Edison International continues to consolidate EME for federal and certain combined state tax returns. Changes in the amount of tax attributes during the first quarter of 2014 and 2013 affected income taxes of discontinued operations. For further information, see "—EME Chapter 11 Bankruptcy."
- An income tax benefit of \$7 million from reduction in state income taxes related to the sale of Edison Capital's interest in Unit No. 2 of the Beaver Valley Power plant. The sale of Edison Capital's lease interest was completed in 2012, however, the final determination of state income taxes paid was not completed until the first quarter of 2013 which resulted in a change in the estimate of state income taxes due.

San Onofre Issues

As discussed in the 2013 Form 10-K, replacement steam generators were installed at San Onofre in 2010 and 2011. On January 31, 2012, a water leak suddenly occurred in one of the heat transfer tubes in San Onofre's Unit 3 steam generators. The Unit was safely taken off-line and subsequent inspections revealed excessive tube to tube wear. At the time, Unit 2 was off-line for a planned outage when areas of unexpected tube to support structure wear were found. Later, evidence of tube to tube wear in Unit 2 was also discovered. On June 6, 2013, SCE decided to permanently retire Units 2 and 3.

Entry Into Settlement Agreement with Certain OII Parties

In October 2012 the CPUC issued an Order Instituting Investigation ("OII") that consolidated all San Onofre issues in related CPUC regulatory proceedings to consider appropriate cost recovery for all San Onofre costs, including among other costs, the cost of the steam generator replacement project, substitute market power costs, capital expenditures, and operation and maintenance costs.

On March 27, 2014, SCE entered into a Settlement Agreement with The Utility Reform Network ("TURN"), the CPUC's Office of Ratepayer Advocates ("ORA") and SDG&E, which was later joined by the Coalition of California Utility Employees ("CUE") and Friends of the Earth ("FOE") (together, the "Settling Parties"). If implemented, the Settlement Agreement will constitute a complete and final resolution of the CPUC's OII and related proceedings regarding the Steam Generator Replacement Project ("SGRP") at San Onofre and the related outage and subsequent shutdown of San Onofre. The Settlement Agreement does not affect proceedings before the NRC or proceedings related to recoveries from third parties described below. Implementation of the Settlement Agreement is subject to the approval of the CPUC. The parties to the Settlement Agreement have agreed to exercise their best efforts to obtain CPUC approval. The Settlement Agreement is subject to termination by any of the Settling Parties if the CPUC has not approved it within six months of submission, but there can be no certainty of when or what the CPUC will actually decide. The following summary of the Settlement Agreement is qualified in its entirety by reference to the complete text of the Settlement Agreement, which is filed as an exhibit to this report.

Disallowances, Refunds and Rate Recoveries

If the Settlement Agreement is approved, SCE will not be allowed to recover in rates its capitalized costs for the SGRP as of February 1, 2012 or a return on such investment after such date. As of February 1, 2012, SCE's net book value in the SGRP was approximately \$597 million. Additionally, SCE will not be allowed to recover in rates approximately \$99 million of incremental inspection and repair costs incurred for the replacement steam generators ("RSGs") in 2012 that were in excess of CPUC-authorized operations and maintenance expense. These costs, net of invoices paid, were previously expensed in SCE's 2012 financial results, although they remain subject to recovery from the supplier of the RSGs. See "Third Party Recoveries" below. Neither will SCE be allowed to recover in rates provisionally authorized operations and maintenance expense in 2013 that exceeds amounts included in recorded operations and maintenance expense (including severance and incremental repair and inspection costs); such excess had not been recognized in 2013 earnings. Subject to the foregoing, SCE will be authorized to recover in rates its remaining investment in San Onofre, including base plant, materials and supplies, nuclear fuel inventory and contracts and construction work in progress ("CWIP"), generally over a ten-year period commencing February 1, 2012. Additionally, SCE will be authorized to recover in rates its provisionally authorized operations and maintenance expenses for 2012, recorded costs for the 2012 refueling outage of Unit 2, recorded operations and maintenance expenses for 2013, and recorded operations and maintenance expenses for 2014 subject to customary prudence review. Finally, SCE will also be authorized to recover in rates through its fuel and purchased power balancing account ("ERRA") all costs incurred to purchase electric power in the market related to the outage and shutdown of San

Onofre, and to recover by December 31, 2015 any San Onofre-related ERRAs undercollections. Estimated market power costs through June 6, 2013 (the date of San Onofre's retirement) were approximately \$680 million using the methodology followed in the OII. To the extent that amounts otherwise recoverable in rates under the Settlement Agreement are recovered from SCE's Decommissioning Trust as a decommissioning cost, the amounts otherwise recoverable in rates will be reduced with no impact on earnings.

The portion of SCE's San Onofre investment in base plant, CWIP and materials and supplies, which SCE is entitled to recover from February 1, 2012, will earn a return equal to the weighted average of SCE's authorized return on debt and 50% of its authorized return on preferred equity, pro-rated to the percentage of the investment that equals SCE's percentage of debt and preferred equity in its authorized capital structure. SCE will not earn a return on common equity on its amortizable San Onofre investment. Accordingly, SCE will be allowed to earn a rate of return of 2.95% in 2012, 2.62% for the period 2013–2014 and a rate that will float during the amortization period thereafter with changes in SCE's authorized return on debt and preferred equity. SCE's investment in nuclear fuel will earn a return equal to commercial paper rates that SCE pays from time to time. Under the Settlement Agreement, the unamortized portion of SCE's investment other than nuclear fuel may, at SCE's option, be excluded from SCE's capital structure for purposes of determining regulatory capital requirements. Had such exclusion applied as of March 31, 2014, SCE estimates that its common equity requirement would be reduced by more than \$300 million.

A 5% incentive is provided for SCE to realize savings for ratepayers by selling materials and supplies and nuclear fuel, as well as reducing its nuclear fuel investment by contract cancellations. This incentive allows SCE to retain 5% of sales proceeds and to recover 5% of the excess of cancelled contract obligations over cancellation costs. The balance of sale proceeds and cancellation benefits is credited to ratepayers.

Third-Party Recoveries

The Settlement Agreement also addresses how potential recoveries from third parties will be allocated between ratepayers and SCE.

As discussed in the 2013 Form 10-K, San Onofre carries accidental property damage and carried accidental outage insurance issued by Nuclear Electric Insurance Limited ("NEIL") and has placed NEIL on notice of claims under both policies. The NEIL policies have a number of exclusions and limitations that NEIL may assert reduce or eliminate coverage, and SCE may choose to challenge NEIL's application of any such exclusions and limitations. The estimated total claims under the accidental outage insurance through December 31, 2013 are approximately \$409 million (SCE's share of which is approximately \$320 million). Accidental outage policy benefits are reduced by 90% for the periods following announcement of the permanent retirement of the Units. The accidental outage insurance at San Onofre has been canceled prospectively as a result of the permanent retirement. SCE has not submitted a proof of loss under the accidental property damage insurance. It is possible that the NEIL Board of Directors will make a coverage determination by the end of the second quarter of 2014, but it may take longer. No amounts have been recognized in SCE's financial statements, pending NEIL's response.

Under the Settlement Agreement, recoveries from NEIL, if any, will first be applied on and after December 31, 2014 to reimburse costs incurred in pursuing such recoveries, including litigation costs. To the extent SCE's share of recoveries from NEIL exceed such costs, recoveries will be allocated 82.5% to ratepayers and 17.5% to SCE. SCE ratepayers' portion of amounts recovered from NEIL would be distributed to SCE ratepayers via a credit to SCE's ERRA account.

SCE is also pursuing claims against Mitsubishi Heavy Industries, Ltd. and related companies ("MHI"), which designed and supplied the RSGs. MHI warranted the RSGs for an initial period of 20 years from acceptance and is contractually obligated to repair or replace defective items with dispatch and to pay specified damages for certain repairs. MHI's liability under the purchase agreement is limited to \$138 million and excludes consequential damages, defined to include "the cost of replacement power"; however, limitations in the contract are subject to applicable exceptions both in the contract and under law. SCE has advised MHI that it believes one or more of such exceptions apply and MHI's liability is not limited to \$138 million, and MHI has advised SCE that it disagrees. In October 2013, after a prescribed 90-day waiting period from the service of an earlier notice of dispute, SCE sent MHI a formal request for binding arbitration under the auspices of the International Chamber of Commerce in accordance with the purchase contract seeking damages for all losses. In the request for arbitration, SCE alleges contract and tort claims and seeks at least \$4 billion in damages on behalf of itself and its ratepayers and in its capacity as Operating Agent for San Onofre. MHI has denied any liability and has asserted counterclaims for \$41 million, for which SCE has denied any liability. Each of the other co-owners filed lawsuits against MHI, alleging claims arising from MHI's supplying the faulty steam generators, which have been stayed pending the arbitration. SCE and MHI have agreed that the other co-owners (SDG&E and Riverside) may be added as additional claimants in the arbitration, with full party status.

SCE, on behalf of itself and the other San Onofre co-owners, has submitted seven invoices to MHI totaling \$149 million for steam generator repair costs incurred through April 30, 2013. MHI paid the first invoice of \$45 million, while reserving its right to challenge it and subsequently rejected a portion of the first invoice and has not paid further invoices, claiming further documentation is required, which SCE disputes. SCE recorded its share of the invoice paid (approximately \$35 million) as a reduction of repair and inspection costs in 2012.

Under the Settlement Agreement, recoveries from MHI (including amounts paid by MHI under the first invoice), if any, will first be applied on and after December 31, 2014 to reimburse costs incurred in pursuing such recoveries, including litigation costs. To the extent SCE's share of recoveries from MHI exceed such costs, they will be allocated between SCE and its ratepayers as follows:

- 85% to SCE and 15% to ratepayers for the first \$100 million;
- 66.67% to SCE and 33.33% to ratepayers for the next \$800 million; and
- 25% to SCE and 75% to ratepayers for any additional recoveries over \$900 million.

The first \$282 million of SCE's ratepayers' portion of such recoveries from MHI will be distributed to ratepayers via a credit to a sub-account of SCE's Base Revenue Requirement Balancing Account ("BRRBA"), thus reducing revenue requirements from ratepayers. Amounts in excess of the first \$282 million distributable to SCE ratepayers will reduce SCE's regulatory asset represented by the unamortized balance of investment in San Onofre base plant, thereby reducing the revenue requirement needed to amortize such investment. The amortization period, however, will be unaffected. Additional amounts, if any, will first reduce the unamortized balance of remaining investment to zero and then be applied to the BRRBA.

The Settlement Agreement provides the utilities with the discretion to resolve the NEIL and MHI disputes without CPUC approval or review, but the utilities are obligated to use their best efforts to inform the CPUC of any settlement or other resolution of these disputes to the extent this is possible without compromising any aspect of the resolution. There is no assurance that there will be any recoveries from NEIL or MHI or that if there are recoveries, that they will exceed the costs incurred to pursue them. Were there to be recoveries, SCE cannot speculate when they would be received.

Accounting and Financial Impact

As discussed in the 2013 Form 10-K, due to the decision to early retire San Onofre Units 2 and 3, GAAP required reclassification of the amounts recorded in property, plant and equipment and related tangible operating assets to a regulatory asset to the extent that management concluded it was probable of recovery through future rates. Regulatory assets may also be recorded to the extent management concludes it is probable that direct and indirect costs incurred to retire Units 2 and 3 as of each reporting date are recoverable through future rates. In accordance with these requirements and as a result of its decision to retire San Onofre Units 2 and 3, SCE reclassified \$1,521 million of its total investment in San Onofre at May 31, 2013 to a regulatory asset ("San Onofre Regulatory Asset") and recorded an impairment charge of \$575 million (\$365 million after tax) in the second quarter of 2013. As of December 31, 2013, SCE had recorded a net regulatory asset of approximately \$1.3 billion, comprised of \$1.56 billion of property, plant and equipment, less \$266 million for estimated refunds of authorized revenue recorded in excess of SCE's costs of service.

As a result of the execution of the Settlement Agreement by the Settling Parties, SCE has concluded that the outcome of the OII that is more likely than any other outcome is approval and implementation of the Settlement Agreement, although approval by the CPUC remains uncertain. As a result, in the first quarter of 2014, SCE recorded an additional pre-tax charge of approximately \$231 million (approximately \$96 million after-tax). See "Results of Operations—Utility Earnings Activities" below for more information. Including the amounts recorded during the first quarter of 2014 and the amounts previously recorded in 2013, the total impact of the San Onofre Settlement is estimated at \$806 million (approximately \$461 million after-tax). The total pre-tax charge is due to:

- the disallowance of the SGRP investment (\$542 million as of May 31, 2013);
- refund of revenue related to the SGRP previously recognized of \$159 million; and
- implementation of the other terms of the Settlement Agreement, including a refund of flow through tax benefits of \$71 million and a refund of the authorized return in excess of the return allowed for non-SGRP investments. The refund of flow through tax benefits increased the pre-tax loss from SCE's initial estimate of \$155 million. The refund was offset by recognition of tax benefits in an equal amount. The after-tax impact of the settlement was \$96 million.

At March 31, 2014, the San Onofre Regulatory Asset was \$1.37 billion and the San Onofre regulatory liability for refunds of revenue was approximately \$371 million. Assuming the Settlement Agreement is approved, SCE does not expect implementation of rate recoveries and rate refunds contemplated by the Settlement Agreement will have a material impact on future net income. Such amounts do not reflect any recoveries from third parties by SCE.

Rate Impacts

To the extent that SCE collects in rates amounts that are in excess of the amounts recoverable under the Settlement Agreement, such amounts will be credited to SCE's ERRA account, thereby reducing the undercollected balance that would otherwise be subject to rate recovery. SCE estimates that if the settlement had been implemented on March 31, 2014, the refund of revenue related to the SGRP, the refund of the difference between authorized and recorded operation and maintenance expenses for 2013 and the first quarter of 2014, the refund from the reduction of returns on the balance of its San Onofre investment and the other elements of the settlement would have resulted in a refund to ratepayers of approximately \$256 million. SCE's ERRA undercollection at March 31, 2014 was approximately \$1.48 billion. See "—ERRA Balancing Account" below for more information.

As a result of the disallowances, refunds and reduced returns contemplated by the Settlement Agreement, SCE ratepayers will also have a reduction from the current level of authorized revenue set forth in SCE's 2012 General Rate Case. Calculation of the reduction of revenue requirement over any meaningful period of time is subject to a number of estimates and assumptions which may prove to be inaccurate. Subject to such uncertainty, SCE estimates that the present value of the revenue requirement that will be collected in rates under the Settlement Agreement will be more than \$1 billion below the present value (using a 10% discount rate) of the revenue requirement that SCE had been seeking in the OII before the settlement.

Settlement Agreement Procedure

On April 3, 2014, the Settling Parties filed a motion in the OII requesting the CPUC to approve the Settlement Agreement without change, find the Settlement Agreement reasonable and expedite consideration of the Settlement Agreement in order to provide the benefits of it as soon as possible. The Settling Parties also urged the CPUC to stay further proceedings in the OII pending a determination on the Settlement Agreement and to withdraw the November 19, 2013 Proposed Decision on Phase 1 and Phase 1A issues in the OII. During the pendency of proceedings regarding the Settlement Agreement, the Settling Parties are further bound to support and mutually defend the Settlement Agreement in its entirety, oppose any modifications proposed by any non-settling party to the OII unless all Settling Parties agree, and cooperate reasonably on all submissions. The Settling Parties further agree to review any CPUC orders regarding the Settlement Agreement to determine if the CPUC has changed or modified it, deleted a term or imposed a new term. If any Settling Party is unwilling to accept any such change, modification, deletion or addition of a new term, then the Settling Parties will negotiate in good faith to seek a resolution acceptable to all Settling Parties. If they are unable to resolve the matter to the satisfaction of all Settling Parties or to obtain prompt CPUC approval of an agreed upon resolution, then any Settling Party can terminate the Settlement Agreement upon prompt notice.

Under CPUC rules, parties in the OII will have an opportunity to comment on the Settlement Agreement, and if there are objections raising factual issues, then the CPUC's review may include evidentiary proceedings. CPUC rules do not provide for any fixed time period for the CPUC to act on the Settlement Agreement. The CPUC has stated that it will hold an evidentiary hearing in mid-May 2014 and has directed the Settling Parties to hold a community meeting in June 2014 to present the settlement to the public. Pursuant to the CPUC's rules, no settlement becomes binding on the parties to it unless the CPUC approves the settlement based on a finding that it is reasonable in light of the whole record, consistent with law, and in the public interest. The CPUC has discretion to approve or disapprove a settlement, or to condition its approval on changes to the settlement, which the parties may accept or reject.

Accordingly, there can be no assurance regarding the timing of any CPUC decision or that the CPUC will approve the Settlement Agreement or refrain from making changes to it that are not acceptable to all the Settling Parties. Thus, there can be no assurance that the OII proceeding will provide for recoveries as currently estimated by SCE in accordance with the Settlement Agreement, including the recovery of costs recorded as a regulatory asset, or that the CPUC does not order refunds to customers above those contemplated by the Settlement Agreement. Therefore, the amount recorded for the San Onofre Regulatory Asset is subject to further change based upon future developments and the application of SCE's judgment to those events.

Continuing NRC Proceedings

As part of the NRC's review of the San Onofre outage and proceedings related to the possible restart of Unit 2, the NRC appointed an Augmented Inspection Team to review SCE's performance. In December 2013, the NRC finalized an Inspection Report in connection with The Augmented Inspection Team's review and SCE's response to an earlier NRC Confirmatory

Action Letter. The NRC's report contained a preliminary "white" finding (low to moderate safety significance) and an apparent violation regarding the steam generators in Unit 3 and a preliminary "green" finding (very low safety significance) for Unit 2's steam generators for failing to ensure that MHI's modeling and analysis were adequate. The NRC also issued an Inspection Report to MHI containing a Notice of Nonconformance for its flawed computer modeling in the design of San Onofre's steam generators. In addition, the NRC's Office of Investigations has been conducting an investigation into the accuracy and completeness of information SCE provided to the Augmented Inspection Team. SCE has also been made aware of an investigation related to San Onofre by the NRC's Office of Inspector General, which generally reviews internal NRC affairs. Certain anti-nuclear groups and individual members of Congress have alleged that SCE knew of deficiencies in the steam generators when they were installed or otherwise did not correctly follow NRC requirements in connection with the design and installation of the replacement steam generators, something which SCE has vigorously denied, and have called for investigations, including by the Department of Justice. SCE cannot predict when or whether ongoing inquiries or investigations by the NRC will be completed or whether inquiries by other government agencies will be initiated. Should the NRC find a deficiency in SCE's provision of information, SCE could be subject to additional NRC actions, including the imposition of penalties, and the findings could be taken into consideration in the CPUC regulatory proceedings described above.

Decommissioning

As discussed in the 2013 Form 10-K, the decommissioning of a nuclear plant requires the management of three related activities: radiological decommissioning, non-radiological decommissioning and the management of spent nuclear fuel. The decommissioning process may take many years as is expected at San Onofre.

SCE has nuclear decommissioning trust funds for San Onofre Units 2 and 3 of \$3.3 billion as of March 31, 2014, which is comprised of annual contributions made through rates and earnings on the trust funds' balances. Other than the use of funds for the planning of radiological decommissioning (up to a maximum of 3% of a generic formula amount under NRC regulations, or \$31 million), the CPUC must issue an order granting prior approval for withdrawal of decommissioning trust funds to be used for radiological decommissioning, non-radiological decommissioning and spent fuel management. The CPUC's authority to authorize the use of trust funds for decommissioning activities is provided by the Nuclear Facility Decommissioning Act of 1985. SCE has filed a request with the CPUC to authorize early release of trust funds for costs up to a specified cost cap of \$214 million to cover SCE's share of 2013 decommissioning costs. The request also seeks CPUC approval for a process by which SCE will be able to seek the release of trust funds to cover decommissioning costs incurred in 2014 and future periods until the CPUC approves a permanent San Onofre decommissioning plan and cost recovery mechanism.

ERRA Balancing Account

Rates related to fuel and purchased power are set annually based on a forecast of the costs SCE expects to incur in the following year. Actual fuel and power costs that are either greater or less than the forecast are tracked in the ERRA balancing account and collected from or refunded to customers in subsequent periods depending upon whether the balancing account is under collected or over collected. Until November 2013, SCE continued to recover in rates amounts that had been authorized in the 2012 ERRA proceeding and which were significantly below the costs actually incurred, resulting in a significant undercollection in the balancing account. In October 2013, the CPUC issued a decision on SCE's 2013 ERRA forecast that approved a portion of SCE's 2013 ERRA forecast and allowed SCE to increase rates by approximately \$160 million. Under this decision, SCE was required to defer collection of its San Onofre-related replacement power costs that exceeded those estimated in the 2013 ERRA forecast filing pending the review of such costs in the San Onofre OII proceeding.

In March 2014, the CPUC issued a proposed decision in the 2014 ERRA forecast proceeding that adopted SCE's requested increase of \$1.12 billion and deferred collection of \$467 million of San Onofre-related replacement power costs incurred through 2013 until resolution of such costs in the San Onofre OII proceeding consistent with the CPUC decision in the 2013 ERRA forecast proceeding. SCE anticipates a final decision in the 2014 ERRA forecast proceeding in the second quarter of 2014 and expects to implement the decision before the end of the second quarter of 2014.

As of March 31, 2014, SCE's fuel and power procurement-related costs were under-collected by \$1.48 billion compared to \$1 billion at December 31, 2013. Fuel and power procurement costs during 2014 are currently forecasted to exceed the amounts requested in the 2014 ERRA proceeding primarily due to higher natural gas and power prices. Actual natural gas and power costs may vary from the forecast.

The ERRA undercollection balance is expected to begin decreasing assuming:

- approval of a rate increase from the 2014 ERRA forecast proceeding consistent with the proposed decision discussed above;
- approval of the application of refunds provided for in the San Onofre Settlement Agreement, including refunds related to the SGRP and authorized revenue in excess of SCE cost of service during 2013 and 2014 as discussed above under the heading “—San Onofre Issues;” and
- approval of SCE’s request to classify the majority of costs incurred at San Onofre since June 7, 2013 as decommissioning costs and reimbursement from SCE’s nuclear decommissioning trust.

These decreases may be partially offset by higher than forecasted natural gas and power prices. SCE may finance unrecovered power procurement-related costs with commercial paper or other borrowing, subject to availability in the capital markets. Delays in approval of rate increases to recover undercollection of fuel and purchase power costs would adversely impact SCE’s liquidity.

2015 General Rate Case

As discussed in the year-ended 2013 MD&A, in November 2013, SCE filed its 2015 GRC application requesting a 2015 base rate revenue requirement of \$6.462 billion, which was subsequently reduced in April 2014 to \$5.860 billion to remove costs related to Four Corners and San Onofre, as directed by the ALJs assigned to the case. SCE’s revised request would be a \$227 million increase over currently authorized base rate revenue. The application also proposed post-test year increases in 2016 and 2017 of \$321 million and \$330 million, respectively. The ALJs have set a schedule for hearings that does not set a date for the issuance of a final 2015 GRC decision. SCE cannot predict the revenue requirement the CPUC will ultimately authorize or when a final decision will be adopted.

Capital Program

During the first three months of 2014, SCE’s capital program continued to emphasize projects for maintaining reliability and expanding the capability of SCE’s transmission and distribution system; upgrading and constructing new transmission lines and substations for system reliability and increased access to renewable energy; and maintaining performance of SCE’s natural gas, and hydro-electric generating plants. Total capital expenditures (including accruals) were \$684 million and \$814 million for the first quarter of 2014 and 2013, respectively.

SCE continues to project that 2014 capital expenditures will be in the range of \$3.6 billion to \$4.1 billion. SCE forecasts capital expenditures in the range of \$15.1 billion to \$17.2 billion for 2014 – 2017. Actual capital spending will be affected by: changes in regulatory, environmental and engineering design requirements; permitting and project delays; cost and availability of labor, equipment and materials; and other factors.

EME Chapter 11 Bankruptcy

As discussed in the 2013 Form 10-K, in December 2012, EME and certain of its wholly-owned subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

In February 2014, Edison International, EME and the Consenting Noteholders entered into a Settlement Agreement pursuant to which EME amended its Plan of Reorganization to incorporate the terms of the Settlement Agreement, including extinguishing all existing claims between EME and Edison International. The Amended Plan of Reorganization, including the Settlement Agreement, was approved by the Bankruptcy Court in March 2014 and was completed on April 1, 2014 with the sale of substantially all of EME’s assets to NRG Energy, Inc. and the transactions called for in the Settlement Agreement.

Under the Amended Plan of Reorganization, EME emerged from bankruptcy free of liabilities but remained an indirect wholly-owned subsidiary of Edison International, which will continue to be consolidated with Edison International for income tax purposes. On April 1, 2014, all of the assets and liabilities of EME that were not otherwise discharged in the bankruptcy or transferred to NRG Energy were transferred to a newly formed trust or entity under the control of EME’s existing creditors (the “Reorganization Trust”), except for (a) EME’s income tax attributes, which are retained by the Edison International consolidated income tax group; (b) certain tax and pension related liabilities in the approximate amount of \$350 million, which have been assumed by Edison International and for substantially all of which Edison International had joint and several responsibility; and (c) EME’s indirect interest in Capistrano Wind Partners and a small hydroelectric project.

On April 1, 2014, Edison International paid the Reorganization Trust \$225 million in cash. The balance will be paid in two installment payments to be made on September 30, 2015 and 2016, respectively. The amount of the two installment payments with interest of 5% per annum from April 1, 2014 will be fixed once the estimate of the EME tax attributes is completed but are currently estimated to be approximately \$199 million and \$210 million, respectively, including applicable interest. Assuming continuation of existing law and tax rates, Edison International also anticipates realization of the tax benefits over a period similar to the period for which it pays for them. Extension of bonus depreciation could defer realization of the benefits, and reduction of federal income tax rates could permanently reduce them. Pending the realization of the tax benefits, Edison International will finance the settlement from existing credit lines. See "Notes to Consolidated Financial Statements—Note 16. Discontinued Operations" for additional information related to these bankruptcy proceedings.

RESULTS OF OPERATIONS

Southern California Edison Company

SCE's results of operations are derived mainly through two sources:

- Utility earning activities – representing revenue authorized by the CPUC and FERC which is intended to provide SCE a reasonable opportunity to recover its costs and earn a return on its net investment in generation, transmission and distribution assets. The annual revenue requirements are comprised of authorized operation and maintenance costs, depreciation, taxes and a return consistent with the capital structure. Also, included in utility earnings activities are revenue or penalties related to incentive mechanisms, other operating revenue, and regulatory charges or disallowances, if any.
- Utility cost-recovery activities – representing CPUC- and FERC-authorized balancing accounts which allow for recovery of specific project or program costs, subject to reasonableness review or compliance with upfront standards. Utility cost-recovery activities include rates which provide recovery, subject to reasonableness review of, among other things, fuel costs, purchased power costs, public purpose related-program costs (including energy efficiency and demand-side management programs), certain operation and maintenance expenses and nuclear decommissioning expenses.

The following table is a summary of SCE's results of operations for the periods indicated. The presentation below separately identifies utility earning activities and utility cost-recovery activities.

(in millions)	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Utility Earning Activities	Utility Cost- Recovery Activities	Total Consolidated	Utility Earning Activities	Utility Cost- Recovery Activities	Total Consolidated
Operating revenue	\$ 1,550	\$ 1,374	2,924	\$ 1,550	\$ 1,079	2,629
Fuel and purchased power	—	1,143	1,143	—	853	853
Operation and maintenance	482	231	713	559	226	785
Depreciation, decommissioning and amortization	410	—	410	414	—	414
Property and other taxes	85	—	85	79	—	79
Impairment and other charges	231	—	231	—	—	—
Total operating expenses	1,208	1,374	2,582	1,052	1,079	2,131
Operating income	342	—	342	498	—	498
Interest income and other	16	—	16	22	—	22
Interest expense	(136)	—	(136)	(125)	—	(125)
Income before income taxes	222	—	222	395	—	395
Income tax expense (benefit)	(12)	—	(12)	112	—	112
Net income	234	—	234	283	—	283
Preferred and preference stock dividend requirements	26	—	26	27	—	27
Net income available for common stock	\$ 208	\$ —	\$ 208	\$ 256	\$ —	\$ 256
Core earnings ¹			\$ 304			\$ 256
Non-core earnings			(96)			—
Total SCE GAAP earnings			\$ 208			\$ 256

¹ See use of non-GAAP financial measures in "Management Overview—Highlights of Operating Results."

Utility Earning Activities

- Operating revenue was primarily affected by the following:
 - An increase in CPUC-related revenue of \$55 million primarily related to the increase in authorized revenue to support rate base growth partially offset by lower revenue in 2014 due to the sale of SCE's ownership interest in the Four Corners Generating Station in December 2013.
 - An increase in FERC-related revenue of \$30 million primarily related to rate base growth and higher operating costs.
 - A decrease in San Onofre-related estimated revenue of \$82 million, as discussed below.
- Lower operation and maintenance expense of \$77 million primarily due to a decrease in San Onofre-related expense of \$43 million, as discussed below, and lower expense in 2014 due to the sale of Four Corners in December 2013. In addition, in the first quarter of 2013, SCE recorded \$16 million of severance costs due to the reductions in workforce (excluding San Onofre) that commenced in 2012.
- Higher depreciation, decommissioning and amortization expense of \$4 million primarily due to a decrease in San Onofre-related expense of \$35 million, as discussed below, and a \$31 million increase in depreciation related to transmission and distribution investments, including capitalized software costs.
- Lower interest income and other of \$6 million primarily due to lower AFUDC equity related to lower rates and construction work in progress balances in 2014, including SCE no longer accruing AFUDC on construction work in progress balances for San Onofre, pending the outcome of the San Onofre OII.
- Higher interest expense of \$11 million primarily due to higher balances on long-term debt to support rate base growth and lower AFUDC debt due to lower rates and construction work in progress balances in 2014.
- Lower income taxes of \$124 million primarily due to lower pre-tax income and income tax benefits from the San Onofre Settlement Agreement, as discussed below. See "—Income Taxes" below for more information.

On June 6, 2013, SCE decided to permanently retire San Onofre Units 2 and 3. On March 27, 2014, SCE entered into a Settlement Agreement to resolve CPUC regulatory issues associated with San Onofre and the failure of its replacement steam generators. See "Management Overview—San Onofre Issues" above for more information. The following table summarizes the results of operations attributable to the San Onofre plant for the first quarter of 2014 and 2013:

(in millions)	Three months ended March 31,	
	2014	2013
Revenue	\$ 31	\$ 113
Operating expenses		
Operation and maintenance	26	69
Depreciation and amortization	—	35
Property and other taxes	5	6
Impairment and other charges	231	—
AFUDC	—	(3)
Total operating expenses	262	107
Income (loss) before taxes	\$ (231)	\$ 6

Utility Cost-Recovery Activities

Utility cost-recovery activities were primarily affected by the following:

- Higher fuel and purchased power expense of \$290 million was primarily driven by higher power and gas prices experienced in 2014 relative to 2013, and higher realized losses on economic hedging activities, partially offset by lower fuel expense in 2014 due to the sale of Four Corners in December 2013.

Supplemental Operating Revenue Information

SCE's retail billed and unbilled revenue (excluding wholesale sales and balancing account overcollections/undercollections) was \$2.3 billion for the three months ended March 31, 2014 and 2013, respectively. Retail billed and unbilled revenue reflects a slight sales volume decrease, primarily due to lower load requirements due to warmer weather experienced in the first quarter of 2014 compared to the same period last year.

As a result of the CPUC-authorized decoupling mechanism, SCE earnings are not affected by changes in retail electricity sales (see "Item 1. Business—Overview of Ratemaking Process" in the 2013 Form 10-K).

Income Taxes

SCE's income tax provision decreased by \$124 million during the first quarter of 2014 compared to same period in 2013. The effective tax rates were (5.4)% and 28.4% for three months ended March 31, 2014 and 2013, respectively. The effective tax rate decrease in 2014 was primarily due to lower pre-tax income and income tax benefits from the San Onofre Settlement Agreement. See "Management Overview—San Onofre Issues" above and "Item 1. Notes to Consolidated Financial Statements—Note 7. Income Taxes" for more information.

The CPUC requires flow-through ratemaking treatment for the current tax benefit arising from certain property-related and other temporary differences, which reverse over time. The accounting treatment for these temporary differences results in recording regulatory assets and liabilities for amounts that would otherwise be recorded to deferred income tax expense.

See "Item 1. Notes to Consolidated Financial Statements—Note 7. Income Taxes" for a reconciliation of the federal statutory rate of 35% to the effective income tax rates.

Edison International Parent and Other

Results of operations for Edison International Parent and Other include amounts from other Edison International subsidiaries that are not significant as a reportable segment, as well as intercompany eliminations.

Income (Loss) from Discontinued Operations (Net of Tax)

Loss from discontinued operations, net of tax, was \$22 million for the first quarter of 2014 compared to income of \$12 million for the respective period in 2013. The 2014 loss and 2013 income from discontinued operations resulted from revised estimates of the tax impact of expected future deconsolidation and separation of EME from Edison International (see "Notes to Consolidated Financial Statements—Note 16. Discontinued Operations" for further information).

LIQUIDITY AND CAPITAL RESOURCES

Southern California Edison Company

SCE's ability to operate its business, fund capital expenditures, and implement its business strategy is dependent upon its cash flow and access to the capital markets. SCE's overall cash flows fluctuate based on, among other things, its ability to recover its costs in a timely manner from its customers through regulated rates, changes in commodity prices and volumes, collateral requirements, interest obligations and dividend payments to Edison International, and the outcome of tax and regulatory matters.

SCE expects to fund its 2014 obligations, capital expenditures and dividends through operating cash flows, and capital market financings of debt and preferred equity, as needed. SCE also has availability under its credit facilities to fund requirements.

Available Liquidity

At March 31, 2014, SCE had a \$2.75 billion multi-year revolving credit facility, for further details see "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements."

SCE's cash flows are affected by regulatory balancing accounts overcollections or undercollections. As of March 31, 2014 and December 31, 2013, SCE had net regulatory balancing account overcollections of \$62 million and \$554 million, respectively. The change was primarily due to higher undercollections related to fuel and procurement-related costs. See "Management Overview—ERRA Balancing Account" for further information. SCE may finance unrecovered power procurement-related costs as well as other balancing account undercollections and working capital requirements to support operations and capital expenditures with commercial paper or other borrowings, subject to availability in the capital markets.

Debt Covenant

The debt covenant in SCE's credit facility limits its debt to total capitalization ratio to less than or equal to 0.65 to 1. At March 31, 2014, SCE's debt to total capitalization ratio was 0.46 to 1.

Dividend Restrictions

The CPUC regulates SCE's capital structure which limits the dividends it may pay Edison International. SCE may make distributions to Edison International as long as the common equity component of SCE's capital structure remains at or above 48% on a 13-month weighted average basis. At March 31, 2014, SCE's 13-month weighted-average common equity component of total capitalization was 48.9% and the maximum additional dividend that SCE could pay to Edison International under this limitation was approximately \$192 million, resulting in a restriction on net assets of approximately \$12.29 billion.

In February 2014, SCE declared a dividend to Edison International of \$126 million which will be paid in the second quarter of 2014. Future dividend amounts and timing of distributions are dependent upon several factors including the level of capital expenditures, operating cash flows and earnings.

Margin and Collateral Deposits

Certain derivative instruments, power procurement contracts and other contractual arrangements contain collateral requirements. Future collateral requirements may differ from the requirements at March 31, 2014, due to the addition of incremental power and energy procurement contracts with collateral requirements, if any, and the impact of changes in wholesale power and natural gas prices on SCE's contractual obligations.

Some of the power procurement contracts contain provisions that require SCE to maintain an investment grade credit rating from the major credit rating agencies. If SCE's credit rating were to fall below investment grade, SCE may be required to pay the liability or post additional collateral.

The table below provides the amount of collateral posted by SCE to its counterparties as well as the potential collateral that would be required as of March 31, 2014.

(in millions)

Collateral posted as of March 31, 2014 ¹	\$	156
Incremental collateral requirements for power procurement contracts resulting from a potential downgrade of SCE's credit rating to below investment grade		66
Posted and potential collateral requirements ²	\$	222

¹ Collateral provided to counterparties and other brokers consisted of \$6 million of cash which was offset against net derivative liabilities on the consolidated balance sheets, \$7 million of cash reflected in "Other current assets" on the consolidated balance sheets and \$143 million in letters of credit and surety bonds.

² SCE does not project a material increase in the total posted and potential collateral requirements based on SCE's forward positions as of March 31, 2014 due to adverse market price movements over the remaining lives of the existing power procurement contracts using a 95% confidence level.

Edison International Parent and Other

Edison International Parent and Other's liquidity and its ability to pay operating expenses and dividends to common shareholders is dependent on dividends from SCE and access to bank and capital markets.

At March 31, 2014, Edison International Parent had a \$1.25 billion multi-year revolving credit facility, for further details, see "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements." Edison International may finance working capital requirements to support operations and capital expenditures with commercial paper or other borrowings, subject to availability in capital markets.

The debt covenant in Edison International Parent's credit facility requires a consolidated debt to total capitalization ratio of less than or equal to 0.65 to 1. At March 31, 2014, Edison International Parent's consolidated debt to total capitalization ratio was 0.48 to 1.

Historical Cash Flows

Southern California Edison Company

(in millions)	Three months ended March 31,	
	2014	2013
Net cash provided by operating activities	\$ 521	\$ 561
Net cash provided by financing activities	445	430
Net cash used by investing activities	(974)	(1,009)
Net decrease in cash and cash equivalents	\$ (8)	\$ (18)

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased \$40 million during the first quarter of 2014 compared to the same period in 2013 primarily due to the following:

- \$330 million decrease in balancing accounts primarily composed of:
 - \$240 million decrease resulting from higher ERRA balancing account undercollections for fuel and power procurement-related costs in 2014 compared to 2013. The change in the ERRA balancing account decreased operating cash flows by \$472 million in 2014 compared to a decrease in operating cash flows of \$232 million in 2013.
 - \$90 million decrease primarily due to increased spending and lower funding of public purpose and energy efficiency programs.
- higher cash inflow of \$90 million due to cash collected in excess of cost of service for San Onofre.
- higher cash inflow of \$55 million due to the increase in pre-tax income, before depreciation and impairment and other charges, primarily driven by the increase in authorized revenue.
- timing of cash receipts and disbursements related to working capital items, including a decrease in customer accounts receivable of approximately \$115 million due to lower kWh sales. In addition, SCE had workforce reduction severance costs paid of \$10 million and \$61 million during the first quarters of 2014 and 2013, respectively.

Net Cash Provided by Financing Activities

The following table summarizes cash provided (used) by financing activities for the three months ended March 31, 2014 and 2013. Issuances of debt and preference stock are discussed in "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements—Long-Term Debt" and "—Note 13. Preferred and Preference Stock."

(in millions)	Three months ended March 31,	
	2014	2013
Issuances of first and refunding mortgage bonds, net	\$ —	\$ 394
Short-term debt financing, net	229	229
Issuances of preference stock, net	270	387
Payments of common stock dividends to Edison International	—	(120)
Redemptions of preference stock	—	(400)
Payments of preferred and preference stock dividends	(30)	(30)
Other	(24)	(30)
Net cash provided by financing activities	\$ 445	\$ 430

At March 31, 2014, SCE had declared dividends of \$126 million to Edison International which will be paid in the second quarter of 2014.

Net Cash Used by Investing Activities

Cash flows from investing activities are primarily due to capital expenditures and funding of nuclear decommissioning trusts. Capital expenditures were \$939 million and \$979 million for the three months ended March 31, 2014 and 2013, respectively, primarily related to transmission, distribution and generation investments. Net purchases of nuclear decommissioning trust investments and other was \$34 million and \$31 million for the three months ended March 31, 2014 and 2013, respectively.

Edison International Parent and Other

The table below sets forth condensed historical cash flow from operations for Edison International Parent and Other.

(in millions)	Three months ended March 31,	
	2014	2013
Net cash used by operating activities	\$ (23)	\$ (55)
Net cash provided by financing activities	35	23
Net cash used by investing activities	(1)	(5)
Net increase (decrease) in cash and cash equivalents	\$ 11	\$ (37)

Net Cash Used by Continuing Activities

Net cash used by operating activities increased \$32 million for the first quarter of 2014 compared to 2013 due to the timing of payments and receipts relating to interest, operating costs and income taxes.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the first quarter of 2014 were as follows:

- Paid \$116 million of dividends to Edison International common shareholders; and
- Borrowed \$172 million of short-term debt (net) to fund interim working capital requirements.

Net cash provided by financing activities for the first quarter of 2013 were as follows:

- Paid \$110 million of dividends to Edison International common shareholders;
- Received \$120 million of dividend payments from SCE; and
- Borrowed \$16 million under Edison International Parent's line of credit to fund interim working capital requirements.

Contingencies

Edison International has a contingency related to the EME Chapter 11 Bankruptcy and SCE has contingencies related to San Onofre, San Gabriel Valley Windstorm Investigation, Four Corners Environmental Matters, Nuclear Insurance, Wildfire Insurance and Spent Nuclear Fuel which are discussed in "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies."

Environmental Remediation

As of March 31, 2014, SCE had identified 19 material sites for remediation and recorded an estimated minimum liability of \$112 million. SCE expects to recover 90% of its remediation costs at certain sites. See "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies" for further discussion.

MARKET RISK EXPOSURES

Edison International and SCE's primary market risks include fluctuations in interest rates, commodity prices and volumes, and counterparty credit. Fluctuations in interest rates can affect earnings and cash flows. Fluctuations in commodity prices and volumes and counterparty credit losses may temporarily affect cash flows, but are not expected to affect earnings due to expected recovery through regulatory mechanisms. Derivative instruments are used, as appropriate, to manage market risks including market risks of SCE's customers. For a further discussion of market risk exposures, including commodity price risk, credit risk and interest rate risk, see "Notes to Consolidated Financial Statements—Note 6. Derivative Instruments" and "—Note 4. Fair Value Measurements."

Commodity Price Risk

The fair value of outstanding derivative instruments used to mitigate exposure to commodity price risk was a net liability of \$776 million and \$821 million at March 31, 2014 and December 31, 2013 respectively. For further discussion of fair value measurements and the fair value hierarchy, see "Notes to Consolidated Financial Statements—Note 4. Fair Value Measurements."

Credit Risk

Credit risk exposure from counterparties for power and gas trading activities is measured as the sum of net accounts receivable (accounts receivable less accounts payable) and the current fair value of net derivative assets (derivative assets less derivative liabilities) reflected on the consolidated balance sheets. SCE enters into master agreements which typically provide for a right of setoff. Accordingly, SCE's credit risk exposure from counterparties is based on a net exposure under these arrangements. SCE manages the credit risk on the portfolio for both rated and non-rated counterparties based on credit ratings using published ratings of counterparties and other publicly disclosed information, such as financial statements, regulatory filings, and press releases, to guide it in the process of setting credit levels, risk limits and contractual arrangements, including master netting agreements.

As of March 31, 2014, the amount of balance sheet exposure as described above broken down by the credit ratings of SCE's counterparties, was as follows:

(in millions)	March 31, 2014		
	Exposure ²	Collateral	Net Exposure
S&P Credit Rating ¹			
A or higher	\$ 352	\$ —	\$ 352
Not rated ³	—	—	—
Total	\$ 352	\$ —	\$ 352

¹ SCE assigns a credit rating based on the lower of a counterparty's S&P or Moody's rating. For ease of reference, the above table uses the S&P classifications to summarize risk, but reflects the lower of the two credit ratings.

² Exposure excludes amounts related to contracts classified as normal purchases and sales and non-derivative contractual commitments that are not recorded on the consolidated balance sheets, except for any related net accounts receivable.

³ The exposure in this category relates to long-term power purchase agreements. SCE's exposure is mitigated by regulatory treatment.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

For a complete discussion on Edison International's and SCE's critical accounting policies, see "Critical Accounting Estimates and Policies" in the year-ended 2013 MD&A.

NEW ACCOUNTING GUIDANCE

New accounting guidance is discussed in "Notes to Consolidated Financial Statements—Note 1. Summary of Significant Accounting Policies—New Accounting Guidance."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information responding to Item 3 is included in the MD&A under the heading "Market Risk Exposures" and is incorporated herein by reference.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The management of Edison International and SCE, under the supervision and with the participation of Edison International's Chief Executive Officer and Chief Financial Officer and SCE's President and Chief Financial Officer, have evaluated the effectiveness of Edison International's and SCE's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended), respectively, as of the end of the first quarter of 2014. Based on that evaluation, Edison International's Chief Executive Officer and Chief Financial Officer and SCE's President and Chief Financial Officer have each concluded that, as of the end of the period, Edison International's and SCE's disclosure controls and procedures, respectively, were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in Edison International's or SCE's internal control over financial reporting, respectively, during the first quarter of 2014 that have materially affected, or are reasonably likely to materially affect, Edison International's or SCE's internal control over financial reporting.

Jointly Owned Utility Plant

Edison International's and SCE's respective scope of evaluation of internal control over financial reporting includes their Jointly Owned Utility Projects as discussed in Note 2. Property, Plant and Equipment in the 2013 Form 10-K.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

EME Chapter 11 Bankruptcy

In February 2014, Edison International, EME and the Consenting Noteholders entered into a Settlement Agreement pursuant to which EME amended its Plan of Reorganization to incorporate the terms of the Settlement Agreement, including extinguishing all existing claims between EME and Edison International. The Amended Plan of Reorganization, including the Settlement Agreement, was approved by the Bankruptcy Court in March 2014 and was completed on April 1, 2014 with the sale of substantially all of EME's assets to NRG Energy, Inc. and the transactions called for in the Settlement Agreement.

For more information, see "Management Overview—EME Chapter 11 Bankruptcy" in the MD&A and "Notes to Consolidated Financial Statements—Note 16. Discontinued Operations."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by Edison International and Affiliated Purchasers

The following table contains information about all purchases of Edison International Common Stock made by or on behalf of Edison International in the first quarter of 2014.

Period	(a) Total Number of Shares (or Units) Purchased ¹	(b) Average Price Paid per Share (or Unit) ¹	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2014 to January 31, 2014	604,589	\$ 46.01	—	—
February 1, 2014 to February 28, 2014	923,047	50.80	—	—
March 1, 2014 to March 31, 2014	1,439,663	54.29	—	—
Total	2,967,299	51.52	—	—

¹ The shares were purchased by agents acting on Edison International's behalf for delivery to plan participants to fulfill requirements in connection with Edison International's: (i) 401(k) Savings Plan; (ii) Dividend Reinvestment and Direct Stock Purchase Plan; and (iii) long-term incentive compensation plans. The shares were purchased in open-market transactions pursuant to plan terms or participant elections. The shares were never registered in Edison International's name and none of the shares purchased were retired as a result of the transactions.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Settlement Agreement between Southern California Edison Company, San Diego Gas & Electric Company, the Office of Ratepayer Advocates, and The Utility Reform Network, dated March 27, 2014 (File No. 1-9936, filed as Exhibit 10.1 to Edison International's and Southern California Edison Company's Form 8-K dated March 27, 2014 and filed March 27, 2014)*
10.2**	Edison International 2014 Executive Annual Incentive Program
10.3**	Edison International 2014 Long-Term Incentives Terms and Conditions
10.4**	Edison International Executive Incentive Compensation Plan, as amended and restated effective February 26, 2014
31.1	Certifications of the Chief Executive Officer and Chief Financial Officer of Edison International pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certifications of the Chief Executive Officer and Chief Financial Officer of Southern California Edison Company pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certifications of the Chief Executive Officer and the Chief Financial Officer of Edison International required by Section 906 of the Sarbanes-Oxley Act
32.2	Certifications of the Chief Executive Officer and the Chief Financial Officer of Southern California Edison Company required by Section 906 of the Sarbanes-Oxley Act
101.1	Financial statements from the quarterly report on Form 10-Q of Edison International for the quarter ended March 31, 2014, filed on April 29, 2014, formatted in XBRL: (i) the Consolidated Statements of Income; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to Consolidated Financial Statements
101.2	Financial statements from the quarterly report on Form 10-Q of Southern California Edison Company for the quarter ended March 31, 2014, filed on April 29, 2014, formatted in XBRL: (i) the Consolidated Statements of Income; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to Consolidated Financial Statements

* Incorporated by reference pursuant to Rule 12b-32.

** Indicates a management contract or compensatory plan or arrangement, as required by Item 15(a)3.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

EDISON INTERNATIONAL

By: /s/ Mark C. Clarke

Mark C. Clarke
Vice President and Controller
(Duly Authorized Officer and
Principal Accounting Officer)

Date: April 29, 2014

SOUTHERN CALIFORNIA EDISON COMPANY

By: /s/ Mark C. Clarke

Mark C. Clarke
Vice President and Controller
(Duly Authorized Officer and
Principal Accounting Officer)

Date: April 29, 2014

EDISON INTERNATIONAL 2014 Executive Annual Incentive Program

1. PURPOSE

The purpose of this Edison International 2014 Executive Annual Incentive Program (this “**Program**”) is to promote the success of Edison International, a California corporation, (the “**Corporation**”), by motivating the executives selected to participate in this Program and set forth in Section 3.1 below (each, a “**Participant**”) to maximize the performance of the Corporation and rewarding them with cash bonuses directly related to such performance. This Program is intended to provide bonuses that qualify as performance-based compensation within the meaning of Section 162(m) (“**Section 162(m)**”) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”). This Program is adopted under Section 5.2 of the Corporation’s 2007 Performance Incentive Plan (the “**Plan**”). Capitalized terms are defined in the Plan if not defined herein.

2. ADMINISTRATION

This Program shall be administered by the Compensation and Executive Personnel Committee of the Board (the “**Committee**”), which shall consist solely of two or more members of the Board who are “outside directors” within the meaning of Section 162(m). Action of the Committee with respect to the administration of this Program shall be taken pursuant to a majority vote or by the unanimous written consent of its members. The Committee shall have the authority to construe and interpret this Program and any agreements or other document relating to Awards under the Program, may adopt rules and regulations relating to the administration of this Program, and shall exercise all other duties and powers conferred on it by this Program. Any decision or action of the Committee within its authority hereunder shall be conclusive and binding upon all persons. Neither the Board nor the Committee, nor any person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Program (or any Award made under this Program).

3. AWARDS

3.1 Award Grants; Maximum Annual Incentive Amount. Each “**Award**” granted to a Participant under this Program represents the opportunity to receive a cash payment determined under this Section 3 (an “**Annual Incentive**”), subject to the terms and conditions of this Program. The maximum amount of the Annual Incentive payable to each Participant (the “**Maximum Annual Incentive Amount**”) shall be determined by multiplying (i) the Annual Incentive Pool (as defined in Section 3.2 below), by (ii) the Participant’s “**Annual Incentive Percentage**” as set forth in the following table:

Participant	Annual Incentive Percentage
Theodore F. Craver, Jr.	42%
Robert L. Adler	13%
Ronald L. Litzinger	13%
William J. Scilacci, Jr.	13%
Bertrand A. Valdman	9%
Mark C. Clarke	5%
Janet T. Clayton	5%

In no case, however, shall the amount of any Annual Incentive exceed the applicable limit set forth in Section 5.2.3 of the Plan.

3.2 Annual Incentive Pool. As soon as practicable after the end of the Corporation’s 2014 fiscal year (the “**Performance Period**”), the Committee shall determine the amount of the Corporation’s earnings from continuing operations (after interest, taxes, depreciation and amortization, and determined on a consolidated basis) for the Performance Period (the “**Performance Level**”). The “**Annual Incentive Pool**” shall be determined by

multiplying (i) the Performance Level, by (ii) one and one-half percent (1.5%). No Participant shall receive any payment under this Program unless and until the Committee has certified, by resolution or other appropriate action in writing, that the amount of the Performance Level has been accurately determined in accordance with the terms, conditions and limits of this Program and that any other material terms previously established by the Committee or set forth in this Program applicable to the Award were in fact satisfied.

3.3 Committee Discretion. Notwithstanding the foregoing provisions, the Committee shall retain discretion to reduce (but not increase) the Maximum Annual Incentive Amount otherwise payable to any one or more Participants pursuant to Sections 3.1 and 3.2. The Committee may exercise such discretion on any basis it deems appropriate (including, but not limited to, its assessment of the Corporation's performance relative to its operating or strategic goals for the Performance Period and/or the Participant's individual performance for such period). For purposes of clarity, if the Committee exercises its discretion to reduce the amount of any Annual Incentive payable hereunder, it may not allocate the amount of such reduction to Annual Incentives payable to other Participants.

3.4 Payment of Annual Incentives. Any Annual Incentives shall be paid as soon as practicable following the certification of the Committee's findings under Section 3.2 and its determination of the final Annual Incentive amount (after giving effect to any exercise of its discretion to reduce Annual Incentives pursuant to Section 3.3) and in all events no later than March 15, 2015; in each case subject (i) to tax withholding pursuant to Section 4.6, and (ii) in the case of a Participant eligible to defer compensation under the EIX 2008 Executive Deferred Compensation Plan (the "**EDCP**"), to any timely deferral election the Participant may have made pursuant to the terms of the EDCP.

3.5 Termination of Employment.

- (a) Except as provided in Section 3.5(b), in the event that a Participant's employment with the Corporation and its Subsidiaries terminates at any time during the Performance Period, the Participant's Award will immediately terminate upon such termination of employment, and the Participant will not be entitled to any Annual Incentive payment in respect of such Award; provided that the Committee may, in its discretion, award a full or partial Annual Incentive for the Performance Period to any Participant whose termination of employment during the Performance Period is due to the Participant's death, permanent and total disability, or Retirement (with the amount of any such Bonus not to exceed the amount the Participant would have been entitled to had he or she remained employed for the entire Performance Period). For purposes of this Section 3.5, the term "**Retirement**" with respect to a Participant shall mean a termination of the Participant's employment on or after the first day of the month in which the Participant (A) attains age 65 or (B) attains age 61 with five "years of service," as that term is defined in the Edison 401(k) Savings Plan.
 - (b) In the event that the Participant's employment with the Corporation and its Subsidiaries terminates during the Performance Period in circumstances that entitle the Participant to severance benefits pursuant to the Corporation's 2008 Executive Severance Plan, and in such circumstances the Participant satisfies the applicable conditions for receiving severance benefits under that plan (including, without limitation, any requirement to execute and deliver a release of claims), then the provisions of this Section 3.5(b) shall control over Section 2.3.1(b) of the 2008 Executive Severance Plan to determine the Participant's annual incentive for the year in which such termination of employment occurs. If a Participant's Annual Incentive is to be determined pursuant to this Section 3.5(b), the Participant's Annual Incentive shall equal the lesser of (A) or (B); where (A) is determined by multiplying (i) the Participant's highest base salary rate in effect during the 24 months preceding the termination of the Participant's employment, by (ii) the highest target annual incentive percentage in effect for the Participant during those 24 months, by (iii) a fraction (not greater than 1) the numerator of which is the number of weekdays in the Performance Period from January 1, 2014 through the Participant's last day of employment prior to such termination and the denominator of which is the number of weekdays in the entire Performance Period; and (B) is determined by multiplying (i) the Participant's Annual Incentive Percentage, by (ii) one and one-half percent (1.5%), by (iii) the Corporation's earnings from continuing operations (after interest, taxes, depreciation and amortization, and determined on a consolidated basis) for the portion of the Performance Period through and ending on the last day of the month in which the Participant's termination of employment occurs. In no case, however, shall the amount of any Annual Incentive exceed the applicable limit set forth in Section 5.2.3 of the Plan.
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- (c) No Participant shall receive any payment under this Section 3.5 unless and until the Committee has certified, by resolution or other appropriate action in writing, the amount of the Annual Incentive due in accordance with the terms, conditions and limits of this Program. Any Annual Incentive amount due pursuant to this Section 3.5 shall be paid as soon as practicable following the Committee's certification of such amount and in all events no later than March 15, 2015; subject (i) to tax withholding pursuant to Section 4.6, and (ii) in the case of a Participant eligible to defer compensation under the EDCP, to any timely deferral election the Participant may have made pursuant to the terms of the EDCP.

3.6 Adjustments. The Committee shall adjust the Performance Level, Annual Incentive Pool and other provisions applicable to Awards granted under this Program to the extent (if any) it determines that the adjustment is necessary or advisable to preserve the intended incentives and benefits to reflect (1) any material change in corporate capitalization, any material corporate transaction (such as a reorganization, combination, separation, merger, acquisition, or any combination of the foregoing), or any complete or partial liquidation of the Corporation, (2) any change in accounting policies or practices, (3) the effects of any special charges to the Corporation's earnings, or (4) any other similar special circumstances.

3.7 Change in Control. If a Change in Control of EIX occurs at any time during the Performance Period, the Performance Period for all outstanding Awards will be shortened so that the Performance Period will be deemed to have ended on the last day prior to such Change in Control of EIX. The Annual Incentive Pool and the Annual Incentives payable with respect to each Award will be determined in accordance with the foregoing provisions of this Section 3 based on such shortened Performance Period. Such Annual Incentives shall be paid (subject to tax withholding pursuant to Section 4.6) as soon as practicable following the date of the Change in Control of EIX. For purposes of this Section 3.7, "**Change in Control of EIX**" shall have the meaning ascribed to such term in the Corporation's 2014 Long-Term Incentives Terms and Conditions.

4. GENERAL PROVISIONS

4.1 Rights of Participants.

- (a) No Right to Continued Employment. Nothing in this Program (or in any other documents evidencing any Award under this Program) will be deemed to confer on any Participant any right to continue in the employ of the Corporation or any Subsidiary or interfere in any way with the right of the Corporation or any Subsidiary to terminate his or her employment at any time.
- (b) Program Not Funded. No Participant or other person will have any right or claim to any specific funds, property or assets of the Corporation by reason of any Award hereunder. To the extent that a Participant or other person acquires a right to receive payment pursuant to any Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

4.2 Non-Transferability of Benefits and Interests. Except as expressly provided by the Committee in accordance with the provisions of Section 162(m), all Awards are non-transferable, and no benefit payable under this Program shall be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge. This Section 4.2 shall not apply to an assignment of a contingency or payment due (a) after the death of a Participant to the deceased Participant's legal representative or beneficiary or (b) after the disability of a Participant to the disabled Participant's personal representative.

4.3 Force and Effect. The various provisions herein are severable in their entirety. Any determination of invalidity or unenforceability of any one provision will have no effect on the continuing force and effect of the remaining provisions.

4.4 Governing Law. This Program will be construed under the laws of the State of California.

4.5 Construction.

- (a) Section 162(m). It is the intent of the Corporation that this Program, Awards and Annual Incentives paid hereunder will qualify as performance-based compensation or will otherwise be exempt from deductibility
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limitations under Section 162(m). Any provision, application or interpretation of this Program inconsistent with this intent to satisfy the standards in Section 162(m) shall be disregarded.

(b) Section 409A. It is intended that Awards under this Program qualify as “short-term deferrals” within the meaning of the guidance provided by the Internal Revenue Service under Section 409A of the Code and this Program shall be interpreted consistent with that intent.

4.6 Tax Withholding. Upon the payment of any Annual Incentive, the Corporation shall have the right to deduct the amount of any federal, state or local taxes that the Corporation or any Subsidiary may be required to withhold with respect to such payment.

4.7 Amendment or Termination of Program. The Board or the Committee may at any time terminate, amend, modify or suspend this Program, in whole or in part. Notwithstanding the foregoing, no amendment may be effective without Board and/or shareholder approval if such approval is necessary to comply with the applicable rules of Section 162(m).

EDISON INTERNATIONAL
2014 Long-Term Incentives
Terms and Conditions

1. LONG-TERM INCENTIVES

The long-term incentive awards granted in 2014 (“**LTI**”) for eligible persons (each, a “**Holder**”) employed by Edison International (“**EIX**”) or its participating affiliates (the “**Companies**”, or individually, the “**Company**”) include the following:

- Nonqualified stock options to purchase shares of EIX Common Stock (“**EIX Options**”) as described in Section 3;
- Contingent EIX performance units (“**Performance Shares**”) as described in Section 4; and
- Restricted EIX stock units (“**Restricted Stock Units**”) as described in Section 5.

Each of the LTI awards will be granted under the 2007 Performance Incentive Plan (the “**Plan**”) and will be subject to adjustment as provided in Section 7.1 of the Plan.

The LTI shall be subject to these 2014 Long-Term Incentives Terms and Conditions (these “**Terms**”). The LTI shall be administered by the Compensation and Executive Personnel Committee of the EIX Board of Directors (the “**Committee**”). The Committee shall have the administrative powers with respect to the LTI set forth in Section 3.2 of the Plan.

In the event EIX grants LTI to a Holder, the number of EIX Options, Performance Shares and Restricted Stock Units granted to the Holder will be set forth in a written award certificate delivered by EIX to the Holder.

2. VESTING OF LTI

Subject to Sections 8 and 9 the following vesting and payment rules shall apply to the LTI:

- 2.1 EIX Options.** The EIX Options will vest over a four-year period as described in this Section 2 (the “**Vesting Period**”). The effective “**initial vesting date**” will be January 2, 2015, or six months after the date of the grant, whichever date is later. The EIX Options will vest as follows:
- On the initial vesting date, one-fourth of the award will vest.
 - On January 4, 2016, an additional one-fourth of the award will vest.
 - On January 3, 2017, an additional one-fourth of the award will vest.
 - On January 2, 2018, the balance of the award will vest.
- 2.2 Performance Shares.** The Performance Shares will vest and become payable to the extent earned as determined at the end of the three-calendar-year period commencing on January 1, 2014, and ending December 31, 2016 (the “**Performance Period**”), subject to the provisions of Section 4.
- 2.3 Restricted Stock Units.** The Restricted Stock Units will vest and become payable on January 3, 2017.
- 2.4 Continuance of Employment/Service Required.** The vesting schedule requires continued employment or service through each applicable vesting date as a condition for the vesting of the applicable installment of the LTI and the rights and benefits thereunder. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Holder to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services except as provided in Sections 8 and 9 below.

3. EIX OPTIONS

- 3.1 Exercise Price.** The exercise price of an EIX Option stated in the award certificate is the closing price (in regular trading) of a share of EIX Common Stock on the New York Stock Exchange for the effective date of the grant.
- 3.2 Cumulative Exercisability; Term of Option.** The vested portions of the EIX Options will accumulate to the extent not exercised, and be exercisable by the Holder subject to the provisions of this Section 3 and Sections 8 and 9, in whole or in part, in any subsequent period but not later than January 2, 2024.
- 3.3 Method of Exercise.** The Holder may exercise an EIX Option by providing written notice to EIX on the form prescribed by the Committee for this purpose, or completion of such other EIX Option exercise procedures as EIX may prescribe, accompanied by full payment of the applicable exercise price. Payment must be in cash or its equivalent acceptable to EIX. At the discretion of the Holder, EIX Common Stock valued on the exercise date at a per-share price equal to the closing price of EIX Common Stock on the New York Stock Exchange may be used to pay the exercise price, provided the Company can comply with any legal requirements. A broker-assisted “cashless” exercise may be accommodated for EIX Options at the discretion of EIX. Until payment is accepted, the Holder will have no rights in the optioned stock. The provisions of Section 10 must be satisfied as a condition precedent to the effectiveness of any purported exercise.
- 3.4 Automatic Exercise.** Except as may otherwise be determined by the Committee in advance of the applicable exercise date and subject to the conditions below, the Holder’s then-outstanding vested EIX Options shall automatically be exercised by EIX on behalf of the Holder on the last day of the term of such options (including any shortened term as a result of a termination of employment or in connection with a Change in Control of EIX as provided in Articles 8 and 9), to the extent such options are not otherwise exercised on or before that date. In connection with any automatic exercise of outstanding vested EIX Options, EIX shall satisfy the exercise price of the EIX Options and the minimum applicable withholding obligation by withholding that number of EIX shares of Common Stock otherwise issuable pursuant to the options having a value (based on the closing price of EIX Common Stock on the New York Stock Exchange on the exercise date, or if no sales of EIX Common Stock were reported on the New York Stock Exchange on that date, the closing price of EIX Common Stock on the New York Stock Exchange on the next preceding day on which sales of EIX Common Stock were reported) equal to the exercise price of the EIX Options and the minimum applicable withholding obligation. Outstanding vested EIX Options shall only be automatically exercised by EIX on behalf of the Holder if (i) the EIX Options have an exercise price that is lower than the price of a share of EIX Common Stock on the New York Stock Exchange at the time of exercise so that the options are “in-the-money,” and (ii) the exercise by EIX complies with all legal requirements applicable to EIX.

4. PERFORMANCE SHARES

- 4.1 Performance Shares.** Performance Shares are EIX Common Stock-based units subject to a performance vesting requirement. A target number of contingent Performance Shares will be awarded on the initial grant date. Fifty percent (50%) of the grant date value (based on EIX’s valuation methodology for the award) of the contingent Performance Shares will be a target number of contingent Performance Shares subject to a performance measure based on the percentile ranking of EIX total shareholder return (“**TSR**”) among the TSRs for the stocks comprising the Comparison Group (as defined below) over the entire Performance Period (these contingent Performance Shares are referred to as the “**TSR Performance Shares**”). The other fifty percent (50%) of the grant date value (based on EIX’s valuation methodology for the award) of the contingent Performance Shares will be a target number of contingent Performance Shares subject to a performance measure based on EIX’s average core earnings per share (“**EPS**”) over the entire Performance Period (these contingent Performance Shares are referred to as the “**EPS Performance Shares**”). The TSR Performance Shares and EPS Performance Shares will be increased by any additional Performance Shares created by “reinvestment” of dividend equivalents as provided in Section 4.5.
- 4.2 TSR Performance Shares.** The actual amount of TSR Performance Shares to be paid will depend on EIX’s TSR percentile ranking on the Performance Measurement Date (as defined herein). If EIX’s TSR is below the 25th percentile, no TSR Performance Shares will be paid. Twenty-five percent (25%) of the

target number of TSR Performance Shares will be paid if EIX's TSR percentile ranking is at the 25th percentile. The target number of TSR Performance Shares will be paid if EIX's TSR rank is at the 50th percentile. Two times the target number of TSR Performance Shares will be paid if EIX's TSR percentile ranking is at the 75th percentile or higher. The payment multiple is interpolated for performance between the points indicated in the preceding three sentences on a straight-line basis with discrete intervals at every 5th percentile.

TSR is calculated using (i) the average of the closing stock prices for the relevant stocks for the 20-trading-day period ending with the last day on which the New York Stock Exchange is open for trading preceding the first day of the Performance Period, and (ii) the average of the closing stock prices for the relevant stocks for the 20-trading-day period ending with the Performance Measurement Date. In making such determination, stock prices will be equitably and proportionately adjusted to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of any stock split, stock dividend or reverse stock split occurring during the applicable period. The "**Comparison Group**" consists of the stocks comprising the Philadelphia Utility Index as the index is constituted on the Performance Measurement Date. If the Comparison Group consists of fewer than 20 stocks on the Performance Measurement Date, the stock with the median TSR for the entire Performance Period (or, if there are an even number of stocks in the Comparison Group before giving effect to this sentence, a stock deemed to have a TSR equal to the average TSR of the two stocks in the Comparison Group that fall in the middle of such group when ranked based on TSR for the entire Performance Period) shall be added back to the Comparison Group a sufficient number of times to bring the stocks comprising the Comparison Group to 20. (For purposes of clarity, if there are only 17 stocks in the Comparison Group before giving effect to the preceding sentence, the stock with the median TSR for the entire Performance Period will be added back to the Comparison Group a total of three times to bring the stocks comprising the Comparison Group to 20.) Dividends with ex-dividend dates falling inside the Performance Period will be included in the TSR calculations using the assumption that reinvestment occurs on the ex-dividend date.

The Performance Measurement Date for the TSR Performance Shares will be the last day of the Performance Period on which the New York Stock Exchange is open for trading. As of that date, the applicable payment multiple will be determined as provided above in this Section 4.2 based on the EIX TSR percentile ranking achieved during the Performance Period. No payment will be made with respect to the TSR Performance Shares unless and until the Committee has certified, by resolution or other appropriate action in writing, that the applicable EIX TSR percentile ranking has been accurately determined. The Committee shall not have discretion to pay TSR Performance Shares if the minimum EIX TSR ranking is not achieved or to pay TSR Performance Shares in excess of the amount provided above in this Section 4.2 for the applicable EIX TSR ranking.

4.3 *EPS Performance Shares.* The Committee shall establish an EIX EPS target for each of calendar 2014, 2015 and 2016, which are the three calendar years comprising the Performance Period. The Committee shall establish the EIX EPS target for each calendar year no later than during the first 90 days of the applicable calendar year, and while performance relating to the EIX EPS target remains substantially uncertain.

The actual amount of EPS Performance Shares to be paid will depend on EIX's actual EPS performance achieved as a percentage of the EIX EPS target established for the calendar year. If EIX's actual EPS for any calendar year is less than eighty percent (80%) of the EIX EPS target amount for the year, the EPS performance multiple for the calendar year will be zero (0). If EIX's actual EPS for any calendar year is equal to eighty percent (80%) of the EIX EPS target amount for the year, the EPS performance multiple for the calendar year will be 0.25x. If EIX's actual EPS for any calendar year is equal to one hundred percent (100%) of the EIX EPS target amount for the year, the EPS performance multiple for the calendar year will be 1.0x. If EIX's actual EPS for any calendar year is equal to or greater than one hundred twenty percent (120%) of the EIX EPS target amount for the year, the EPS performance multiple for the calendar year will be 2.0x. Each year's EPS performance multiple is interpolated for performance between the points indicated in the preceding three sentences on a straight-line basis with discrete intervals at every 4th percentage point, however, the performance multiple will be equal to the lowest multiple within each interval.

Following the end of the Performance Period, the EPS performance multiples achieved for each of calendar 2014, 2015 and 2016 will be averaged (determined by including zero (0) for any year in which the EPS achieved was less than eighty percent (80%) of the applicable target for that year), and the resulting average EPS performance multiple achieved for the Performance Period is referred to as the “ **Performance Period EPS Multiple**.” The actual amount of EPS Performance Shares to be paid will be determined by multiplying the Performance Period EPS Multiple times the target number of EPS Performance Shares.

EPS is defined as “Core” earnings per share, a non-GAAP financial measure derived from basic GAAP earnings per share by excluding income or loss from discontinued operations and income or loss from significant discrete items that are not representative of ongoing earnings.

For purposes of Section 162(m) of the Code, each of calendar years 2014, 2015 and 2016 shall be treated as a separate performance period and the EIX EPS target established for each such year shall be treated as a separate performance goal. If EIX’s actual EPS for any calendar year is equal to eighty percent (80%) or more of the EIX EPS target amount for the year (the “ **EPS Performance Threshold**”), then the maximum total EPS Performance Share payment (including any additional EPS Performance Shares created by “reinvestment” of dividend equivalents as provided in Section 4.5) may not exceed the lesser of (1) two hundred and fifty percent (250%) times the target number of EPS Performance Shares or (2) the maximum share limit specified in Section 5.2.3 of the Plan (such maximum payment, the “ **EPS Maximum Payment**”), and the actual payment amount determined as set forth above is a reduction of the payment below the EPS Maximum Payment. No payment will be made with respect to the EPS Performance Shares unless and until the Committee has certified, by resolution or other appropriate action in writing, that the EPS Performance Threshold has been achieved. The Committee shall not have discretion to pay EPS Performance Shares if the EPS Performance Threshold is not achieved or to pay EPS Performance Shares in excess of the EPS Maximum Payment.

- 4.4 Payment of Performance Shares.** Fifty percent of the total number of Performance Shares that are earned pursuant to Sections 4.2, 4.3, and 4.5 (rounded up to the nearest whole share) will be paid on a one-for-one basis in EIX Common Stock under the Plan. The remainder of the Performance Shares earned (including any fractional share) will be paid in cash. The value of each whole Performance Share paid in cash will be equal to the closing price per share of EIX Common Stock on the New York Stock Exchange for the date of the Committee’s certification in Section 4.2 and Section 4.3 above. Any fractional Performance Share will be paid in cash based on the closing price per share of EIX Common Stock on the New York Stock Exchange for the date of the Committee’s certification in Section 4.2 and Section 4.3 above. The cash and stock payable for the earned Performance Shares will be delivered as soon as practicable for EIX following the Committee’s certification in Section 4.2 and Section 4.3 above, as applicable, and in all events no later than March 15, 2017. The Performance Shares are subject to termination and other conditions specified in Sections 8 and 9, and to the provisions of Section 10. The provisions of this Section 4.4 regarding the determination of the cash value of a Performance Share (or fractional Performance Share, as the case may be) based on the closing price per share of EIX Common Stock on the New York Stock Exchange for the date of the applicable certification by the Committee shall apply to any previously-granted and currently outstanding performance shares granted by EIX in 2012 and 2013, and such provisions control as to any inconsistency with the Terms and Conditions applicable to such previously-granted LTI regarding such subject matter.
- 4.5 Dividend Equivalent Reinvestment.** For each dividend on EIX Common Stock for which the ex-dividend date falls within the Performance Period and after the date of grant of the Performance Shares, the Holder of the Performance Shares will be credited with an additional number of target Performance Shares. The additional number of shares added on each ex-dividend date will be equal to (i) the per-share cash dividend paid by EIX on its Common Stock with respect to the related ex-dividend date, multiplied by (ii) the Holder’s number of target Performance Shares (including any additional target Performance Shares previously credited under this Section 4.5), divided by (iii) the closing price of a share of EIX Common Stock on the related ex-dividend date, with the result rounded to six decimal places. Any target Performance Shares added pursuant to the foregoing provisions of this Section 4.5 will be subject to the same vesting, payment, termination and other terms, conditions and restrictions as the original target Performance Shares to which they relate (including, as applicable, application of the TSR payment multiple as contemplated by Section 4.2 or the EPS performance payment multiple as contemplated by Section 4.3).

No target Performance Shares will be added pursuant to this Section 4.5 with respect to any target Performance Shares which, as of the related ex-dividend date, have either become payable pursuant to Section 4.4 or terminated pursuant to Section 8.

5. RESTRICTED STOCK UNITS

- 5.1 *Restricted Stock Units.*** Restricted Stock Units are EIX Common Stock-based units that vest based on the passage of time. As soon as practicable for EIX following January 3, 2017 (and in all events within 90 days after such date), EIX will pay Restricted Stock Units that have vested, except that if the Restricted Stock Units vest pursuant to Section 8.2, 8.3, 8.4, 8.5 or 9, the Restricted Stock Units will become payable as provided in the applicable section below and as follows. Whole Restricted Stock Units that have vested will be paid on a one-for-one basis in EIX Common Stock under the Plan. Any fractional Restricted Stock Unit will be paid in cash based on the closing price per share of EIX Common Stock on January 3, 2017 or, as to any fractional Restricted Stock Units that have vested pursuant to Section 8.3, 8.4, 8.5 or 9 (including any payment made pursuant to Section 14.7, but excluding any payment where the time for payment is determined by reference to Section 8.2(C)), the closing price per share of EIX Common Stock on the New York Stock Exchange for the business day immediately preceding the day of payment. The preceding sentence regarding settling fractional Restricted Stock Units in cash (but with “January 3, 2017” replaced by “January 2, 2015” and “January 2, 2016” for Restricted Stock Units granted in 2012 and 2013, respectively), and the first sentence of Section 5.2 regarding the period for which dividends are credited, also apply to any previously-granted and currently outstanding Restricted Stock Units, and such provisions control as to any inconsistency with the Terms and Conditions applicable to such previously-granted Restricted Stock Units regarding such subject matter. The Restricted Stock Units are subject to termination and other conditions specified in Sections 8 and 9, and to the provisions of Section 10.
- 5.2 *Dividend Equivalent Reinvestment.*** For each dividend declared on EIX Common Stock with an ex-dividend date on or after the date an award of Restricted Stock Units is granted and before all of such Restricted Stock Units either have been paid (or converted into a cash amount, as the case may be) pursuant to Section 5.1 (including any payment made pursuant to Section 14.7) or have terminated pursuant to Section 8 or 9, the Holder of such award will be credited with an additional number of Restricted Stock Units equal to (i) the per-share cash dividend paid by EIX on its Common Stock with respect to the related ex-dividend date, multiplied by (ii) the total number of outstanding and unpaid Restricted Stock Units (including any Restricted Stock Units previously credited under this Section 5.2) subject to such award as of such ex-dividend date, divided by (iii) the closing price of a share of EIX Common Stock on the related ex-dividend date, with the result rounded to six decimal places. Any additional Restricted Stock Units credited pursuant to the foregoing provisions of this Section 5.2 will be subject to the same vesting, payment, termination and other terms, conditions and restrictions as the original Restricted Stock Units to which they relate; provided, however, that the Committee shall retain discretion to pay any Restricted Stock Units in cash rather than shares of EIX Common Stock if and to the extent that payment in shares would exceed the applicable share limits of the Plan. No crediting of Restricted Stock Units will be made pursuant to this Section 5.2 with respect to any Restricted Stock Units which, as of the related ex-dividend date, have either been paid pursuant to Section 5.1 or terminated pursuant to Section 8 or 9.

6. DELAYED PAYMENT OR DELIVERY OF LTI GAINS

Notwithstanding any other provision herein, Holders who are eligible to defer salary under the EIX 2008 Executive Deferred Compensation Plan (the “EDCP”) may irrevocably elect to defer receipt of all or a part of the cash payable in respect of the portion of earned Performance Shares that are payable in cash pursuant to the terms of the EDCP. To make such an election, the Holder must submit a signed agreement in the form approved by, and in advance of the applicable deadline established by, the Committee. In the event of any timely deferral election, the LTI with respect to which the deferral election was made shall be paid in accordance with the terms of the EDCP.

7. TRANSFER AND BENEFICIARY

- 7.1 *Limitations on Transfers.*** Except as provided below and in Section 10, the LTI will not be transferable by the Holder and, during the lifetime of the Holder, the LTI will be exercisable only by him or her. The

Holder may designate a beneficiary who, upon the death of the Holder, will be entitled to exercise the then vested portion of the LTI during the remaining term subject to the provisions of the Plan and these Terms.

- 7.2 Exceptions.** Notwithstanding the foregoing, the LTI of the Chief Executive Officers and Presidents of EIX and Southern California Edison Company, and of the Executive Vice Presidents of EIX, are transferable to a spouse, children or grandchildren, or trusts or other vehicles established exclusively for their benefit. Any transfer request must specifically be authorized by EIX in writing and shall be subject to any conditions, restrictions or requirements as the Committee may determine. Restricted Stock Units may not, however, be transferred to the extent the transfer would violate (and result in any tax, penalty or interest under) Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”).

8. TERMINATION OF EMPLOYMENT

- 8.1 General.** In the event of termination of the employment of the Holder for any reason other than those specified in Sections 8.2, 8.3, 8.4 or 9, the LTI will terminate as follows: (i) the Holder’s unvested EIX Options will terminate for no value as of the date such employment terminates, (ii) the Holder’s vested EIX Options will terminate for no value 180 days from the date on which such employment terminated (or, if earlier, on the last day of the applicable EIX Option term) to the extent not theretofore exercised, (iii) the Holder’s unearned Performance Shares will terminate for no value as of the date such employment terminates, and (iv) the Holder’s unvested Restricted Stock Units will terminate for no value as of the date such employment terminates. Any fractional vested EIX Options will be rounded up to the next whole share.
- 8.2 Retirement.** If the Holder terminates employment on or after the first day of the month in which he or she (i) attains age 65 or (ii) attains age 61 with five “years of service,” as that term is defined in the Edison 401(k) Savings Plan (a “**Retirement**”), then the vesting and exercise or payment provisions of this Section 8.2 will apply.
- (A) EIX Options. The EIX Options will remain outstanding and eligible to vest; provided, however, that in the event the Holder’s Retirement occurs within calendar 2014, the portion of the option that remains outstanding and eligible to vest following the Holder’s Retirement will be prorated by multiplying the total number of shares subject to the option by a fraction (not greater than 1), the numerator of which shall be the number of whole months in calendar 2014 that the Holder was employed by one or more of the Companies, and the denominator of which shall be twelve (12). In no event shall the Holder be credited with services performed during any portion of a calendar month (even if a substantial portion) if the Holder is not employed by one or more of the Companies as of the last day of such calendar month. The portion of the option not eligible to vest following the Holder’s Retirement after giving effect to the proration described in the preceding two sentences shall terminate as of the Holder’s Retirement, and the Holder shall have no further rights with respect to such terminated portion. Any fractional EIX Options eligible to vest under this Section 8.2 will be rounded up to the next whole number. EIX Options that remain outstanding and eligible to vest following Retirement will vest and become exercisable on the schedule under which they would have been vested had the Holder not retired (one-fourth of the option grant on the effective initial vesting date (January 2, 2015 or six months after the date of grant, whichever is later) and an additional one-fourth on January 4, 2016, January 3, 2017, and January 2, 2018), except that if the Holder dies, the then-outstanding portion of the option will immediately vest and become exercisable as of the date of the Holder’s death. In the event prorated vesting is required in connection with the Holder’s Retirement, the portion of the option that remains outstanding and eligible to vest will vest and become exercisable first on the effective initial vesting date (up to the maximum number of shares that would have vested and become exercisable on that date had no termination of employment occurred) and so on until the portion of the option that remains outstanding and eligible to vest becomes vested and exercisable, except that if the Holder dies, the then-outstanding portion of the option will immediately vest and become exercisable as of the date of the Holder’s death. Once exercisable, EIX Options will remain exercisable as provided in Section 3 for the remainder of the original EIX Option term.
- (B) Performance Shares. The Performance Shares will vest and become payable at the end of the Performance Period to the extent they would have vested and become payable if the Holder’s employment had continued through the last day of the Performance Period; provided, however, that if

the Holder's Retirement occurs within calendar 2014, the number of each of the TSR Performance Shares and EPS Performance Shares that remain outstanding and eligible to vest following the Holder's Retirement will be prorated by multiplying the number of TSR Performance Shares or EPS Performance Shares, respectively, subject to the award by a fraction (not greater than 1), the numerator of which shall be the number of whole months in calendar 2014 that the Holder was employed by one or more of the Companies, and the denominator of which shall be twelve (12), with the result rounded up to the nearest whole share. For this purpose, the number of "whole months" shall be calculated as provided in Section 8.2(A) above. Performance Shares will be payable to the Holder on the payment date specified in Section 4.4 to the extent, as applicable, of the EIX TSR ranking achieved as specified in Section 4.2 or the Performance Period EPS Multiple achieved as specified in Section 4.3. Any unvested Performance Shares (after application of the foregoing vesting provisions) will terminate for no value.

(C) **Restricted Stock Units.** The Restricted Stock Units will remain outstanding and eligible to vest following the Holder's Retirement and will vest and be payable on or as soon as practicable for EIX following January 3, 2017 (and in all events within 90 days after such date); provided, however, that in the event the Holder's termination of employment occurs within calendar 2014, the number of Restricted Stock Units that remain outstanding and eligible to vest following the Holder's Retirement will be prorated by multiplying the total number of Restricted Stock Units subject to the award by a fraction (not greater than 1), the numerator of which shall be the number of whole months in calendar 2014 that the Holder was employed by one or more of the Companies, and the denominator of which shall be twelve (12), with the result rounded up to the nearest whole share. For this purpose, the number of "whole months" shall be calculated as provided in Section 8.2(A) above. Any Restricted Stock Units not eligible to vest following the Holder's Retirement (after application of the foregoing vesting provisions) will terminate for no value. Notwithstanding the foregoing provisions, if the Holder dies after Retirement and prior to the date the then outstanding Restricted Stock Units are paid, the then outstanding Restricted Stock Units will vest and be paid as soon as practicable for EIX (and in all events within 90 days) following the date of the Holder's death.

8.3 Death or Disability. If, prior to the Holder's termination of employment with a Company, the Holder dies or incurs a "disability" (as such term is defined for purposes of Section 409A of the Code), the provisions of this Section 8.3 will apply.

(A) **EIX Options.** Any unvested EIX Options will immediately vest. The EIX Options will be exercisable immediately as of the date of such termination and will remain exercisable as provided in Section 3 for the remainder of the original EIX Option term.

(B) **Performance Shares.** The Performance Shares will vest and become payable at the end of the Performance Period as provided in Section 4.4 to the extent they would have vested and become payable if the Holder's employment had continued through the last day of the Performance Period.

(C) **Restricted Stock Units.** Any unvested Restricted Stock Units will immediately vest and become payable as soon as practicable for EIX (and in all events within 90 days) after the date of the Holder's death or disability, as applicable.

8.4 Involuntary Termination Not for Cause. Except as may otherwise be provided in Section 9, upon involuntary termination of the Holder's employment by his or her employer not for cause (and other than due to the Holder's death or disability), the provisions of this Section 8.4 shall apply.

(A) **EIX Options.** Unvested EIX Options will vest to the extent necessary to cause the aggregate number of shares subject to vested EIX Options (including any shares acquired pursuant to previously exercised EIX Options) to equal the number of shares granted multiplied by a fraction (not greater than 1), the numerator of which is the number of whole months in the period from January 1 of the year of grant of the award through the one-year anniversary of the Holder's last day of employment prior to termination of the Holder's employment, and the denominator of which is forty-eight (48). For purposes of determining such fraction, no fractional month shall be taken into account. The Holder will have one year following the date of termination in which to exercise the EIX Options, or until the end of the EIX Option term, whichever occurs earlier. The Holder's vested options will terminate for

no value at the end of such period to the extent not theretofore exercised. The portion of the option not eligible to vest following the termination of the Holder's employment after giving effect to the proration described in this Section 8.4(A) shall terminate as of the termination of the Holder's employment, and the Holder shall have no further rights with respect to such terminated portion. Any fractional EIX Options vested under this Section 8.4(A) will be rounded up to the next whole number.

Notwithstanding anything to the contrary in the preceding paragraph, if the Holder qualifies for Retirement (as defined in Section 8.2) at the time of the termination of the Holder's employment, or if the Holder would have satisfied the requirements for Retirement if an extra year of service and age were applied, EIX Options will (i) vest (without any proration) and become exercisable on the schedule specified in Section 8.2 and (ii) remain exercisable for the remainder of the original EIX Option term.

- (B) Performance Shares. The Performance Shares will vest and become payable at the end of the Performance Period to the extent they would have vested and become payable if the Holder's employment had continued through the last day of the Performance Period; provided, however, that the number of each of the TSR Performance Shares and EPS Performance Shares that remain outstanding and eligible to vest following termination of the Holder's employment will be prorated by multiplying the number of TSR Performance Shares or EPS Performance Shares, respectively, subject to the award by a fraction (not greater than 1), the numerator of which shall be the number of whole months the Holder was employed by one or more of the Companies from January 1, 2014 through the one-year anniversary of the Holder's last day of employment prior to termination of the Holder's employment, and the denominator of which is thirty-six (36). For purposes of determining such fraction, no fractional month shall be taken into account. Such vested Performance Shares will be payable to the Holder as provided in Section 4.4 to the extent, as applicable, of the EIX TSR ranking achieved as provided in Section 4.2 or the Performance Period EPS Multiple achieved as specified in Section 4.3. Any unvested Performance Shares (after application of the foregoing vesting provisions) will terminate for no value as of the date of the Holder's termination of employment.

Notwithstanding anything to the contrary in the preceding paragraph, if the Holder qualifies for Retirement (as defined in Section 8.2) at the time of the termination of the Holder's employment, or if the Holder would have satisfied the requirements for Retirement if an extra year of service and age were applied, the Performance Shares will vest (without proration) and become payable at the end of the Performance Period as provided in Section 4.4 to the extent they would have vested and become payable if the Holder's employment had continued through the last day of the Performance Period.

- (C) Restricted Stock Units. The Restricted Stock Units will vest to the extent necessary to cause the aggregate number of vested Restricted Stock Units to equal the number of Restricted Stock Units subject to the award multiplied by a fraction (not greater than 1), the numerator of which is the number of whole months in the period from January 1 of the year of grant of the award through the one-year anniversary of the Holder's last day of employment prior to termination of the Holder's employment, and the denominator of which is thirty-six (36). For purposes of determining such fraction, no fractional month shall be taken into account. Any unvested Restricted Stock Units (after application of the foregoing vesting provisions) will terminate for no value as of the date of the Holder's termination of employment. Vested Restricted Stock Units will be paid as soon as practicable for EIX (and in all events within 90 days) following the date of the Holder's Separation from Service, if the Separation from Service occurs prior to any other applicable payment event otherwise provided for in these Terms. If such period for payment spans two calendar years, and if Section 8.4(D) applies and the period for delivery of the Holder's release of claims and any applicable revocation period also spans those two calendar years, the applicable payment will be made (subject to the satisfaction of Section 8.4(D)) within the prescribed period of time but in the second of those two calendar years. For purposes of the LTI, a "**Separation from Service**" means the Holder's "separation from service" with the Company as that term is used for purposes of Section 409A of the Code.

Notwithstanding anything to the contrary in the preceding paragraph, if the Holder qualifies for Retirement (as defined in Section 8.2) at the time of the termination of the Holder's employment, the Restricted Stock Units will vest (without any proration) and become payable at the same time provided

for in Section 8.2(C). In addition, and notwithstanding anything to the contrary in the preceding paragraph, if the Holder would have satisfied the requirements for Retirement at the time of the termination of the Holder's employment if an extra year of service and age were applied, the Restricted Stock Units will vest (without any proration) and become payable as soon as practicable for EIX (and in all events within 90 days) following the date of the Holder's Separation from Service, if the Separation from Service occurs prior to any other applicable payment event otherwise provided for in these Terms.

- (D) Conditions of Benefits. Notwithstanding the foregoing provisions, if at the time of the Holder's involuntary termination the Holder is covered by a severance plan of EIX or any of its affiliates, the Holder shall be entitled to the accelerated vesting provided in this Section 8.4 only if the Holder satisfies the applicable conditions for receiving severance benefits under that plan (including, without limitation, any requirement to execute and deliver a release of claims) in connection with such involuntary termination. In the event that such conditions are not satisfied, the provisions of Section 8.1 above shall apply, and the Holder shall not be entitled to any accelerated vesting under this Section 8.4.

- 8.5 *Effect of Change of Employer***. For purposes of the LTI only, involuntary termination of employment will be deemed to occur on the date the Holder's employing company is no longer a member of the EIX controlled group of corporations as defined in Section 1563(a) of the Code, regardless of whether the Holder's employment continues with that entity or a successor entity outside of the EIX controlled group. A termination of employment will not be deemed to occur for purposes of the LTI if a Holder's employment by one EIX Company terminates but immediately thereafter the Holder is employed by another EIX Company.

9. CHANGE IN CONTROL; EARLY TERMINATION OF LTI

Notwithstanding any other provision herein, in the event of a Change in Control of EIX (as defined in Section 9.6), the provisions of this Section 9 will apply.

- 9.1 *EIX Options***. In the event the EIX Options are to terminate pursuant to Section 7.2 of the Plan in connection with a Change in Control of EIX, then upon (or, as may be necessary to effect the acceleration, immediately prior to) the Change in Control of EIX the then-outstanding and unvested EIX Options will become fully vested; provided, however, that this automatic acceleration provision will not apply with respect to any EIX Options to the extent the Committee has made a provision for the substitution, assumption, exchange or other continuation of the EIX Options. In the event of such a termination where the Committee has not provided for a cash settlement of the EIX Options as described below, the Holder of each EIX Option that is to be so terminated will be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise such EIX Option in accordance with its terms before such termination (except that in no event will more than 10 days' notice of the accelerated vesting and impending termination be required). The Committee may provide, as to each EIX Option that is to be terminated in connection with a Change in Control of EIX, to settle the EIX Option by a cash payment to the Holder of such option based upon the distribution or consideration payable to the holders of the EIX Common Stock upon or in respect of such event, such cash payment to be made as soon as practicable for EIX after the Change in Control of EIX.
- 9.2 *Performance Shares***. In the event the Performance Shares are to terminate pursuant to Section 7.2 of the Plan in connection with a Change in Control of EIX, then the Performance Period for all outstanding Performance Shares will be shortened so that the Performance Period will be deemed to have ended on the last day prior to such Change in Control of EIX, and the Performance Shares that will vest and become payable will be determined in accordance with Section 4.2 (TSR Performance Shares) or 4.3 (EPS Performance Shares) based on such shortened Performance Period (and, with respect to the EPS Performance Shares, after giving effect to a proportionate adjustment by the Committee to the EIX EPS target established for the year in which the Change in Control of EIX occurs to pro-rate such target for the portion of such year elapsed through the last day prior to such Change in Control of EIX); provided, however, that this automatic acceleration provision will not apply with respect to any Performance Shares to the extent the Committee has made a provision for the substitution, assumption, exchange or other

continuation of the Performance Shares. Any Performance Shares that become subject to a shortened Performance Period pursuant to this Section 9.2 shall be paid, to the extent such Performance Shares become vested and payable after giving effect to the first sentence of this Section 9.2, to the Holder in cash as soon as practicable for EIX (and in all events within 74 days) after the date of the Change in Control of EIX, and any such Performance Shares that do not become vested and payable shall terminate for no value as of the date of the Change in Control of EIX.

- 9.3 Restricted Stock Units.** This Section 9.3 applies to the Restricted Stock Units notwithstanding anything to the contrary in Section 7.2 of the Plan. The Committee may not exercise any discretion to change the payment date(s) of the Restricted Stock Units except as otherwise expressly provided in this Section 9.3 or as otherwise compliant with (so as to not result in any tax, penalty or interest under) Section 409A of the Code. The Restricted Stock Units may only be terminated in connection with a Change in Control of EIX to the extent the termination satisfies the requirements of Treasury Regulation Section 1.409A-3(j)(4)(ix) (Plan Terminations and Liquidations). In the event the Restricted Stock Units are to terminate in connection with such an event, then upon (or, as may be necessary to effect the acceleration, immediately prior to) the Change in Control of EIX, the then-outstanding and unvested Restricted Stock Units will become fully vested. In the event the Restricted Stock Units are not to be so terminated in connection with such an event, the Committee shall make provision for the substitution, assumption, exchange or other continuation of the Restricted Stock Units in a manner that is compliant with (and does not result in any tax, penalty or interest under) Section 409A of the Code and the Restricted Stock Units shall be paid at the first applicable time otherwise provided in these Terms.
- 9.4 Severance Plan Benefits.** If a Holder is a participant in the EIX 2008 Executive Severance Plan (or any similar successor plan) and experiences a Qualifying Termination Event as defined in the EIX 2008 Executive Severance Plan (or a similar employment termination under a successor plan) associated with a Change in Control as defined in the EIX 2008 Executive Severance Plan (or any similar successor plan), then (i) the Holder's outstanding EIX Options will immediately vest, (ii) the Holder will have two years following the date of termination in which to exercise such EIX options if the Holder is a Senior Vice President or Executive Vice President (three years if the Holder is the Chief Executive Officer, General Counsel, or Chief Financial Officer of EIX, or the Chief Executive Officer or President of Southern California Edison Company), in each case subject to earlier termination at the end of the applicable option term or as provided in Section 9.1 above, (iii) any then outstanding Performance Shares shall be treated as provided for in Section 8.3(B) above, if the applicable performance period has not been shortened pursuant to Section 9.2 above, and (iv) any then outstanding Restricted Stock Units will immediately and fully vest, and will be paid as soon as practicable for EIX (and in all events within 90 days) following the date of the Holder's Separation from Service, if vesting had not otherwise been triggered by Section 9.3 above.
- 9.5 Other Acceleration Rules.** Any acceleration of LTI pursuant to this Section 9 will comply with applicable legal requirements and, if necessary to accomplish the purposes of the acceleration or if the circumstances require, may be deemed by the Committee to occur within a limited period of time not greater than 30 days prior to the Change in Control of EIX. Without limiting the generality of the foregoing, the Committee may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of a LTI if the event giving rise to acceleration does not occur.
- 9.6 Definition of Change in Control of EIX.** A "Change in Control of EIX" shall be deemed to have occurred as of the first day, after the date of grant, that any one or more of the following conditions shall have been satisfied:
- (A) Any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of EIX) becomes the Beneficial Owner, directly or indirectly, of securities of EIX representing thirty percent (30%) or more of the combined voting power of EIX's then outstanding securities. For purposes of this clause, "Person" shall mean any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, except that such term shall not include one or more underwriters acquiring newly-issued voting securities (or securities convertible into voting securities) directly from EIX with a view towards distribution; and the term "Beneficial Owner" shall mean as defined under Rule 13d-3 promulgated under the Exchange Act.

(B) On any day after the date of grant (the “**Reference Date**”) Continuing Directors cease for any reason to constitute a majority of the Board. A director is a “**Continuing Director**” if he or she either:

- (i) was a member of the Board on the applicable Initial Date (an “**Initial Director**”); or
- (ii) was elected to the Board, or was nominated for election by EIX’s shareholders, by a vote of at least two-thirds (2/3) of the Initial Directors then in office.

A member of the Board who was not a director on the applicable Initial Date shall be deemed to be an Initial Director for purposes of clause (b) above if his or her election, or nomination for election by EIX’s shareholders, was approved by a vote of at least two-thirds (2/3) of the Initial Directors (including directors elected after the applicable Initial Date who are deemed to be Initial Directors by application of this provision) then in office. For these purposes, “**Initial Date**” means the later of (A) the date of grant or (B) the date that is two (2) years before the Reference Date.

(C) EIX is liquidated; all or substantially all of EIX’s assets are sold in one or a series of related transactions; or EIX is merged, consolidated, or reorganized with or involving any other corporation, other than a merger, consolidation, or reorganization that results in the voting securities of EIX outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of EIX (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization. Notwithstanding the foregoing, a bankruptcy of EIX or a sale or spin-off of an affiliate of EIX (short of a dissolution of EIX or a liquidation of substantially all of EIX’s assets, determined on an aggregate basis) will not constitute a Change in Control of EIX.

(D) The consummation of such other transaction that the Board may, in its discretion in the circumstances, declare to be a Change in Control of EIX for purposes of the Plan.

10. TAXES AND OTHER WITHHOLDING

Upon any exercise, vesting, payment or other taxable event with respect to any LTI, the Company shall have the right at its option to:

- require the Holder (or the Holder’s personal representative or beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company may be required to withhold with respect to such LTI event or payment; or
- deduct from any amount otherwise payable in cash to the Holder (or the Holder’s personal representative or beneficiary, as the case may be) the minimum amount of any taxes which the Company may be required to withhold with respect to such cash payment.

In the case of Performance Shares, the required tax withholding will, except as provided below, be satisfied as if the portion of such Performance Shares payable in stock and the portion of such Performance Shares payable in cash were separately subject to tax withholding. With respect to the portion of the Performance Shares payable in stock, the applicable withholding obligation shall be satisfied by substituting a cash award for a number of shares of Common Stock otherwise issuable pursuant to the Performance Shares, rounded up to the next whole share for fractional shares and valued using the closing price per share of EIX Common Stock on the New York Stock Exchange for the date of the Committee’s certification in Section 4.2 and Section 4.3 above, as is necessary to satisfy the applicable withholding obligation (and, for purposes of clarity, the withholding obligation applicable to the portion of the Performance Shares payable in stock shall not be satisfied by a reduction of the cash payable with respect to the Performance Shares payable in cash). With respect to the portion of the Performance Shares payable in cash, the applicable withholding obligation shall be deducted from the cash otherwise payable; provided, however, that if due to deferrals there is an insufficient amount of cash to satisfy the applicable withholding obligation, then the shortfall shall be satisfied as determined by the Company pursuant to the preceding paragraph.

Except as otherwise provided in the preceding paragraph, to the extent that the payment of any LTI pursuant to exercise or vesting requires tax withholding and a sufficient amount of cash (not otherwise deferred) is not generated from the underlying transaction to satisfy such withholding obligations, EIX shall substitute a cash award for a number of shares of Common Stock otherwise issuable pursuant to the LTI, rounded up to the next whole share for fractional shares and valued in a consistent manner at their fair market value as of the date of such exercise (in the case of EIX Options), at their fair market value based on the closing price per share of EIX Common Stock on the date of the Committee's certification in Section 4.2 and Section 4.3 above (in the case of Performance Shares), or (in the case of Restricted Stock Units) at a fair market value based on the closing price per share of EIX Common Stock on January 3, 2017 (or, as to any Restricted Stock Units that have vested pursuant to Section 8.3, 8.4, 8.5 or 9 (including any payment made pursuant to Section 14.7, but excluding any payment where the time for payment is determined by reference to Section 8.2(C)), the closing price per share of EIX Common Stock on the New York Stock Exchange for the business day immediately preceding the day of payment), as is necessary to satisfy the minimum applicable withholding obligation in connection with such transaction to the extent that such withholding amount exceeds the amount of cash generated from the underlying transaction and not otherwise deferred.

Notwithstanding the foregoing, in no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law. If for any reason EIX cannot or elects not to satisfy such withholding obligations in such manner, or if a tax withholding obligation arises in any other circumstances, the Company shall have the right to satisfy such withholding obligations, or require the Holder to satisfy such withholding obligations, as otherwise provided above.

To the extent that the payment of any LTI pursuant to exercise or vesting requires Garnishment Payments by the Company, and a sufficient amount of cash is not generated by the underlying transaction to satisfy the Garnishment Payment obligations arising from such transaction, the Company shall substitute a cash award for a number of shares of Common Stock otherwise issuable pursuant to the LTI, rounded up to the next whole share for fractional shares and valued in a consistent manner at their fair market value as of the date of such exercise (in the case of EIX Options), at their fair market value based on the closing price per share of EIX Common Stock on the date of the Committee's certification in Section 4.2 and Section 4.3 above (in the case of Performance Shares), or (in the case of Restricted Stock Units) at a fair market value based on the closing price per share of EIX Common Stock on the New York Stock Exchange for January 3, 2017 (or, as to any Restricted Stock Units that have vested pursuant to Section 8.3, 8.4, 8.5 or 9 (including any payment made pursuant to Section 14.7, but excluding any payment where the time for payment is determined by reference to Section 8.2(C)), the closing price per share of EIX Common Stock on the New York Stock Exchange for the business day immediately preceding the day of payment), equal to the amount required by any Garnishment, less any cash received and not deferred in connection with such transaction. For this purpose, "**Garnishment**" means garnishment orders, levies, and other assessments imposed by legal authority and "**Garnishment Payments**" means payments required by the Company pursuant to any such Garnishment. In the case of Performance Shares, the portion of such Performance Shares payable in stock and the portion of such Performance Shares payable in cash shall be treated as two separate awards for purposes of applying such Garnishment provisions.

The provisions of this Section 10 regarding the determination of the cash value of a share for purposes of any substitution (but with "January 3, 2017" replaced by "January 2, 2015" and "January 2, 2016" for Restricted Stock Units granted in 2012 and 2013, respectively), as well as the last sentence of the preceding paragraph regarding the treatment of Performance Share Garnishments, apply to any previously-granted and currently outstanding LTI, and such provisions control as to any inconsistency with the Terms and Conditions applicable to such previously-granted LTI regarding such subject matter; provided that the provisions of this Section 10 regarding the determination of the cash value of a share for purposes of any substitution shall not modify the existing Terms and Conditions applicable to performance shares granted in 2011.

11. CONTINUED EMPLOYMENT

Nothing in the award certificate or these Terms will be deemed to confer on the Holder any right to continue in the employ of EIX, any of its subsidiaries, or any other entity or interfere in any way with the right of any of them to terminate his or her employment at any time.

12. INSIDER TRADING; SECTION 16

- 12.1 *Insider Trading.*** Each Holder shall comply with all EIX notice, trading and other policies regarding transactions in and involving EIX securities (including, without limitation, policies prohibiting insider trading).
- 12.2 *Section 16.*** If an LTI is granted to a person who later becomes subject to the provisions of Section 16 of the Exchange Act (“**Section 16**”) in respect of EIX, the LTI will immediately and automatically become subject to the requirements of Rule 16b-3(d) and/or 16b-3(e) (the “**Rule**”) and may not be exercised, transferred or (to the extent permitted by Section 409A of the Code without triggering any tax, penalty or interest thereunder) paid until the Rule has been satisfied. Approval of these Terms is intended to satisfy the Rule. However, in its sole discretion, the Committee may take any other action to assure compliance with the requirements of the Rule, including (to the extent permitted by Section 409A of the Code without triggering any tax, penalty or interest thereunder) withholding delivery to Holder (or any other person) of any security or of any other payment in any form until the requirements of the Rule have been satisfied. The Secretary of EIX may waive compliance with the requirements of the Rule if he or she determines the transaction to be exempt from the provisions of paragraph (b) of Section 16.
- 12.3 *Notice of Disposition.*** The Holder agrees that if he or she should plan to dispose of any shares of stock acquired on the exercise or payment of LTI awards (including a disposition by sale, exchange, gift or transfer of legal title) and the Holder is a person who is required to preclear EIX securities transactions, the Holder will notify EIX prior to such disposition.

13. AMENDMENT

The LTI are subject to the terms of the Plan, as it may be amended from time to time. EIX reserves the right to amend these Terms from time to time to the extent that EIX reasonably determines that the amendment is necessary or advisable to comply with applicable laws, rules or regulations or to preserve the intended tax consequences of the applicable LTI. The LTI may not otherwise be amended or terminated (by amendment to or of the Plan or otherwise) in any manner materially adverse to the rights of the Holder of the affected LTI without such Holder’s consent.

14. MISCELLANEOUS

- 14.1 *Force and Effect.*** The various provisions herein are severable in their entirety. Any determination of invalidity or unenforceability of any one provision will have no effect on the continuing force and effect of the remaining provisions.
- 14.2 *Governing Law.*** These Terms will be construed under the laws of the State of California.
- 14.3 *Notice.*** Unless waived by EIX, any notice required under or relating to the LTI must be in writing, with postage prepaid, addressed to: Edison International, Attn: Corporate Secretary, P.O. Box 800, Rosemead, CA 91770.
- 14.4 *Construction.*** These Terms shall be construed and interpreted to comply with Section 409A of the Code. Additionally, when any provision of this document refers to a date, including a date implied by the end of a specified period, and that date falls on a holiday or weekend, the date shall be deemed to be the immediately preceding business day on which the New York Stock Exchange is open, except that the last day of the Performance Period shall occur on December 31, 2016 and in no event shall the term of an EIX Option extend beyond its maximum 10-year term. Any determination of trading price or fair market value for purposes of these Terms shall be made consistent with the resolutions adopted by the EIX Board of Directors on July 19, 2001 entitled “Fair Market Value Measure for Equity-Based Awards.” EIX Options and Performance Shares are intended to qualify as performance-based compensation exempt from the deductibility limitations of Section 162(m) of the Code and these Terms shall be construed and interpreted consistent with that intent.
- 14.5 *Transfer Representations.*** The Holder agrees that any securities acquired by him or her hereunder are being acquired for his or her own account for investment and not with a view to or for sale in connection with any distribution thereof and that he or she understands that such securities may not be sold,

transferred, pledged, hypothecated, alienated, or otherwise assigned or disposed of without either registration under the Securities Act of 1933 or compliance with the exemption provided by Rule 144 or another applicable exemption under such act.

- 14.6 *Award Not Funded.*** The Holder will have no right or claim to any specific funds, property or assets of the Companies as to any award of LTI.
- 14.7 *Section 409A.*** Notwithstanding any provision of these Terms to the contrary, if the Holder is a “specified employee” as defined in Section 409A of the Code, the Holder shall not be entitled to any payment with respect to any LTI subject to Section 409A in connection with the Holder’s Separation from Service until the earlier of (a) the date which is six (6) months after the Holder’s Separation From Service for any reason other than the Holder’s death, or (b) the date of the Holder’s death. Any amounts otherwise payable to the Holder following the Holder’s Separation From Service that are not so paid by reason of this Section 14.7 shall be paid as soon as practicable for EIX (and in all events within ninety (90) days) after the date that is six (6) months after the Holder’s Separation From Service (or, if earlier, the date of the Holder’s death). The provisions of this Section 14.7 shall only apply if, and to the extent, required to comply with Section 409A of the Code.
- 14.8 *Claw-Back.*** Notwithstanding any provision of these Terms to the contrary, the LTI, as well as any shares of Common Stock, cash or other property that may be issued, delivered or paid in respect of the LTI, as well as any consideration that may be received in respect of a sale or other disposition of any such shares or property, shall be subject to any recoupment, “clawback” or similar provisions of applicable law, as well as any recoupment, “clawback” or similar policies of the Company that may be in effect from time to time.

EDISON INTERNATIONAL
EXECUTIVE INCENTIVE COMPENSATION PLAN

As Amended and Restated Effective February 26, 2014

WHEREAS, it has been determined that it is in the best interest of Edison International ("EIX") and its affiliates to offer and maintain competitive executive compensation programs designed to attract and retain qualified executives;

WHEREAS, it has been determined that providing financial incentives to executives that reinforce and recognize corporate, organizational and individual performance and accomplishments will enhance the financial and operational performance of EIX and its affiliates; and

WHEREAS, it has been determined that an incentive compensation program would encourage the attainment of short-term corporate goals and objectives;

NOW, THEREFORE, the Edison International Executive Incentive Compensation Plan has been established by the Compensation and Executive Personnel Committee of the Board of Directors originally effective January 1, 1997, and made available to eligible executives of EIX and its participating affiliates subject to the following terms and conditions:

1. Definitions. When capitalized herein, the following terms are defined as indicated:

"Board" means the Board of Directors of a Company.

"CEO" means the chief executive officer of a Company.

"Chairman" means the Chairman of the Board and Chief Executive Officer of EIX.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means EIX or a participating affiliate.

"Committee" means the Compensation and Executive Personnel Committee of the EIX Board of Directors. Where the context requires with respect to officers and other participating employees of Southern California Edison Company, "Committee" shall also mean the Compensation and Executive Personnel Committee of the Southern California Edison Company Board of Directors.

"Participant" means the Chairman, president, executive vice presidents, senior vice presidents, elected vice presidents, and senior managers whose participation in this Plan has been approved by the Committee, Chairman or Board.

"Plan" means the Edison International Executive Incentive Compensation Plan.

2. Eligibility. To be eligible for the full amount of any incentive award, an individual must have been a Participant for the entire calendar year. Pro-rata awards may be distributed to Participants who retired or became disabled during the calendar year. In the event of the death of a Participant during the calendar year, a pro-rata award may be made at the discretion of the Committee, the Board, or CEO having the authority to approve the Participant's award had the death not occurred. In the event an individual first becomes a Participant after the start of the calendar year, a pro-rata award may be made at the discretion of the Committee, the Board, or CEO having the authority to approve the Participant's award.

3. Company Performance Goals. Each CEO will furnish recommended Company performance goals to the Chairman. In consultation with the Chairman, the Committee will select specific performance goals for the year. The performance goals must represent relatively optimistic, but reasonably attainable goals, the accomplishment of which will contribute significantly to the attainment of Company strategic objectives.

4. Individual Incentive Award Levels. Company, organizational and individual performance relative to the pre-established goals will determine the award a Participant can receive. The Committee will establish target award levels for the year as a percentage of base salary at the time performance goals are set (and/or at such later time when the individual first becomes eligible to participate in the Plan or is eligible to receive a higher/lower target award level under the Plan because of a promotion/demotion or other approved reason). If a Participant is promoted after the Committee finalizes the performance goals for the year for purposes of Section 3 above (generally, the Committee meeting held in February each year) or otherwise becomes entitled to receive a higher/lower base salary and/or target award level under the Plan after such Committee action, that Participant's incentive award for that year may be calculated based on the Participant's weighted average base salary and target award level, taking into account the base salary and target award level during the portion of the calendar year preceding the promotion and/or change in base salary and/or target award level, and the base salary and target award level(s) during the remainder of the calendar year. All awards are discretionary and will be based on the assessment of corporate and individual performance by the Committee or the CEO.

5. Approval and Payment of Individual Awards. During the first quarter of the year following the completion of the calendar year, the Chairman, in consultation with each CEO, will assess the degree to which individual and corporate goals and objectives have been achieved. Incentive award recommendations for eligible officers will be developed. The Committee will receive a report from the Chairman as to overall Company

performance, will deliberate on management recommendations, and will approve, or recommend for approval by the applicable Board, the officer awards. Awards to non-officers will be determined and approved by the CEO of each Company, or his/her designee. All decisions of the Committee, the Chairman and the CEOs regarding individual incentive awards will be final and conclusive.

Incentive award payments will be made as soon as practical following the appropriate approval (and in all events within two and one-half months after the end of the calendar year to which the award relates). Payment will be made in cash except to the extent an eligible Participant has previously elected to defer payment of some or all of the award pursuant to the terms of a deferred compensation plan of the Company. Awards made will be subject to any income or payroll tax withholding or other deductions as may be required by Federal, State or local law.

Awards under this Plan will not be considered to be salary or other compensation for the purpose of computing benefits to which the Participant may be entitled under any qualified Company retirement plan, including but not limited to the SCE Retirement Plan, the Edison 401(k) Savings Plan, or any other plan or arrangement of the Company for the benefit of its employees if such plan or arrangement is a plan qualified under Section 401(a) of the Code and is a trust exempt from Federal income tax under Section 501(a) of the Code. Awards may be considered compensation for nonqualified plan purposes depending on the terms and conditions of the particular nonqualified plan.

6. No Right to Assets. An award payable to a Participant under this Plan shall constitute an unsecured general obligation of the Participant's employer (EIX or its affiliate, as the case may be, or, in the case of a former employee, the affiliate that last employed the Participant) (the applicable entity, the "Employer"), and no special fund or trust will be created, nor will any notes or securities be issued with respect to any awards. Participants will be no more than unsecured general creditors of the Employer with no special or prior right to any assets of the Employer for payment of any obligations hereunder. No Participant (or beneficiary of a Participant) will have a claim to benefits from any other affiliate. EIX is not a guarantor of the benefit obligations of other participating affiliates. By participating in, and by accepting any benefits under, this Plan, Participants consent to EIX sponsorship of this Plan, but acknowledge that EIX is not a guarantor of the benefit obligations of other participating affiliates. Each affiliate is responsible for payment of the accrued benefits under this Plan with respect to its own employees subject to the terms and conditions set forth herein. Notwithstanding the foregoing or anything in the definition of "Employer" to the contrary, and at the sole discretion of EIX, EIX may determine that for purposes of benefits payable under this Plan, EIX shall be deemed to be the Employer obligated to pay such benefits. Such an election by EIX may be made, in EIX's sole discretion, as to all Plan benefits, as to only certain benefits, and/or as to only certain affiliates or Participants, and will be deemed an assumption of the specified benefit obligations of the applicable affiliates. Subject to the further provisions hereof, EIX will be solely obligated to pay any such benefits and no Participant (or beneficiary) will have a claim as to any other affiliate with respect to such benefits. Upon an election

by EIX under this Section 6, benefits covered by the election will be paid from the general funds of EIX (and not the affiliate that would otherwise pay the benefits), provided that EIX may require that as between EIX and the affiliate that would otherwise pay such benefits, the affiliate will be responsible to pay EIX for the assumption of such obligations in accordance with funding arrangements determined by EIX at the time of election or any time thereafter. To the extent such affiliate fails to comply with such funding arrangements or obtains any refund or offset of payments made from the affiliate to EIX without the consent of EIX, the affiliate that would otherwise be responsible for payment of benefits to the applicable Participant will remain responsible for such benefits. EIX will effectuate any such election pursuant to this Section 6 by providing written notice to the Committee and the applicable affiliates regarding the effective date of such election, and the benefits, affiliates and Participants for which the election is applicable. The funding arrangements established by EIX at the time of its election, or from time to time thereafter, will set forth the method by which the affiliates will remit funds to EIX in consideration of benefit obligations that are assumed by EIX.

7. Plan Modifications and Adjustments. In order to ensure the incentive features of the Plan, avoid distortion in its operation and compensate for or reflect extraordinary changes which may have occurred during the calendar year, the Committee may make adjustments to the Company performance goals or other Plan terms and conditions before, during or after the end of the calendar year to the extent it determines appropriate in its sole discretion. Adjustments to the Plan shall be conclusive and binding upon all parties concerned. The Plan may be modified or terminated by the Committee at any time.

8. Plan Administration. This Plan and any officer awards made pursuant to it are to be approved by the Committee or the Board of the participating affiliate after review by the Committee. Each CEO, or his/her delegate, shall approve any non-officer awards. Administration of the Plan is otherwise delegated to the senior officer of EIX responsible for Human Resources (and to the EIX director responsible for executive compensation (the "EIX EC Director") if EIX does not have an officer responsible for Human Resources other than the Chairman) and designees acting under his/her (or the EIX EC Director's) direction. Such officer is authorized (and the EIX EC Director is authorized) to approve ministerial amendments to the Plan, to interpret Plan provisions, and to approve changes as may be required by law or regulation. No Company, Board, Committee or individual shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of the Plan.

9. Successors and Assigns. This Plan shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the Company and Participant.

Notwithstanding the foregoing, any right to receive payment hereunder is hereby expressly declared to be personal, nonassignable and nontransferable, except by will, intestacy, or as otherwise required by law, and in the event of any attempted assignment, alienation or transfer of such rights contrary to the provisions hereof, the Company shall have no further liability for payments hereunder.

10. Beneficiaries. Any award approved following the death of a Participant will be made to the Participant's most recently designated beneficiary or beneficiaries under the 2007 Performance Incentive Plan (or any successor equity incentive plan) of the Company. If no beneficiary has been designated by the Participant, or if no beneficiary survives the Participant, or if a designated beneficiary should die after surviving the Participant but before the award has been paid, any award approved will be paid in a lump-sum payment to the Participant's estate as soon as practicable.

11. Capacity. If any person entitled to payments under this Plan is incapacitated and unable to use such payments in his or her own best interest, the Company may direct that payments (or any portion) be made to that person's legal guardian or conservator, or that person's spouse, as an alternative to the payment to the person unable to use the payments. Court-appointed guardianship or conservatorship may be required by the Company before payment is made. The Company shall have no obligation to supervise the use of such payments.

12. No Right of Employment. Nothing contained herein shall be construed as conferring upon the Participant the right to continue in the employ of the Company as an officer or manager of the Company or in any other capacity.

13. Severability and Controlling Law. The various provisions of this Plan are severable in their entirety. Any determination of invalidity or unenforceability of any one provision will have no effect on the continuing force and effect of the remaining provisions. This Plan shall be governed by the laws of the State of California.

14. Section 409A. This Plan shall be construed and interpreted to comply with Section 409A of the Code.

IN WITNESS WHEREOF, EIX has adopted this amended version of this Plan effective the 26th day of February, 2014.

EDISON INTERNATIONAL

/s/ Jacqueline Trapp

Jacqueline Trapp
Director, Executive Talent & Rewards

CERTIFICATION

I, THEODORE F. CRAVER, JR., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, of Edison International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ THEODORE F. CRAVER, JR.

THEODORE F. CRAVER, JR.
Chief Executive Officer

CERTIFICATION

I, W. JAMES SCILACCI, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, of Edison International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ W. JAMES SCILACCI

W. JAMES SCILACCI
Chief Financial Officer

CERTIFICATION

I, RONALD L. LITZINGER, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, of Southern California Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ RONALD L. LITZINGER

RONALD L. LITZINGER
President

CERTIFICATION

I, STUART R. HEMPHILL, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, of Southern California Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2014

/s/ STUART R. HEMPHILL

STUART R. HEMPHILL
Chief Financial Officer

**STATEMENT PURSUANT TO 18 U.S.C. SECTION 1350, AS
ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (the "Quarterly Report"), of Edison International (the "Company"), and pursuant to 18 U.S.C. Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies, to the best of his knowledge, that:

1. The Quarterly Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2014

/s/ THEODORE F. CRAVER, JR.

THEODORE F. CRAVER, JR.
Chief Executive Officer
Edison International

/s/ W. JAMES SCILACCI

W. JAMES SCILACCI
Chief Financial Officer
Edison International

This statement accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**STATEMENT PURSUANT TO 18 U.S.C. SECTION 1350, AS
ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (the "Quarterly Report"), of Southern California Edison Company (the "Company"), and pursuant to 18 U.S.C. Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies, to the best of his or her knowledge, that:

1. The Quarterly Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2014

/s/ RONALD L. LITZINGER

RONALD L. LITZINGER

President

Southern California Edison Company

/s/ STUART R. HEMPHILL

STUART R. HEMPHILL

Chief Financial Officer

Southern California Edison Company

This statement accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.