

**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, 2021**
- 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)

**Securities registered pursuant to Section 12(b) of the Act:**

**Edison International:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	EIX	NYSE LLC

**Southern California Edison Company:** None.

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 every Interactive Data File required to be submitted 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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-12 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Edison International  Southern California Edison Company

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 20, 2021:

Edison International	379,438,053 Shares
Southern California Edison Company	434,888,104 Shares

TABLE OF CONTENTS

		<u>SEC Form 10-Q</u> <u>Reference Number</u>
<a href="#">GLOSSARY</a>	iv	
<a href="#">FORWARD-LOOKING STATEMENTS</a>	1	
<a href="#">MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</a>	4	<a href="#">Part I, Item 2</a>
<a href="#">MANAGEMENT OVERVIEW</a>	4	
<a href="#">Highlights of Operating Results</a>	4	
<a href="#">Southern California Wildfires and Mudslides</a>	5	
<a href="#">CSRP</a>	7	
<a href="#">COVID-19</a>	8	
<a href="#">2021 General Rate Case</a>	8	
<a href="#">Wildfire Mitigation, Wildfire Insurance and Restoration Expenses</a>	8	
<a href="#">Capital Program</a>	9	
<a href="#">RESULTS OF OPERATIONS</a>	9	
<a href="#">Southern California Edison Company</a>	9	
<a href="#">Three months ended March 31, 2021 versus March 31, 2020</a>	10	
<a href="#">Earning Activities</a>	10	
<a href="#">Cost-Recovery Activities</a>	11	
<a href="#">Supplemental Operating Revenue Information</a>	11	
<a href="#">Income Taxes</a>	11	
<a href="#">Edison International Parent and Other</a>	12	
<a href="#">Loss from Operations</a>	12	
<a href="#">LIQUIDITY AND CAPITAL RESOURCES</a>	12	
<a href="#">Southern California Edison Company</a>	12	
<a href="#">Available Liquidity</a>	14	
<a href="#">Regulatory Proceedings</a>	15	
<a href="#">Capital Investment Plan</a>	15	
<a href="#">Margin and Collateral Deposits</a>	16	
<a href="#">Edison International Parent and Other</a>	16	
<a href="#">Historical Cash Flows</a>	18	
<a href="#">Southern California Edison Company</a>	18	
<a href="#">Edison International Parent and Other</a>	21	
<a href="#">Contingencies</a>	21	
<a href="#">MARKET RISK EXPOSURES</a>	21	
<a href="#">Commodity Price Risk</a>	21	

<a href="#">Credit Risk</a>	22	
<a href="#">CRITICAL ACCOUNTING ESTIMATES AND POLICIES</a>	22	
<a href="#">NEW ACCOUNTING GUIDANCE</a>	22	
<a href="#">QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</a>	22	<a href="#">Part I, Item 3</a>
<a href="#">FINANCIAL STATEMENTS</a>	24	<a href="#">Part I, Item 1</a>
<a href="#">Edison International Consolidated Statements of Income</a>	24	
<a href="#">Edison International Consolidated Statements of Comprehensive Income</a>	25	
<a href="#">Edison International Consolidated Balance Sheets</a>	26	
<a href="#">Edison International Consolidated Statements of Cash Flows</a>	28	
<a href="#">SCE Consolidated Statements of Income</a>	29	
<a href="#">SCE Consolidated Statements of Comprehensive Income</a>	29	
<a href="#">SCE Consolidated Balance Sheets</a>	30	
<a href="#">SCE Consolidated Statements of Cash Flows</a>	32	
<a href="#">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</a>	33	
<a href="#">Note 1. Summary of Significant Accounting Policies</a>	33	
<a href="#">Note 2. Consolidated Statements of Changes in Equity</a>	36	
<a href="#">Note 3. Variable Interest Entities</a>	37	
<a href="#">Note 4. Fair Value Measurements</a>	39	
<a href="#">Note 5. Debt and Credit Agreements</a>	42	
<a href="#">Note 6. Derivative Instruments</a>	44	
<a href="#">Note 7. Revenue</a>	46	
<a href="#">Note 8. Income Taxes</a>	47	
<a href="#">Note 9. Compensation and Benefit Plans</a>	48	
<a href="#">Note 10. Investments</a>	49	
<a href="#">Note 11. Regulatory Assets and Liabilities</a>	50	
<a href="#">Note 12. Commitments and Contingencies</a>	51	
<a href="#">Note 13. Equity</a>	64	
<a href="#">Note 14. Accumulated Other Comprehensive Loss</a>	65	
<a href="#">Note 15. Other Income</a>	65	
<a href="#">Note 16. Supplemental Cash Flows Information</a>	66	
<a href="#">Note 17. Related-Party Transactions</a>	66	
<a href="#">CONTROLS AND PROCEDURES</a>	67	<a href="#">Part I, Item 4</a>
<a href="#">Disclosure Controls and Procedures</a>	67	
<a href="#">Changes in Internal Control Over Financial Reporting</a>	67	
<a href="#">Jointly Owned Utility Plant</a>	67	
<a href="#">LEGAL PROCEEDINGS</a>	67	<a href="#">Part II, Item 1</a>

[Table of Contents](#)

<a href="#">2017/2018/Wildfire/Mudslide Events</a>	67	
<a href="#">Environmental Proceedings</a>	67	
<a href="#">EXHIBITS</a>	68	<a href="#">Part II, Item 6</a>
<a href="#">SIGNATURES</a>	69	

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.

## GLOSSARY

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

2017/2018 Wildfire/Mudslide Events	the Thomas Fire, the Koenigstein Fire, the Montecito Mudslides and the Woolsey Fire, collectively
2019/2020 Wildfires	wildfires that originated in Southern California in 2019 and 2020 where SCE's equipment may be alleged to be associated with the fire's ignition
2020 Form 10-K	Edison International's and SCE's combined Annual Report on Form 10-K for the year ended December 31, 2020
AB 1054	California Assembly Bill 1054, executed by the governor of California on July 12, 2019
AB 1054 Excluded Capital Expenditures	approximately \$1.6 billion in wildfire risk mitigation capital expenditures that SCE will exclude from the equity portion of SCE's rate base as required under AB 1054
AB 1054 Liability Cap	a cap on the aggregate requirement to reimburse the Wildfire Insurance Fund over a trailing three calendar year period which applies if certain conditions are met and is equal to 20% of the equity portion of the utility's transmission and distribution rate base, excluding general plant and intangibles, in the year of the applicable prudence determination
ARO(s)	asset retirement obligation(s)
BRRBA	Base Revenue Requirement Balancing Account
CAISO	California Independent System Operator
Capital Structure Compliance Period	January 1, 2020 to December 31, 2022, the current compliance period for SCE's CPUC authorized capital structure
CCAs	community choice aggregators which are cities, counties, and certain other public agencies with the authority to generate and/or purchase electricity for their local residents and businesses
CEMA	Catastrophic Event Memorandum Accounts
COVID-19	Coronavirus disease 2019
CPUC	California Public Utilities Commission
CSR	Customer Service Re-platform, a SCE project to implement a new customer service system
DERs	distributed energy resources
Edison Energy	Edison Energy, LLC, a wholly-owned subsidiary of Edison Energy Group that is engaged in the competitive business of providing data-driven energy solutions to commercial, institutional and industrial customers
Edison Energy Group	Edison Energy Group, Inc., an indirect wholly-owned subsidiary of Edison International, that is a holding company for subsidiaries engaged in competitive businesses
Edison International Proxy Statement	Proxy Statement to be filed with the SEC in connection with Edison International's Annual Meeting of Shareholders' held on April 22, 2021
Electric Service Provider	an entity that offers electric power and ancillary services to retail customers, other than electrical corporations (like SCE) and CCAs
ERRA	Energy Resource Recovery Account
FERC	Federal Energy Regulatory Commission
FHPMA	Fire Hazard Prevention Memorandum Account
Fitch	Fitch Ratings, Inc.
GAAP	generally accepted accounting principles
GHG	greenhouse gas
GRC	general rate case
GS&RP	Grid Safety and Resiliency Program

[Table of Contents](#)

Koenigstein Fire	a wind-driven fire that originated near Koenigstein Road in the City of Santa Paula in Ventura County, California, on December 4, 2017
kV	unit of electrical potential equal to 1000 volts
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Montecito Mudslides	the debris flows and flooding in Montecito, Santa Barbara County, California, that occurred in January 2018
Moody's	Moody's Investors Service, Inc.
NERC	North American Electric Reliability Corporation
NRC	Nuclear Regulatory Commission
PABA	Portfolio Allocation Balancing Account
Palo Verde	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)
PG&E	Pacific Gas & Electric Company
PSPS	Public Safety Power Shutoffs
ROE	return on common equity
RPS	renewables portfolio standard
S&P	Standard & Poor's Financial Services LLC
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, a wholly-owned subsidiary of Edison International
SDG&E	San Diego Gas & Electric
SEC	U.S. Securities and Exchange Commission
SED	Safety and Enforcement Division of the CPUC
Tax Reform	Tax Cuts and Jobs Act signed into law on December 22, 2017
Thomas Fire	a wind-driven fire that originated in the Anlauf Canyon area of Ventura County, California, on December 4, 2017
TKM	collectively, the Thomas Fire, the Koenigstein Fire and the Montecito Mudslides
TKM Subrogation Plaintiffs	the plaintiffs party to the TKM Subrogation Settlement, representing all the insurance subrogation plaintiffs in the TKM litigation at the time of the settlement
TKM Subrogation Settlement	a settlement entered into by Edison International and SCE in September 2020 in the TKM litigation to which the TKM Subrogation Plaintiffs are party
VCFD	Ventura County Fire Department
WEMA	Wildfire Expense Memorandum Account
WMP	a wildfire mitigation plan required to be filed under AB 1054 to describe a utility's plans to construct, operate, and maintain electrical lines and equipment that will help minimize the risk of catastrophic wildfires caused by such electrical lines and equipment
Wildfire Insurance Fund	the insurance fund established under AB 1054
Woolsey Fire	a wind-driven fire that originated in Ventura County in November 2018
Woolsey Subrogation Plaintiffs	the plaintiffs party to the Woolsey Subrogation Settlement, representing all the insurance subrogation plaintiffs in the Woolsey Fire litigation at the time of the settlement
Woolsey Subrogation Settlement	a settlement entered into by Edison International and SCE in January 2021 in the Woolsey litigation to which the Woolsey Subrogation Plaintiffs are party
WSD	Wildfire Safety Division of the CPUC

---

## 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 statements that do 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 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 through regulated rates, including uninsured wildfire-related and debris flow-related costs, costs incurred to mitigate the risk of utility equipment causing future wildfires, costs incurred to implement SCE's new customer service system and costs incurred as a result of the COVID-19 pandemic;
- ability of SCE to implement its WMP;
- risks of regulatory or legislative restrictions that would limit SCE's ability to implement PSPS when conditions warrant or would otherwise limit SCE's operational PSPS practices;
- risks associated with implementing PSPS, including regulatory fines and penalties, claims for damages and reputational harm;
- ability of SCE to maintain a valid safety certification;
- ability to obtain sufficient insurance at a reasonable cost, including insurance relating to SCE's nuclear facilities and wildfire-related claims, and to recover the costs of such insurance or, in the event liabilities exceed insured amounts, the ability to recover uninsured losses from customers or other parties;
- extreme weather-related incidents (including events caused, or exacerbated, by climate change, such as wildfires, debris flows, high wind events and extreme heat events) and other natural disasters (such as earthquakes), which could cause, among other things, public safety issues, property damage, operational issues (such as rotating outages and issues due to damaged infrastructure), PSPS activations and unanticipated costs;
- risks associated with AB 1054 effectively mitigating the significant risk faced by California investor-owned utilities related to liability for damages arising from catastrophic wildfires where utility facilities are alleged to be a substantial cause, including the longevity of the Wildfire Insurance Fund and the CPUC's interpretation of and actions under AB 1054, including its interpretation of the new prudency standard established under AB 1054;
- decisions and other actions by the CPUC, the FERC, the NRC and other governmental authorities, including decisions and actions related to nationwide or statewide crisis, determinations of authorized rates of return or return on equity, the recoverability of wildfire-related and debris flow-related costs, issuance of SCE's wildfire safety certification, wildfire mitigation efforts, and delays in executive, regulatory and legislative actions;
- ability of Edison International or SCE to borrow funds and access bank and capital markets on reasonable terms;

## [Table of Contents](#)

- risks associated with the decommissioning of San Onofre, including those related to worker and public safety, public opposition, permitting, governmental approvals, on-site storage of spent nuclear fuel, delays, contractual disputes, and cost overruns;
- pandemics, such as COVID-19, and other events that cause regional, statewide, national or global disruption, which could impact, among other things, Edison International's and SCE's business, operations, cash flows, liquidity and/or financial results and cause Edison International and SCE to incur unanticipated costs;
- physical security of Edison International's and SCE's critical assets and personnel and the cybersecurity of Edison International's and SCE's critical information technology systems for grid control, and business, employee and customer data;
- risks associated with cost allocation resulting in higher rates for utility bundled service customers because of possible customer bypass or departure for other electricity providers such as CCAs and Electric Service Providers;
- risks inherent in SCE's transmission and distribution infrastructure investment program, including those related to project site identification, public opposition, environmental mitigation, construction, permitting, power curtailment costs (payments due under power contracts in the event there is insufficient transmission to enable acceptance of power delivery), changes in the CAISO's transmission plans, and governmental approvals;
- risks associated with the operation of transmission and distribution assets and power generating facilities, including worker and public safety issues, the risk of utility assets causing or contributing to wildfires, failure, availability, efficiency, and output of equipment and facilities, and availability and cost of spare parts;
- actions by credit rating agencies to downgrade Edison International or SCE's credit ratings or to place those ratings on negative watch or negative outlook;
- changes in tax laws and regulations, at both the state and federal levels, or changes in the application of those laws, that could affect recorded deferred tax assets and liabilities and effective tax rate;
- changes in future taxable income, or changes in tax law, that would limit Edison International's and SCE's realization of expected net operating loss and tax credit carryover benefits prior to expiration;
- 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 adopted by the NERC, CAISO, Western Electricity Council, and similar regulatory bodies in adjoining regions, and changes in the United States' and California's environmental priorities that lessen the importance the state places on GHG reduction;
- 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;
- potential for penalties or disallowance for non-compliance with applicable laws and regulations; and

- cost of fuel for generating facilities and related transportation, which could be impacted by, among other things, disruption of natural gas storage facilities, to the extent not recovered through regulated rate cost escalation provisions or balancing accounts.

Additional information about risks and uncertainties, including more detail about the factors described in this report, is contained throughout this report and in the 2020 Form 10-K, including the "Risk Factors" section. Readers are urged to read this entire report, including information incorporated by reference, as well as the 2020 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. Edison International and SCE post or provide direct links to (i) certain SCE and other parties' regulatory filings and documents with the CPUC and the FERC and certain agency rulings and notices in open proceedings in a section titled "SCE Regulatory Highlights," (ii) certain documents and information related to Southern California wildfires which may be of interest to investors in a section titled "Southern California Wildfires," and (iii) presentations, documents and information that may be of interest to investors in a section titled "Presentations" at [www.edisoninvestor.com](http://www.edisoninvestor.com) in order to publicly disseminate such information. The reports, presentations, documents and information contained on, or connected to, the Edison investor website are not deemed part of, and are not incorporated by reference into, this report.

The MD&A for the three months ended March 31, 2021 discusses material changes in the consolidated financial condition, results of operations and other developments of Edison International and SCE since December 31, 2020 and as compared to the three months ended March 31, 2020. This discussion presumes that the reader has read or has access to Edison International's and SCE's MD&A for the calendar year 2020 (the "2020 MD&A"), which was included in the 2020 Form 10-K.

Except when otherwise stated, references to each of Edison International, SCE, or Edison Energy Group 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 competitive subsidiaries and "Edison International Parent" mean Edison International on a stand-alone basis, not consolidated with its subsidiaries. Unless otherwise described, all the information contained in this report relates to both filers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### MANAGEMENT OVERVIEW

#### Highlights of Operating Results

Edison International is the parent holding company of SCE and Edison Energy Group. 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 Energy Group is a holding company for Edison Energy which is engaged in the competitive business of providing data-driven energy solutions to commercial, institutional and industrial customers. Edison Energy's business activities are currently not material to report as a separate business segment.

(in millions)	Three months ended		Change
	March 31,		
	2021	2020	
<b>Net income (loss) attributable to Edison International</b>			
SCE	\$ 296	\$ 219	\$ 77
Edison International Parent and Other	(37)	(36)	(1)
Edison International	259	183	76
<b>Less: Non-core items</b>			
SCE			
2017/2018 Wildfire/Mudslide Events expenses	(4)	—	(4)
Wildfire Insurance Fund expense	(38)	(60)	22
Re-measurement of tax liabilities	—	18	(18)
Edison International Parent and Other			
Re-measurement of tax liabilities	—	(3)	3
Total non-core items	(42)	(45)	3
<b>Core earnings (losses)</b>			
SCE	338	261	77
Edison International Parent and Other	(37)	(33)	(4)
Edison International	\$ 301	\$ 228	\$ 73

Edison International's earnings are prepared in accordance with GAAP. Management uses core earnings (losses) 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 non-core items. Non-core items include 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 write downs, asset impairments and other income and expense related to changes in law, outcomes in tax, regulatory or legal proceedings, and exit activities, including sale of certain assets and other activities that are no longer continuing.

Edison International's first quarter 2021 earnings increased \$76 million from the first quarter of 2020, resulting from an increase in SCE's earnings of \$77 million and an increase in Edison International Parent and Other's losses of \$1 million. SCE's higher earnings consists of \$77 million of higher core earnings, and non-core losses consistent with the prior year.

The increase in SCE's core earnings was primarily due to lower expenses related to wildfire mitigation activities and employee benefits as well as higher income from the equity portion of allowance for funds used during construction ("AFUDC").

Edison International Parent and Other's losses for the three months ended March 31, 2021, which are largely consistent with prior year, consist of \$4 million of higher core losses, partially offset by \$3 million of lower non-core losses.

Consolidated non-core items for the three months ended March 31, 2021 and 2020 primarily included:

- Charges of \$53 million (\$38 million after-tax) recorded in 2021 and \$84 million (\$60 million after-tax) recorded in 2020 from the amortization of SCE's contributions to the Wildfire Insurance Fund. See "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies" for further information.
- A charge of \$5 million (\$4 million after-tax) in 2021 for 2017/2018 Wildfire/Mudslide Events expenses.
- An income tax benefit of \$18 million and income tax expense of \$3 million recorded in 2020 for SCE and Edison International Parent and Other, respectively, due to re-measurement of uncertain tax positions related to the 2010 – 2012 California state tax filings currently under audit.

See "Results of Operations" for discussion of SCE and Edison International Parent and Other results of operations.

### **Southern California Wildfires and Mudslides**

California has experienced unprecedented weather conditions in recent years and SCE's service territory remains susceptible to additional wildfire activity in 2021 and beyond. The worsening conditions across California increase the likelihood of wildfires, including those where SCE's equipment may be alleged to be associated with the fire's ignition. In response to worsening weather and fuel conditions and increased wildfire activity over the past several years, SCE has developed and is implementing its 2020 – 2022 WMP to reduce the risk of SCE equipment contributing to the ignition of wildfires. In addition, California has increased its investment in wildfire prevention and fire suppression capabilities.

In addition to the investments SCE is making through its WMP, SCE also uses PSPS program to proactively de-energize power lines to mitigate the risk of catastrophic wildfires during extreme weather events. SCE may be subject to mandated changes to, or restrictions on, its operational PSPS practices, regulatory fines and penalties, claims for damages and reputational harm if SCE does not execute PSPS in compliance with applicable rules and regulations or if it is determined that SCE has placed excessive or unreasonable reliance on PSPS. In April 2021, the CPUC issued a proposed decision which, if implemented, among other things, would reduce future authorized revenue for the volumetric reductions in electricity sales resulting from future PSPS events.

Wildfires in SCE's territory in December 2017 and November 2018 caused loss of life, substantial damage to both residential and business properties, and service outages for SCE customers. Edison International and SCE have incurred material losses in connection with the 2017/2018 Wildfire/Mudslide Events.

SCE's equipment has been, and may further be, alleged to be associated with several wildfires that have originated in Southern California subsequent to 2018. Edison International and SCE expect that any losses incurred in connection with those fires will be covered by insurance, subject to self-insured retentions and co-insurance, and expect that any such losses after insurance recoveries will not be material.

### **2017/2018 Wildfire/Mudslide Events**

As discussed in the 2020 Form 10-K, multiple lawsuits related to the 2017/2018 Wildfire/Mudslide Events have been initiated against SCE and Edison International.

Through March 31, 2021, Edison International and SCE have recorded total pre-tax charges of \$6.2 billion, expected recoveries from insurance of \$2.0 billion and expected recoveries through FERC electric rates of \$233 million related to the 2017/2018 Wildfire/Mudslide Events. The after-tax net charges to earnings recorded through March 31, 2021 have been \$2.9 billion.

As of March 31, 2021, SCE had paid \$2.4 billion under executed settlements and had \$1.8 billion to be paid under executed settlements related to the 2017/2018 Wildfire/Mudslide Events. As of the same date, SCE had recovered \$1.3 billion through insurance and \$142 million through FERC-jurisdictional electric rates.

After giving effect to all settlements entered into through March 31, 2021, Edison International and SCE's best estimate of expected losses for remaining alleged and potential claims related to the 2017/2018 Wildfire/Mudslide Events was \$2.0 billion. The remaining estimated losses for the 2017/2018 Wildfire/Mudslide Events do not include an estimate of any potential fines or penalties that could be levied against SCE in connection with the 2017/2018 Wildfire/Mudslide

Events. Edison International and SCE are currently unable to reasonably estimate the magnitude of any such fines or penalties, or the associated timing if they were to be imposed. Estimated losses for the 2017/2018 Wildfire/Mudslide Events litigation are based on a number of assumptions and are subject to change as additional information becomes available. Actual losses incurred may be higher or lower than estimated based on several factors, including: the uncertainty as to the legal and factual determinations to be made during litigation, including uncertainty as to the contributing causes of the 2017/2018 Wildfire/Mudslide Events, the complexities associated with fires that merge, whether inverse condemnation will be held applicable to SCE with respect to damages caused by the Montecito Mudslides, uncertainties related to the litigation processes, the uncertainty in estimating damages that may be alleged, and the uncertainty as to how these factors impact future settlements.

SCE will seek CPUC-jurisdictional rate recovery of prudently-incurred, actual losses realized in connection with the 2017/2018 Wildfire/Mudslide Events in excess of available insurance. SCE believes that, in light of the CPUC's decision in a cost recovery proceeding involving SDG&E arising from several 2007 wildfires in SDG&E's service area, there is substantial uncertainty regarding how the CPUC will interpret and apply its prudence standard to an investor-owned utility in future wildfire cost-recovery proceedings for fires ignited prior to July 12, 2019. Accordingly, while the CPUC has not made a determination regarding SCE's prudence relative to any of the 2017/2018 Wildfire/Mudslide Events, SCE is unable to conclude, at this time, that uninsured CPUC-jurisdictional wildfire-related costs are probable of recovery through electric rates.

#### ***Current Wildfire Insurance Coverage***

SCE has approximately \$1.0 billion of wildfire-specific insurance coverage for events that may occur during the period July 1, 2020 through June 30, 2021, subject to \$50 million of self-insured retention and up to \$80 million of co-insurance, which results in net coverage of approximately \$870 million. Various coverage limitations within the policies that make up SCE's wildfire insurance coverage could result in additional material self-insured costs, for instance in the event of multiple wildfire occurrences during a policy period. SCE believes that its insurance coverage for the July 1, 2020 through June 30, 2021 period meets its obligation to maintain reasonable insurance coverage under AB 1054. SCE is in the process of procuring wildfire-specific insurance coverage for the period that will begin on July 1, 2021.

#### ***2019 Wildfire Legislation***

In July 2019, AB 1054 was signed by the governor of California and became effective immediately. The summary of the wildfire legislation in this report is based on SCE's interpretation of the legislation and is qualified in its entirety by, and should be read together with, AB 1054 and companion Assembly Bill 111.

#### ***AB 1054 Prudence Standard***

Under AB 1054, the CPUC must apply a new standard when assessing the prudence of a utility in connection with a request for recovery of wildfire costs for wildfires ignited after July 12, 2019. Utilities with a valid safety certification will be presumed to have acted prudently related to a wildfire ignition unless a party in the cost recovery proceeding creates serious doubt as to the reasonableness of the utility's conduct, at which time, the burden shifts back to the utility to prove its conduct was prudent. If a utility does not have a valid safety certification, it will have the burden to prove, based on a preponderance of evidence, that its conduct was prudent.

#### ***Wildfire Insurance Fund***

AB 1054 also provided for the Wildfire Insurance Fund to reimburse a utility for payment of certain third-party damage claims arising from certain wildfires that exceed, in aggregate in a calendar year, the greater of \$1.0 billion or the insurance coverage required to be maintained under AB 1054. Through March 31, 2021, the participating investor-owned utilities, PG&E, SCE and SDG&E, have collectively contributed approximately \$8.1 billion to the Wildfire Insurance Fund and have not sought reimbursement from of any wildfire claims from the fund.

Participating investor-owned utilities will be reimbursed from the Wildfire Insurance Fund for eligible claims, subject to the fund administrator's review. Utilities participating in the Wildfire Insurance Fund are not required to reimburse the fund for amounts withdrawn from the fund that the CPUC finds were prudently incurred and can recover such prudently incurred wildfire costs through electric rates if the fund has been exhausted. SCE will reimburse the fund for any withdrawn amounts if SCE receives payment of such amounts under an indemnification agreement or from an insurance

provider or other third-party. SCE will also be required to reimburse the fund for withdrawn amounts that the CPUC disallows subject to the AB 1054 Liability Cap. A utility will not be eligible for the AB 1054 Liability Cap if it does not maintain a valid safety certification or its actions or inactions that resulted in the wildfire are found to constitute conscious or willful disregard of the rights and safety of others. Based on SCE's forecasted weighted-average 2021 transmission and distribution rate base, excluding general plant and intangibles, and using the equity portion of SCE's CPUC authorized capital structure of 52%, SCE's requirement to reimburse the Wildfire Insurance Fund for eligible claims disallowed in 2021 would be capped at approximately \$3.2 billion. SCE will not be allowed to recover borrowing costs incurred to reimburse the fund for amounts that the CPUC disallows. The Wildfire Insurance Fund and, consequently, the AB 1054 Liability Cap, will terminate when the administrator determines that the fund has been exhausted.

#### *Safety Certification and Wildfire Mitigation Plan*

Under AB 1054, SCE can obtain an annual safety certification upon the submission of certain required safety information, including an approved WMP. On September 17, 2020, SCE obtained a safety certification that will be valid for 12 months. Notwithstanding its 12-month term, if SCE requests a new safety certification prior to the expiration of its current safety certification, then its current safety certification will remain valid until the WSD acts on SCE's request for a new safety certification.

SCE filed its 2020 – 2022 WMP in February 2020. In June 2020, the CPUC ratified the WSD's conditional approval of SCE's 2020 – 2022 WMP. The approval is conditioned on SCE providing requested information to the WSD, including additional descriptions of how SCE is implementing, and will implement, certain requirements imposed by the WSD. SCE filed updates to its 2020 – 2022 WMP in February 2021 to, among other things, report on implementation of its plan in 2020 and describe new and ongoing wildfire mitigation activities.

#### *Capital Expenditure Requirement*

Under AB 1054, approximately \$1.6 billion of spending by SCE on wildfire risk mitigation capital expenditures made after August 1, 2019, cannot be included in the equity portion of SCE's rate base. SCE can apply for irrevocable orders from the CPUC to finance these AB 1054 Excluded Capital Expenditures, including through the issuance of securitized bonds, and can recover any prudently incurred financing costs. In November 2020, the CPUC issued an irrevocable order permitting SCE to finance approximately \$340 million, comprised of AB 1054 Excluded Capital Expenditures incurred in connection with GS&RP and prudently incurred financing costs, through the issuance of securitized bonds. As of March 31, 2021, SCE has spent approximately \$1.5 billion in AB 1054 Excluded Capital Expenditures. SCE issued securitized bonds in the amount of \$338 million in February 2021 and expects to seek additional irrevocable orders from the CPUC to finance the remaining AB 1054 Excluded Capital Expenditures. See "Liquidity and Capital Resources—SCE—Regulatory Proceedings—Financing Order" for further details.

For further information, see "Notes to Consolidated Financial Statements—Note 1. Summary of Significant Accounting Policies—Initial and annual contributions to the wildfire insurance fund established pursuant to California Assembly Bill 1054" in the 2020 Form 10-K and "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies—Contingencies—Southern California Wildfires and Mudslides" in this report.

#### **CSRP**

In April 2021, SCE implemented a new customer service system, which replaced a majority of SCE's customer systems. The project is referred to as the Customer Service Re-Platform (CSRP). SCE has tracked the cost of the CSRP system implementation in a previously approved memorandum account and will seek CPUC recovery of the CSRP implementation costs in a future application anticipated to be filed with the CPUC in 2021. Total forecasted expenditures for the CSRP project are approximately \$540 million in capital and \$90 million in operations and maintenance from inception through 2021. If approved, the project is expected to increase SCE's rate base by approximately \$500 million by 2023.

## COVID-19

As discussed in the 2020 Form 10-K, the COVID-19 pandemic is having a significant impact on global society and economies. As a result of the pandemic, Edison International and SCE have experienced increased costs, but the pandemic has not had a pervasive impact on SCE's or Edison International's ability to operate their business.

As a result of the pandemic and increased estimates of uncollectible expenses, largely related to the economic impacts of the pandemic on SCE's customers, SCE has recognized \$231 million of incremental costs as of March 31, 2021, of which \$87 million has been deferred to memorandum accounts for future CPUC reasonableness review and \$144 million has been transferred to balancing accounts pending recovery. In addition to the increases in expected uncollectible accounts, SCE has incurred incremental costs associated with sequestering certain SCE employees at essential work locations and coordination of SCE's response to the emergency.

In April 2021, the CPUC issued a decision to adopt a COVID-19 disconnection moratorium for medium-large commercial and industrial electric customers and established a memorandum account to track, and seek recovery of, the resulting costs.

SCE expects to securitize \$112 million of incremental residential uncollectible expenses associated with the economic effects of the COVID-19 pandemic, subject to approval of a financing order by the CPUC. See "Liquidity and Capital Resources—SCE—Regulatory Proceedings—Financing Order" for further details.

For further information see "Notes to the Consolidated Financial Statements—Note 11. Regulatory Assets and Liabilities" in this filing and "Management Overview—COVID-19" and "Risk Factors" in the 2020 MD&A.

## 2021 General Rate Case

The 2021 GRC consists of four separate tracks. Track 1 is similar to previous GRCs and addresses revenue requirements for the three-year period of 2021 – 2023. Tracks 2 and 3 address the reasonableness of 2018 – 2019 and 2020 wildfire mitigation costs that were incremental to amounts authorized in the 2018 GRC, respectively. In January 2020, a CPUC decision introduced a third attrition year in current and future GRCs. As a result, track 4 will address the revenue requirement for 2024. SCE is scheduled to submit its testimony for track 4 in May 2022.

As discussed in the 2020 Form 10-K, in the 2021 GRC, SCE has requested a test year revenue requirement of \$7.6 billion, an approximately \$1.3 billion increase over the 2020 revenue requirement authorized in the 2018 GRC as updated for post test-year ratemaking changes. SCE's request proposes post test-year increases in 2022 and 2023 of \$452 million and \$524 million, respectively. SCE's request excludes the revenue requirement associated with the approximately \$1.6 billion of AB 1054 Excluded Capital Expenditures. The CPUC has approved the establishment of a memorandum account making the authorized revenue requirement changes effective January 1, 2021. SCE cannot predict the revenue requirement the CPUC will ultimately authorize or forecast the timing of a final decision. SCE is recognizing revenue based on the 2020 authorized revenue requirement until a GRC decision is issued.

For more information on tracks 2 and 3 of the 2021 GRC, see "Liquidity and Capital Resources—SCE—Regulatory Proceedings—Wildfire Related Regulatory Proceedings—2021 General Rate Case Wildfire Mitigation Memorandum Account Balances."

## Wildfire Mitigation, Wildfire Insurance and Restoration Expenses

As discussed in the 2020 Form 10-K, in response to the increase in wildfire activity, and faster progression of and increased damage from wildfires across SCE's service territory and throughout California, SCE is currently incurring wildfire mitigation, wildfire insurance and wildfire and drought restoration related spending at levels significantly exceeding amounts authorized in its 2018 GRC.

As of March 31, 2021, SCE has recognized \$901 million of regulatory assets related to incremental wildfire mitigation expenses, including depreciation expense from \$1.8 billion of total incremental wildfire mitigation capital expenditures. The regulatory assets include \$401 million of operations and maintenance expense approved for recovery in the GRC track 2 proceeding. SCE expects to securitize this amount, subject to approval of a financing order by the CPUC. See "Liquidity and Capital Resources—SCE—Regulatory Proceedings—Financing Order" for further details. In the event these costs are not authorized for securitization, SCE will include the costs in customer rates as soon as practicable.

Additionally, SCE has recognized \$397 million of regulatory assets associated with drought and wildfire restoration and \$241 million of regulatory assets related to incremental wildfire insurance expenses. While SCE believes such costs are probable of future recovery, there is no assurance that SCE will collect all amounts currently deferred as regulatory assets.

In January 2021, the CPUC approved recovery of certain incremental wildfire mitigation expenses through track 2 of the 2021 GRC. In February 2021, the AB 1054 Excluded Capital Expenditures incurred in connection with GS&RP and prudently incurred financing costs previously deferred to memorandum accounts were recovered through securitization.

For additional information, see "Liquidity and Capital Resources—SCE" and "Liquidity and Capital Resources—SCE—Regulatory Proceedings—Wildfire Related Regulatory Proceedings."

### **Capital Program**

Total capital expenditures (including accruals) were \$1.1 billion and \$1.0 billion for the first three months ended March 31, 2021 and 2020, respectively.

As discussed in the 2020 MD&A, in the absence of a 2021 GRC decision, SCE has developed, and is executing against, a 2021 capital expenditure plan that will allow SCE to meet what is ultimately authorized in the 2021 GRC decision while minimizing the associated risk of unauthorized spending.

The 2021 actual capital spending may 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. For further information regarding the capital program see "Liquidity and Capital Resources—SCE—Capital Investment Plan" in this filing and "Management Overview—Capital Program" in the 2020 MD&A.

## **RESULTS OF OPERATIONS**

### **SCE**

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

- Earning activities – representing revenue authorized by the CPUC and the 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 earnings activities are revenue or penalties related to incentive mechanisms, other operating revenue, and regulatory charges or disallowances.
- 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. 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) and certain operation and maintenance expenses. SCE earns no return on these activities.

The following table is a summary of SCE's results of operations for the periods indicated.

**Three months ended March 31, 2021 versus March 31, 2020**

(in millions)	Three months ended March 31, 2021			Three months ended March 31, 2020		
	Earning Activities	Cost-Recovery Activities	Total Consolidated	Earning Activities	Cost-Recovery Activities	Total Consolidated
<b>Operating revenue</b>	\$ 1,767	\$ 1,186	\$ 2,953	\$ 1,741	\$ 1,039	\$ 2,780
Purchased power and fuel	—	1,013	1,013	2	926	928
Operation and maintenance	621	206	827	717	142	859
Wildfire Insurance Fund expense	53	—	53	84	—	84
Depreciation and amortization	524	—	524	483	—	483
Property and other taxes	124	1	125	110	—	110
<b>Total operating expenses</b>	<b>1,322</b>	<b>1,220</b>	<b>2,542</b>	<b>1,396</b>	<b>1,068</b>	<b>2,464</b>
<b>Operating income (loss)</b>	<b>445</b>	<b>(34)</b>	<b>411</b>	<b>345</b>	<b>(29)</b>	<b>316</b>
Interest expense	(184)	—	(184)	(194)	—	(194)
Other income	38	34	72	23	29	52
<b>Income before taxes</b>	<b>299</b>	<b>—</b>	<b>299</b>	<b>174</b>	<b>—</b>	<b>174</b>
Income tax benefit	(24)	—	(24)	(75)	—	(75)
<b>Net income</b>	<b>323</b>	<b>—</b>	<b>323</b>	<b>249</b>	<b>—</b>	<b>249</b>
Less: Preferred and preference stock dividend requirements	27	—	27	30	—	30
<b>Net income available for common stock</b>	<b>\$ 296</b>	<b>\$ —</b>	<b>\$ 296</b>	<b>\$ 219</b>	<b>\$ —</b>	<b>\$ 219</b>
Net income available for common stock			\$ 296			\$ 219
Less: Non-core expense			(42)			(42)
Core earnings <sup>1</sup>			\$ 338			\$ 261

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

**Earning Activities**

Earning activities were primarily affected by the following:

- Higher operating revenue of \$26 million primarily due to the following:
  - An increase in CPUC-related revenue of \$11 million primarily due to higher rate base earning a return through balancing accounts and higher operating costs subject to balancing account treatment.
  - An increase in FERC-related revenue and other operating revenue of \$15 million primarily due to FERC rate base growth.
- Lower operation and maintenance costs of \$96 million primarily due to the following:
  - Lower expenses of \$36 million related to wildfire-mitigation costs including inspections and preventive maintenance.
  - Lower employee benefit expenses of \$20 million from short-term incentive compensation.
  - Decreased other expenses of \$40 million primarily due to lower customer uncollectible expenses, worker's compensation costs and environmental remediation. The impact on utility earnings activities from residential uncollectible accounts decreased as the CPUC authorized cost recovery for those amounts through the Residential Uncollectible Balancing Account ("RUBA").
- Lower Wildfire Insurance Fund expense of \$31 million due to the change in the estimated life of the Wildfire Insurance Fund which increased the amortization period of SCE contributions in 2021. See "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingences" for further information.
- Higher depreciation and amortization expense of \$41 million primarily due to increased plant balances in 2021.

- Higher property and other taxes of \$14 million primarily due to higher property assessed values in 2021.
- Lower interest expense of \$10 million primarily due to lower interest rate on balancing accounts, partially offset by increased borrowings.
- Higher other income of \$15 million primarily due to higher AFUDC equity income.
- Lower income tax benefit of \$51 million primarily due to higher pre-tax income and a tax benefit in 2020 from the re-measurement of uncertain tax positions.

#### ***Cost-Recovery Activities***

Cost-recovery activities were primarily affected by the following:

- Higher purchased power and fuel costs of \$87 million primarily due to higher power and gas prices from extreme winter weather in February 2021, partially offset by higher congestion revenue right credits and the CAISO generation surcharge of \$59 million incurred in 2020.
- Higher operation and maintenance costs of \$64 million due to the CAISO transmission refund received in 2020 for \$66 million related to the surcharge mentioned above and the authorization to recover uncollectible costs through the RUBA, partially offset by lower transmission access charges.

#### **Supplemental Operating Revenue Information**

SCE's retail billed and unbilled revenue (excluding wholesale sales) was \$2.7 billion and \$2.5 billion for the three months ended March 31, 2021 and 2020, respectively.

The increase for the three months ended March 31, 2021 compared to the same periods in 2020 is primarily due to higher cost-recovery activities related to higher power and gas prices. See "—Cost-Recovery Activities" for further details.

As a result of the CPUC-authorized decoupling mechanism, SCE earnings are not affected by changes in retail electricity sales.

#### **Income Taxes**

SCE's income tax benefit decreased by \$51 million for the three months ended March 31, 2021 compared to the same period in 2020. The decrease is primarily due to higher pre-tax income and a tax benefit in 2020 from the re-measurement of uncertain tax positions.

The effective tax rates were (8.0)% and (43.1)% for the three months ended March 31, 2021 and 2020, respectively. SCE's effective tax rate is below the federal statutory rate of 21% primarily due to CPUC's 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 "Notes to Consolidated Financial Statements—Note 8. Income Taxes" for a reconciliation of the federal statutory rate to the effective income tax rates.

## Edison International Parent and Other

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

### Loss from Operations

The following table summarizes the results of Edison International Parent and Other:

(in millions)	Three months ended March 31,	
	2021	2020
Edison Energy Group and subsidiaries	\$ (3)	\$ (2)
Corporate expenses and other subsidiaries	(34)	(34)
Total Edison International Parent and Other	\$ (37)	\$ (36)
Less: Non-core expense	—	(3)
Core losses <sup>1</sup>	\$ (37)	\$ (33)

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

## LIQUIDITY AND CAPITAL RESOURCES

### SCE

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 bank and 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, dividend payments to and equity contributions from Edison International, obligations to preference shareholders, and the outcome of tax, regulatory and legal matters.

The COVID-19 pandemic may cause narrower access to, or further increased costs of accessing, bank and capital markets. For further details, see "Management Overview—COVID-19" and "—Available Liquidity."

In the next 12 months, SCE expects to fund its cash requirements through operating cash flows, capital market financings, and equity contributions from Edison International Parent, as needed. SCE also has availability under its credit facilities to fund cash requirements.

In addition, in the second quarter of 2021, SCE plans to file an application with the CPUC to finance up to \$1.0 billion through the issuance of securitized bonds. For further details, see "—Regulatory Proceedings—Financing Order."

In April 2021, SCE issued \$400 million of floating rate first and refunding mortgage bonds due in 2023, \$400 million of floating rate first and refunding mortgage bonds due in 2024, \$350 million of first and refunding mortgage bonds due in 2023 and \$700 million of first and refunding mortgage bonds due in 2024. Floating rate bonds will pay interest at a floating rate equal to the Secured Overnight Financing Rate ("SOFR") plus a spread. For further details, see "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements." The proceeds of these issuances were used to fund the payment of wildfire claims exceeding insurance proceeds, including amounts paid under the Woolsey Subrogation Settlement.

In February 2021, SCE Recovery Funding LLC, a bankruptcy remote, wholly owned special purpose subsidiary of SCE, issued \$338 million of Senior Secured Recovery Bonds Series 2021-A ("Recovery Bonds") in three tranches, of \$138 million, \$100 million and \$100 million with final maturities in 2033, 2040 and 2045, respectively, and used the proceeds of the Recovery Bonds to acquire SCE's right to collect charges associated with the AB 1054 Excluded Capital Expenditures from certain existing and future SCE customers ("Recovery Property"). SCE used the proceeds it received from the sale of the Recovery Property to reimburse itself for previously incurred AB 1054 Excluded Capital Expenditures, including the retirement of related debt and financing costs. For further details, see "Notes to Consolidated Financial Statements—Note 3. Variable Interest Entities," "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements" and "Notes to Consolidated Financial Statements—Note 11. Regulatory Assets and Liabilities."

[Table of Contents](#)

In January 2021, SCE issued \$150 million and \$750 million first and refunding mortgage bonds due in 2030 and 2051, respectively. For further details, see "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements." The proceeds were primarily used to repay SCE's commercial paper borrowings and for general corporate purposes.

In February 2021, Edison International made a \$325 million equity contribution to SCE. In March 2021, Edison International made a \$575 million equity contribution to SCE from the proceeds of an issuance of preferred stock.

Edison International is issuing securities with equity content as viewed by rating agencies, such as common or preferred stock, in 2021, to enable SCE to issue debt, including the debt SCE issued in April 2021 and debt to finance payments for future resolution of wildfire claims related to the 2017/2018 Wildfire/Mudslide Events, while allowing Edison International and SCE to maintain investment grade credit ratings. Edison International expects to issue further securities with up to approximately \$375 million of equity content for investment in SCE in 2021. For further details, see "—Edison International Parent and Other."

The following table summarizes SCE's current, long-term issuer credit ratings and outlook from the major credit rating agencies:

	Moody's	Fitch	S&P
Credit Rating	Baa2	BBB-	BBB
Outlook	Stable	Stable	Negative

SCE's credit ratings may be further affected if, among other things, regulators fail to successfully implement AB 1054 in a consistent and credit supportive manner or the Wildfire Insurance Fund is depleted by claims from catastrophic wildfires. The broad economic impacts of the COVID-19 pandemic may also affect SCE's credit ratings. For further information see "Management Overview—COVID-19" in this report and "Risk Factors" in the 2020 Form 10-K. Credit rating downgrades increase the cost and may impact the availability of short-term and long-term borrowings, including commercial paper, credit facilities, bond financings or other borrowings. In addition, some of SCE's power procurement contracts require SCE to pay related liabilities or post additional collateral if SCE's credit rating were to fall below investment grade. Incremental collateral requirements for power procurement contracts and environmental remediation obligations would result from a potential downgrade of SCE's credit rating to below investment grade. For further details, see "—Margin and Collateral Deposits."

The cost of capital mechanism set by the CPUC could impact SCE's results of operations and cash flows. The benchmark value for the current mechanism is the 12-month, October 1, 2018 through September 30, 2019, average Moody's Baa utility bond yield of 4.5%. If the difference between the benchmark and the average of the same index for the 12-month period to September 30, 2021 exceeds 100-basis points, SCE's CPUC-authorized ROE will be adjusted for 2022 by half the amount of the difference (up or down). If the mechanism is triggered, SCE's costs of long-term debt and preferred equity will also be adjusted for 2022 to reflect the then current embedded costs and projected interest rates. The average Moody's Baa utility bond yield between October 1, 2020 and April 20, 2021 was 3.33%. The spot rate for Moody's Baa utility bond was 3.53% on April 20, 2021 and an average Moody's Baa utility bond yield of 3.69% or less from April 21, 2021 through September 30, 2021 will trigger the mechanism. SCE is required to file its next cost of capital application by April 2022 for rates effective beginning January 2023. For further information see "Business—SCE— Overview of Ratemaking Process" in the 2020 Form 10-K.

**Available Liquidity**

At March 31, 2021, SCE had cash on hand of \$25 million.

The following table summarizes the status of SCE's credit facilities at March 31, 2021:

(in millions, except for rates)

Execution date	Termination date	LIBOR plus (bps)	Use of proceeds	Commitment	Outstanding borrowings	Outstanding letters of credit	Amount available
March 2020	May 2021	65	Finance a portion of the AB 1054 Capital Expenditures <sup>1</sup>	\$ 800	\$ 800	\$ —	\$ —
May 2020	May 2021	150	Undercollections related to COVID-19 and general corporate purposes	1,500	—	—	1,500
June 2019	May 2024	108	Support commercial paper borrowings and general corporate purposes <sup>2, 3</sup>	3,000	674	120	2,206
Total SCE:				\$ 5,300	\$ 1,474	\$ 120	\$ 3,706

<sup>1</sup> In February 2021, SCE and the lenders amended the March 2020 credit agreement and have extended the termination date from March 2021 to May 2021. This credit facility may also be extended for two 364-day periods, at the lenders' discretion. The aggregate maximum principal amount may be increased up to \$1.1 billion provided that additional lender commitments are obtained.

<sup>2</sup> At March 31, 2021 SCE had \$674 million outstanding commercial paper, net of discount, at a weighted-average interest rate of 0.32%.

<sup>3</sup> The aggregate maximum principal amount under the SCE and Edison International Parent revolving credit facilities may be increased up to \$4.0 billion and \$2.0 billion, respectively, provided that additional lender commitments are obtained.

SCE may finance balancing account undercollections and working capital requirements to support operations and capital expenditures with commercial paper, its credit facilities or other borrowings, subject to availability in the bank and capital markets. As necessary, SCE will utilize its available liquidity, capital market financings, other borrowings or parent company contributions to SCE equity in order to meet its obligations as they become due, including costs related to the 2017/2018 Wildfire/Mudslide Events. For further information, see "Management Overview—Southern California Wildfires and Mudslides."

**Debt Covenant**

SCE's credit facilities and term loan require a debt to total capitalization ratio as defined in the applicable agreements of less than or equal to 0.65 to 1. At March 31, 2021, SCE's debt to total capitalization ratio was 0.51 to 1.

At March 31, 2021, SCE was in compliance with all financial covenants that affect access to capital.

## **Regulatory Proceedings**

### *Wildfire Related Regulatory Proceedings*

#### *2021 General Rate Case Wildfire Mitigation Memorandum Account Balances*

SCE's GRC track 2 expenditures, which occurred during 2018 and 2019, predominantly related to enhanced overhead inspections, an expanded vegetation management program and expert consultant contract labor costs supporting SCE's wildfire mitigation activities. The majority of these expenditures were recorded in the WMP memorandum account and the FHPMA.

In January 2021, the CPUC approved a settlement between parties to track 2 of the 2021 GRC, which led to a \$41 million increase to regulatory deferrals for 2018 – 2019 in the fourth quarter of 2020. The revenue requirement under the settlement was \$391 million, after adjusting for flow through taxes. Due to the determination that the AB 1054 Excluded Capital Expenditures associated with track 2 were reasonably incurred, they were eligible for recovery through securitization, and were not part of the settlement revenue requirement. For information on securitization of the approved expense, see "—Financing Order."

In March 2021, SCE made its 2021 GRC track 3 filing with the CPUC. In its filing, SCE requested reasonableness review of approximately \$1.2 billion of wildfire mitigation costs incurred prior to 2021, consisting of \$476 million of incremental operations and maintenance expense and \$679 million of incremental capital expenditures. The track 3 expenditures predominantly related to grid hardening, vegetation management, PSPS activities and enhancements to grid operations. The capital expenditures included \$502 million of GS&RP capital expenditures not previously subject to settlement.

The CPUC schedule for SCE's 2021 GRC includes a proposed decision on track 3 in the first quarter of 2022. The \$679 million in incremental capital expenditures to be reviewed by the CPUC in track 3 are AB 1054 Excluded Capital Expenditures, and SCE intends to seek a financing order from the CPUC in the second quarter of 2022 to securitize these expenses if such expenses are deemed reasonable by the CPUC. In its track 3 filing, SCE requested recovery through customer rates of the \$497 million of incremental operations and maintenance expenses and other costs.

#### *2020 Emergency Wildfire Restoration*

Multiple wildfires occurred during 2020 which caused damage within SCE's service territory and to SCE's Big Creek hydroelectric facility. Restoration work is ongoing in relation to these wildfires. In 2020 and the first quarter of 2021, SCE recorded \$235 million of incremental operation and maintenance expenses and \$410 million of capital expenditures in relation to these restoration efforts. SCE expects to file CEMA requests for recovery of amounts incremental to authorized revenue requirements beginning in 2021.

#### *Financing order*

SCE plans on applying for an irrevocable order from the CPUC in the second quarter of 2021 to finance up to \$1.0 billion of costs through the issuance of securitized bonds, as well as the financing costs associated with the securitized bond. These costs consist of approximately \$518 million of AB 1054 Excluded Capital Expenditures, comprised of \$219 million approved in the 2021 GRC track 2 settlement and \$299 million to be incurred in 2021 and pending authorization in track 1 of the GRC, \$401 million of wildfire-related operations and maintenance expenditures approved in the GRC track 2 settlement, and \$112 million of incremental residential uncollectible expenses associated with the economic effects of the COVID-19 pandemic.

## **Capital Investment Plan**

### *Major Transmission Projects*

#### *Eldorado-Lugo-Mohave Upgrade*

Construction for the project began in November 2020 and the project is expected to be operational in June 2022. On January 20, 2021, the Secretary of the Interior issued a suspension order that effectively placed a 60-day hold on any

new project construction on federal land. In February 2021, the Department of the Interior issued a waiver of the suspension order allowing the project to proceed.

### **Margin and Collateral Deposits**

Certain derivative instruments, power and energy procurement contracts and other contractual arrangements contain collateral requirements. In addition, certain environmental remediation obligations require financial assurance that may be in the form of collateral postings. Future collateral requirements may differ from the requirements at March 31, 2021 due to the addition of incremental power and energy procurement contracts with collateral requirements, if any, the impact of changes in wholesale power and natural gas prices on SCE's contractual obligations and the impact of SCE's credit ratings falling below investment grade.

The table below provides the amount of collateral posted by SCE to its counterparties as well as the potential collateral that would have been required as of March 31, 2021, if SCE's credit rating had been downgraded to below investment grade as of that date. The table below also provides the potential collateral that could be required due to adverse changes in wholesale power and natural gas prices over the remaining lives of existing power and energy procurement contracts.

In addition to the amounts presented in the table below, SCE has a service agreement with Southern California Gas Company to purchase, schedule and balance natural gas supplies for SCE owned generation and contracts for which SCE is the fuel manager. In February 2021, extreme winter conditions in large parts of the United States led to significant increases in natural gas prices which affected the potential collateral requirements calculated as specified within that agreement. As of March 31, 2021, Southern California Gas Company could have requested an additional \$196 million of collateral from SCE which is based on a historically high February 2021 natural gas price. Southern California Gas Company did not require SCE to post this collateral. As a result of the subsequent decrease in natural gas prices, as of April 21, 2021, there is no collateral requirement per the agreement.

In addition to amounts shown in the table, power and fuel contract counterparties may also institute new collateral requirements, applicable to future transactions to allow SCE to continue trading in power and fuel contracts at the time of a downgrade. Furthermore, SCE may also be required to post up to \$50 million in collateral in connection with its environmental remediation obligations, within 120 days of the end of the fiscal year in which the downgrade occurs.

(in millions)

Collateral posted as of March 31, 2021 <sup>1</sup>	\$	129
Incremental collateral requirements for purchased power and fuel contracts resulting from a potential downgrade of SCE's credit rating to below investment grade <sup>2</sup>		37
Incremental collateral requirements for purchased power and fuel contracts resulting from adverse market price movement <sup>3</sup>		24
Posted and potential collateral requirements	\$	190

<sup>1</sup> Net collateral provided to counterparties and other brokers consisted of \$127 million in letters of credit and surety bonds and \$2 million of cash collateral which was reflected in "Other current assets" on the consolidated balance sheets.

<sup>2</sup> Represents collateral requirements for accounts payable and market-to-market valuation at March 31, 2021. Requirement varies throughout the period and is generally lower at the end of the month.

<sup>3</sup> Incremental collateral requirements were based on potential changes in SCE's forward positions as of March 31, 2021 due to adverse market price movements over the remaining lives of the existing power contracts using a 95% confidence level.

### **Edison International Parent and Other**

In the next 12 months, Edison International expects to fund its net cash requirements through cash on hand, dividends from SCE, and capital market and bank financings. Edison International may finance its ongoing cash requirements, including common stock dividends, working capital requirements, payment of obligations, and capital investments, including capital contributions to subsidiaries, with short-term or other financings, subject to availability in the bank and capital markets.

The COVID-19 pandemic may cause narrower access to, or further increased costs of accessing, bank and capital markets. For further details, see "Management Overview—COVID-19."

[Table of Contents](#)

At March 31, 2021, Edison International Parent had cash on hand of \$364 million and no borrowings on its \$1.5 billion revolving credit facility. The credit facility is available for borrowing needs until May 2024 and may be extended for one additional year with the lenders' approval. Under certain circumstances, the aggregate maximum principal amount under the credit facility may be increased up to \$2.0 billion, provided additional lender commitments are obtained.

Edison International is issuing securities with equity content as viewed by rating agencies, such as common or preferred stock, in 2021 to enable SCE to issue debt, including the debt SCE issued in April 2021 and debt to finance payments for future resolution of wildfire claims related to the 2017/2018 Wildfire/Mudslide Events, while allowing Edison International and SCE to maintain investment grade credit ratings. Edison International expects to issue further securities with up to approximately \$375 million of equity content to invest in SCE in 2021.

In March 2021, Edison International issued 1,250,000 shares of its 5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A, liquidation value of \$1,000 per share (the "Series A Preferred Stock"), regarded by rating agencies as having 50% equity content. The proceeds were used to repay Edison International's commercial paper borrowings and for general corporate purposes, including making a \$575 million equity contribution to SCE. For further details, see "Notes to Consolidated Financial Statements—Note 13. Equity."

Edison International Parent expects to make further capital contributions to SCE in 2021 to maintain the common equity component of SCE's capital structure, after CPUC allowed exclusions, at 52% on a weighted average basis over the Capital Structure Compliance Period. For further information, see "—SCE—SCE Dividends" in the 2020 MD&A.

Edison International Parent and Other's liquidity and its ability to pay operating expenses and pay dividends to common shareholders are dependent on access to the bank and capital markets, dividends from SCE, realization of tax benefits and its ability to meet California law requirements for the declaration of dividends. Prior to declaring dividends, Edison International's Board of Directors evaluates available information, including when applicable, information pertaining to the 2017/2018 Wildfire/Mudslide Events, to ensure that the California law requirements for the declarations are met. For information on the California law requirements on the declaration of dividends, see "—SCE—SCE Dividends" in the 2020 MD&A. Edison International intends to maintain its target payout ratio of 45% – 55% of SCE's core earnings, subject to the factors identified above.

Edison International's ability to declare and pay common dividends may be restricted under the terms of the Series A Preferred Stock. For further information see "Notes to Consolidated Financial Statements—Note 13. Equity."

Edison International Parent's credit facility requires a consolidated debt to total capitalization ratio as defined in the applicable agreements of less than or equal to 0.70 to 1. At March 31, 2021, Edison International consolidated debt to total capitalization ratio was 0.58 to 1.

At March 31, 2021, Edison International Parent was in compliance with all financial covenants that affect access to capital.

The following table summarizes Edison International Parent's current long-term issuer credit ratings and outlook from the major credit rating agencies:

	Moody's	Fitch	S&P
Long-term Issuer Credit Rating	Baa3	BBB-	BBB
Outlook	Stable	Stable	Negative

Edison International Parent's credit ratings may be further affected if, among other things, regulators fail to successfully implement AB 1054 in a consistent and credit supportive manner or the Wildfire Insurance Fund is depleted by claims from catastrophic wildfires. The broad economic impacts of the COVID-19 pandemic may also affect Edison International's credit rating. For further information see "Management Overview—COVID-19" in this filing and "Risk Factors" in the 2020 Form 10-K. Credit rating downgrades increase the cost and may impact the availability of short-term and long-term borrowings, including commercial paper, credit facilities, note financings or other borrowings.

## Historical Cash Flows

### SCE

(in millions)	Three months ended March 31,	
	2021	2020
Net cash provided by operating activities	\$ 48	\$ 334
Net cash provided by financing activities	1,204	1,368
Net cash used in investing activities	(1,282)	(1,274)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (30)	\$ 428

#### Net Cash Provided by Operating Activities

The following table summarizes major categories of net cash provided by operating activities as provided in more detail in SCE's consolidated statements of cash flows for the three months ended March 31, 2021 and 2020.

(in millions)	Three months ended March 31,		Change in cash flows
	2021	2020	2021/2020
Net income	\$ 323	\$ 249	
Non-cash items <sup>1</sup>	541	535	
Subtotal	864	784	\$ 80
Changes in cash flow resulting from working capital <sup>2</sup>	(138)	(107)	(31)
Regulatory assets and liabilities	(70)	(372)	302
Other noncurrent assets and liabilities <sup>3</sup>	(608)	29	(637)
Net cash provided by operating activities	\$ 48	\$ 334	\$ (286)

<sup>1</sup> Non-cash items include depreciation and amortization, allowance for equity during construction, deferred income taxes, Wildfire Insurance Fund amortization expenses and other.

<sup>2</sup> Changes in working capital items include receivables, accrued unbilled revenue, prepaid expenses, inventory, accounts payable, tax receivables and payables, and other current assets and liabilities.

<sup>3</sup> Includes changes in wildfire-related insurance receivables and wildfire-related claims. Also includes nuclear decommissioning trusts. See "Nuclear Decommissioning Activities" below for further information.

Net cash provided by operating activities was impacted by the following:

Net income and non-cash items increased in 2021 by \$80 million primarily due to lower expenses related to wildfire mitigation activities and employee benefits.

Net cash outflow for working capital was \$138 million and \$107 million during the three months ended March 31, 2021 and 2020, respectively. Net cash outflow for working capital in 2021 is primarily due to a net increase in unbilled revenue and customer receivables of \$108 million and decrease in payables of \$115 million. Net cash outflow in 2020 was primarily due to timing of disbursements of \$226 million, partially offset by a change in receivables from customers of \$70 million. Net cash outflow for working capital in both periods was impacted by insurance premium payments of \$16 million and \$72 million for wildfire-related coverage in 2021 and 2020, respectively.

Net cash used in regulatory assets and liabilities, including increases in net undercollections of balancing accounts was \$70 million and \$372 million during the three months ended March 31, 2021 and 2020, respectively. SCE has a number of balancing and memorandum accounts, which impact cash flows based on differences between timing of collection of amounts through rates and accrual expenditures. Cash flows were primarily impacted by the following:

#### 2021

- Net undercollections of BRRBA were \$662 million and \$622 million at March 31, 2021 and December 31, 2020, respectively. Net undercollections increased by \$40 million primarily due to current year undercollections due to lower sales volume partially offset by recovery of prior year undercollections, including WEMA and GS&RP to be collected over a two-year and one-year period, respectively, starting October 2020.

- Undercollections of \$38 million related to wildfire-related expenses that are probable of future recovery from customers, including wildfire risk mitigation costs, insurance premiums, service restoration and damage repair costs. See "Notes to Consolidated Financial Statements—Note 11. Regulatory Assets and Liabilities" for further information.
- Undercollections of \$36 million related to service restoration and damage repair costs that were tracked in CEMA accounts, primarily due to wildfire events incurred in 2018, 2019 and 2020. See "Notes to Consolidated Financial Statements—Note 11. Regulatory Assets and Liabilities" for further information.
- Net undercollections for ERRA, PABA and the New System Generation Balancing Account decreased by \$100 million primarily due to recovery of prior PABA and NSGBA undercollections, overcollection due to higher than expected load, partially offset by undercollections due to higher open market exposure and higher gas and power price driven by extreme winter conditions in large part of the United States in February 2021.
- Net undercollections of \$40 million from COVID-19-related memorandum and balancing accounts.

#### 2020

- Net undercollections of BRRBA were \$101 million at March 31, 2020, compared to net overcollections of \$328 million at December 31, 2019. Net undercollections increased by \$429 million primarily due to refunds of prior overcollections (including incremental tax benefits and overcollections of distribution revenue that are being refunded over an 18-month period, starting in July 2019, as part of SCE's 2018 GRC final decision) and current year undercollections due to lower than forecasted sales volumes.
- Additional undercollections of \$79 million related to wildfire-related expenses that are probable of future recovery from customers, including wildfire risk mitigation costs, insurance premiums, service restoration and damage repair costs.
- Higher cash due to \$110 million of overcollections related to the timing of receiving GHG auction revenue and low carbon fuel standard credit sales, and the related refunds and rebates to eligible customers. SCE is accelerating the semi-annual payment of California climate credits to customers, normally made in the fourth quarter, into the second quarter of 2020 pursuant to an April 2020 CPUC decision.
- Net undercollections for ERRA, PABA and the New System Generation Balancing Account decreased by \$45 million primarily due to recovery of prior ERRA undercollections, partially offset by lower sales than forecasted in rates in ERRA, refunds of prior overcollections from the New System Generation Balancing Account and refund of 2019 and 2018 overcollections of generation revenue over an 18-month period, starting in July 2019, as part of SCE's 2018 GRC final decision.

Cash flows (used in) provided by other noncurrent assets and liabilities were primarily related to wildfire claim payments of \$(620) million, partially offset by insurance recoveries of \$43 million in the first quarter of 2021 and \$58 million of wildfire related insurance recoveries in 2020, respectively. Cash flow for other noncurrent assets and liabilities also includes payments of decommissioning costs (\$61 million in 2021 and \$43 million in 2020, respectively), partially offset by SCE's net earnings from nuclear decommissioning trust investments (\$23 million in 2021 and \$27 million in 2020, respectively). See "Nuclear Decommissioning Activities" below for further discussion.

*Net Cash Provided by Financing Activities*

The following table summarizes cash provided by financing activities for the three months ended March 31, 2021 and 2020. Issuances of debt are discussed in "Notes to Consolidated Financial Statements—Note 5. Debt and Credit Agreements."

(in millions)	Three months ended March 31,	
	2021	2020
Issuances of first and refunding mortgage bonds, including premium/discount and net of issuance costs	\$ 1,223	\$ 1,719
Long-term debt repaid or repurchased	(490)	(40)
Short-term debt financing, net	(22)	475
Commercial paper repayment, net of borrowing	(51)	(550)
Capital contributions from Edison International Parent	900	269
Payment of common stock dividends to Edison International	(325)	(469)
Payment of preferred and preference stock dividends	(32)	(36)
Other	1	—
<b>Net cash provided by financing activities</b>	<b>\$ 1,204</b>	<b>\$ 1,368</b>

*Net Cash Used in Investing Activities*

Cash flows used in investing activities are primarily due to capital expenditures related to transmission and distribution investments (\$1.4 billion and \$1.3 billion for the three-month periods ended March 31, 2021 and 2020, respectively). In addition, SCE had a net redemption (purchase) of nuclear decommissioning trust investments of \$52 million and \$(14) million during the three-month periods ended March 31, 2021 and 2020, respectively. See "Nuclear Decommissioning Activities" below for further discussion.

*Nuclear Decommissioning Activities*

SCE's consolidated statements of cash flows include nuclear decommissioning activities, which are reflected in the following line items:

(in millions)	Three months ended March 31,	
	2021	2020
<b>Net cash used in operating activities:</b>		
Net earnings from nuclear decommissioning trust investments	\$ 23	\$ 27
SCE's decommissioning costs	(61)	(43)
<b>Net cash provided by investing activities:</b>		
Proceeds from sale of investments	1,270	1,407
Purchases of investments	(1,218)	(1,421)
<b>Net cash impact</b>	<b>\$ 14</b>	<b>\$ (30)</b>

Net cash used in operating activities relates to interest and dividends less administrative expenses, taxes and SCE's decommissioning costs. Investing activities represent the purchase and sale of investments within the nuclear decommissioning trusts, including the reinvestment of earnings from nuclear decommissioning trust investments. The net cash impact reflects timing of decommissioning payments (\$61 million and \$43 million in 2021 and 2020, respectively) and reimbursements to SCE from the nuclear decommissioning trust (\$75 million and \$13 million in 2021 and 2020, respectively).

**Edison International Parent and Other**

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

(in millions)	Three months ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 24	\$ (19)
Net cash provided by financing activities	307	863
Net cash used in investing activities	—	(4)
Net increase in cash and cash equivalents	\$ 331	\$ 840

**Net Cash Provided by (Used in) Operating Activities**

Net cash provided by (used in) operating activities was impacted by the following:

- \$63 million cash inflow from wildfire insurance recovery received by Edison Insurance Services, Inc. ("EIS"), a wholly-owned subsidiary of Edison International in 2021.
- \$39 million and \$19 million cash outflow from operating activities in 2021 and 2020, respectively, primarily due to payments relating to interest and operating costs.

**Net Cash Provided by Financing Activities**

Net cash provided by financing activities was as follows:

(in millions)	Three months ended March 31,	
	2021	2020
Dividends paid to Edison International common shareholders	\$ (247)	\$ (226)
Dividends received from SCE	325	469
Capital contributions to SCE	(900)	(269)
Issuance of common stock	15	74
Issuance of preferred stock, net of issuance costs	1,237	—
Issuance of term loan	—	800
Commercial paper repayment, net	(129)	—
Other	6	15
Net cash provided by financing activities	\$ 307	\$ 863

**Contingencies**

SCE has contingencies related to wildfire and debris flow events, wildfire insurance, environmental remediation, nuclear insurance, spent nuclear fuel and the Upstream Lighting Program, which are discussed in "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies."

**MARKET RISK EXPOSURES**

Edison International's and SCE's primary market risks are described in the 2020 Form 10-K. For further discussion of market risk exposures, including commodity price risk, credit risk, and interest rate risk, see "Notes to Consolidated Financial Statements—Note 4. Fair Value Measurements" and "—Note 6. Derivative Instruments."

**Commodity Price Risk**

SCE records derivative instruments on its consolidated balance sheets as either assets or liabilities measured at fair value unless otherwise exempted from derivative treatment as normal purchases or sales. The fair value of outstanding derivative instruments used to mitigate exposure to commodity price risk was reflected as a net asset of \$99 million and \$108 million on SCE's consolidated balance sheets at March 31, 2021 and December 31, 2020, respectively. For further discussion of fair value measurements and the fair value hierarchy, see "Notes to Consolidated Financial Statements—Note 4. Fair Value Measurements" and "— Note 6. Derivative Instruments."

### **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 of counterparties based on credit ratings 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. Based on SCE's policies and risk exposures related to credit, SCE does not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. At March 31, 2021, SCE's power and gas trading counterparty credit risk exposure was \$96 million, which is associated with entities that have an investment grade rating of A or higher. SCE assigns a credit rating to counterparties based on the lower of a counterparty's S&P or Moody's rating.

For more information related to credit risks, see "Notes to Consolidated Financial Statements—Note 6. Derivative Instruments."

### **CRITICAL ACCOUNTING ESTIMATES AND POLICIES**

For a discussion of Edison International's and SCE's critical accounting policies, see "Critical Accounting Estimates and Policies" in the 2020 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."

### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

(This page has been left blank intentionally.)

**FINANCIAL STATEMENTS**

**Consolidated Statements of Income**

**Edison International**

(in millions, except per-share amounts, unaudited)	Three months ended March 31,	
	2021	2020
<b>Total operating revenue</b>	\$ 2,960	\$ 2,790
Purchased power and fuel	1,013	928
Operation and maintenance	844	881
Wildfire Insurance Fund expense	53	84
Depreciation and amortization	525	484
Property and other taxes	126	111
<b>Total operating expenses</b>	<b>2,561</b>	<b>2,488</b>
<b>Operating income</b>	<b>399</b>	<b>302</b>
Interest expense	(217)	(225)
Other income	72	52
<b>Income before income taxes</b>	<b>254</b>	<b>129</b>
Income tax benefit	(36)	(84)
<b>Net income</b>	<b>290</b>	<b>213</b>
Preferred and preference stock dividend requirements of SCE	27	30
Preferred stock dividend requirement of Edison International	4	—
<b>Net income attributable to Edison International common shareholders</b>	<b>\$ 259</b>	<b>\$ 183</b>
<b>Basic earnings per share:</b>		
Weighted average shares of common stock outstanding	379	363
<b>Basic earnings per common share attributable to Edison International common shareholders</b>	<b>\$ 0.68</b>	<b>\$ 0.50</b>
<b>Diluted earnings per share:</b>		
Weighted average shares of common stock outstanding, including effect of dilutive securities	380	364
<b>Diluted earnings per common share attributable to Edison International common shareholders</b>	<b>\$ 0.68</b>	<b>\$ 0.50</b>

Consolidated Statements of Comprehensive Income	Edison International	
	Three months ended March 31,	
(in millions, unaudited)	2021	2020
<b>Net income</b>	\$ 290	\$ 213
Other comprehensive income, net of tax:		
Pension and postretirement benefits other than pensions	2	2
<b>Other comprehensive income, net of tax</b>	2	2
<b>Comprehensive income</b>	292	215
Less: Comprehensive income attributable to noncontrolling interests	27	30
<b>Comprehensive income attributable to Edison International</b>	\$ 265	\$ 185

<b>Consolidated Balance Sheets</b>	<b>Edison International</b>	
(in millions, unaudited)	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 389	\$ 87
Receivables, less allowances of \$226 and \$188 for uncollectible accounts at respective dates	1,093	1,130
Accrued unbilled revenue	673	521
Insurance receivable	603	708
Income tax receivables	—	68
Inventory	416	405
Prepaid expenses	163	281
Regulatory assets	1,578	1,314
Wildfire Insurance Fund contributions	204	323
Other current assets	209	224
<b>Total current assets</b>	<b>5,328</b>	<b>5,061</b>
Nuclear decommissioning trusts	4,763	4,833
Other investments	59	53
<b>Total investments</b>	<b>4,822</b>	<b>4,886</b>
Utility property, plant and equipment, less accumulated depreciation and amortization of \$10,827 and \$10,681 at respective dates	48,097	47,653
Nonutility property, plant and equipment, less accumulated depreciation of \$96 and \$94 at respective dates	187	186
<b>Total property, plant and equipment</b>	<b>48,284</b>	<b>47,839</b>
Regulatory assets (includes \$331 at 2021 related to Variable Interest Entities "VIEs")	7,543	7,120
Wildfire Insurance Fund contributions	2,512	2,443
Operating lease right-of-use assets	1,071	1,088
Long-term insurance receivables	75	75
Other long-term assets	870	860
<b>Total long-term assets</b>	<b>12,071</b>	<b>11,586</b>
<b>Total assets</b>	<b>\$ 70,505</b>	<b>\$ 69,372</b>

<b>Consolidated Balance Sheets</b>	<b>Edison International</b>	
(in millions, except share amounts, unaudited)	March 31, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>		
Short-term debt	\$ 2,520	\$ 2,398
Current portion of long-term debt	909	1,029
Accounts payable	1,602	1,980
Wildfire-related claims	1,812	2,231
Customer deposits	225	243
Regulatory liabilities	524	569
Current portion of operating lease liabilities	215	215
Other current liabilities	1,690	1,612
<b>Total current liabilities</b>	<b>9,497</b>	<b>10,277</b>
<b>Long-term debt</b> (includes \$327 at 2021 related to VIEs)	<b>20,165</b>	<b>19,632</b>
Deferred income taxes and credits	5,474	5,368
Pensions and benefits	554	563
Asset retirement obligations	2,902	2,930
Regulatory liabilities	8,881	8,589
Operating lease liabilities	856	873
Wildfire-related claims	2,082	2,281
Other deferred credits and other long-term liabilities	2,871	2,910
<b>Total deferred credits and other liabilities</b>	<b>23,620</b>	<b>23,514</b>
<b>Total liabilities</b>	<b>53,282</b>	<b>53,423</b>
Commitments and contingencies (Note 12)		
Preferred stock (50,000,000 shares authorized; 1,250,000 shares issued and outstanding at March 31, 2021)	1,237	—
Common stock, no par value (800,000,000 shares authorized; 379,433,168 and 378,907,147 shares issued and outstanding at respective dates)	5,989	5,962
Accumulated other comprehensive loss	(67)	(69)
Retained earnings	8,163	8,155
<b>Total Edison International's shareholders' equity</b>	<b>15,322</b>	<b>14,048</b>
Noncontrolling interests – preference stock of SCE	1,901	1,901
<b>Total equity</b>	<b>17,223</b>	<b>15,949</b>
<b>Total liabilities and equity</b>	<b>\$ 70,505</b>	<b>\$ 69,372</b>

**Consolidated Statements of Cash Flows**
**Edison International**

(in millions, unaudited)	Three months ended March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 290	\$ 213
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	542	501
Allowance for equity during construction	(35)	(21)
Deferred income taxes	(37)	(58)
Wildfire Insurance Fund amortization expense	53	84
Other	11	23
Nuclear decommissioning trusts	(52)	14
Changes in operating assets and liabilities:		
Receivables	15	(30)
Inventory	(12)	1
Accounts payable	(151)	(129)
Tax receivables and payables	178	31
Other current assets and liabilities	(168)	41
Regulatory assets and liabilities, net	(70)	(372)
Wildfire-related insurance receivable	105	58
Wildfire-related claims	(618)	—
Other noncurrent assets and liabilities	21	(41)
<b>Net cash provided by operating activities</b>	<b>72</b>	<b>315</b>
<b>Cash flows from financing activities:</b>		
Long-term debt issued, plus premium and net of discount and issuance costs of \$(15) and \$19 for the respective periods	1,223	1,719
Long-term debt repaid or repurchased	(490)	(40)
Short-term debt issued	305	1,275
Short-term debt repaid	(327)	—
Common stock issued	15	74
Preferred stock issued, net	1,237	—
Commercial paper repayment, net of borrowing	(180)	(550)
Dividends and distribution to noncontrolling interests	(32)	(36)
Dividends paid	(247)	(226)
Other	7	15
<b>Net cash provided by financing activities</b>	<b>1,511</b>	<b>2,231</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(1,358)	(1,268)
Proceeds from sale of nuclear decommissioning trust investments	1,270	1,407
Purchases of nuclear decommissioning trust investments	(1,218)	(1,421)
Other	24	4
<b>Net cash used in investing activities</b>	<b>(1,282)</b>	<b>(1,278)</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>301</b>	<b>1,268</b>
Cash, cash equivalents and restricted cash at beginning of period	89	70
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 390</b>	<b>\$ 1,338</b>

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

(in millions, unaudited)	Three months ended	
	March 31,	
	2021	2020
<b>Operating revenue</b>	\$ 2,953	\$ 2,780
Purchased power and fuel	1,013	928
Operation and maintenance	827	859
Wildfire Insurance Fund expense	53	84
Depreciation and amortization	524	483
Property and other taxes	125	110
<b>Total operating expenses</b>	<b>2,542</b>	<b>2,464</b>
<b>Operating income</b>	<b>411</b>	<b>316</b>
Interest expense	(184)	(194)
Other income	72	52
<b>Income before taxes</b>	<b>299</b>	<b>174</b>
Income tax benefit	(24)	(75)
<b>Net income</b>	<b>323</b>	<b>249</b>
Less: Preferred and preference stock dividend requirements	27	30
<b>Net income available for common stock</b>	<b>\$ 296</b>	<b>\$ 219</b>

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

(in millions, unaudited)	Three months ended	
	March 31,	
	2021	2020
<b>Net income</b>	\$ 323	\$ 249
Other comprehensive income, net of tax:		
Pension and postretirement benefits other than pensions	2	2
<b>Other comprehensive income, net of tax</b>	<b>2</b>	<b>2</b>
<b>Comprehensive income</b>	<b>\$ 325</b>	<b>\$ 251</b>

<b>Consolidated Balance Sheets</b>	<b>Southern California Edison Company</b>	
(in millions, unaudited)	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25	\$ 55
Receivables, less allowances of \$226 and \$188 for uncollectible accounts at respective dates	1,089	1,126
Accrued unbilled revenue	673	521
Insurance receivable	398	440
Insurance receivable from affiliate	268	268
Income tax receivables	—	69
Inventory	416	405
Prepaid expenses	163	280
Regulatory assets	1,578	1,314
Wildfire Insurance Fund contributions	204	323
Other current assets	200	216
<b>Total current assets</b>	<b>5,014</b>	<b>5,017</b>
Nuclear decommissioning trusts	4,763	4,833
Other investments	44	37
<b>Total investments</b>	<b>4,807</b>	<b>4,870</b>
Utility property, plant and equipment, less accumulated depreciation and amortization of \$10,827 and \$10,681 at respective dates	48,097	47,653
Nonutility property, plant and equipment, less accumulated depreciation of \$88 and \$86 at respective dates	181	180
<b>Total property, plant and equipment</b>	<b>48,278</b>	<b>47,833</b>
Regulatory assets (includes \$331 at 2021 related to VIEs)	7,543	7,120
Wildfire Insurance Fund contributions	2,512	2,443
Operating lease right-of-use assets	1,063	1,085
Long-term insurance receivables	75	75
Other long-term assets	853	843
<b>Total long-term assets</b>	<b>12,046</b>	<b>11,566</b>
<b>Total assets</b>	<b>\$ 70,145</b>	<b>\$ 69,286</b>

<b>Consolidated Balance Sheets</b>	<b>Southern California Edison Company</b>	
(in millions, except share amounts, unaudited)	March 31, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>		
Short-term debt	\$ 2,520	\$ 2,268
Current portion of long-term debt	909	1,029
Accounts payable	1,603	1,983
Wildfire-related claims	1,812	2,231
Customer deposits	225	243
Regulatory liabilities	524	569
Current portion of operating lease liabilities	214	214
Other current liabilities	1,366	1,294
<b>Total current liabilities</b>	<b>9,173</b>	<b>9,831</b>
<b>Long-term debt</b> (includes \$327 at 2021 related to VIEs)	<b>17,031</b>	<b>16,499</b>
Deferred income taxes and credits	6,903	6,783
Pensions and benefits	139	144
Asset retirement obligations	2,902	2,930
Regulatory liabilities	8,881	8,589
Operating lease liabilities	849	871
Wildfire-related claims	2,082	2,281
Other deferred credits and other long-term liabilities	2,663	2,708
<b>Total deferred credits and other liabilities</b>	<b>24,419</b>	<b>24,306</b>
<b>Total liabilities</b>	<b>50,623</b>	<b>50,636</b>
Commitments and contingencies (Note 12)		
Preference stock	1,945	1,945
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	6,286	5,387
Accumulated other comprehensive loss	(39)	(41)
Retained earnings	9,162	9,191
<b>Total equity</b>	<b>19,522</b>	<b>18,650</b>
<b>Total liabilities and equity</b>	<b>\$ 70,145</b>	<b>\$ 69,286</b>

Consolidated Statements of Cash Flows	Southern California Edison Company	
(in millions, unaudited)	Three months ended March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 323	\$ 249
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	540	499
Allowance for equity during construction	(35)	(21)
Deferred income taxes	(25)	(47)
Wildfire Insurance Fund amortization expense	53	84
Other	8	20
Nuclear decommissioning trusts	(52)	14
Changes in operating assets and liabilities:		
Receivables	16	(30)
Inventory	(12)	1
Accounts payable	(154)	(156)
Tax receivables and payables	178	35
Other current assets and liabilities	(166)	43
Regulatory assets and liabilities, net	(70)	(372)
Wildfire-related insurance receivable	42	58
Wildfire-related claims	(618)	—
Other noncurrent assets and liabilities	20	(43)
<b>Net cash provided by operating activities</b>	<b>48</b>	<b>334</b>
<b>Cash flows from financing activities:</b>		
Long-term debt issued, plus premium and net of discount and issuance costs of \$(15) and \$19 for the respective periods	1,223	1,719
Long-term debt repaid	(490)	(40)
Short-term debt borrowed	305	475
Short-term debt repaid	(327)	—
Capital contributions from Edison International Parent	900	269
Commercial paper repayment, net of borrowing	(51)	(550)
Dividends paid	(357)	(505)
Other	1	—
<b>Net cash provided by financing activities</b>	<b>1,204</b>	<b>1,368</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(1,357)	(1,267)
Proceeds from sale of nuclear decommissioning trust investments	1,270	1,407
Purchases of nuclear decommissioning trust investments	(1,218)	(1,421)
Other	23	7
<b>Net cash used in investing activities</b>	<b>(1,282)</b>	<b>(1,274)</b>
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(30)</b>	<b>428</b>
Cash, cash equivalents and restricted cash at beginning of period	56	24
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 26</b>	<b>\$ 452</b>

**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") and Edison Energy Group, Inc. ("Edison Energy Group"). 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 Energy Group is an indirect wholly-owned subsidiary of Edison International and a holding company for Edison Energy, LLC ("Edison Energy") which is engaged in the competitive business of providing data driven energy solutions to commercial, institutional and industrial customers. Edison Energy's 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 competitive subsidiaries and "Edison International Parent" refer to Edison International on a stand-alone basis, not consolidated with its subsidiaries. SCE's consolidated financial statements include the accounts of SCE, its wholly owned and controlled subsidiaries and a variable interest entity of which SCE is the primary beneficiary, SCE Recovery Funding LLC. All intercompany transactions have been eliminated from the consolidated financial statements.

Edison International's and SCE's significant accounting policies were described in the "Notes to Consolidated Financial Statements" included in Edison International's and SCE's combined Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"). This quarterly report should be read in conjunction with the financial statements and notes included in the 2020 Form 10-K.

In the opinion of management, all adjustments, consisting only of adjustments of a normal recurring nature, 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 ("GAAP") for the periods covered by this quarterly report on Form 10-Q. The results of operations for the three-month periods ended March 31, 2021 are not necessarily indicative of the operating results for the full year. Certain prior period amounts have been conformed to the current period's presentation.

The December 31, 2020 financial statement data was derived from audited financial statements but does not include all disclosures required by GAAP.

**Cash, Cash Equivalents and Restricted Cash**

Cash equivalents include 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, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Money market funds	\$ 360	\$ 62	\$ 3	\$ 38

Cash is temporarily invested until required for check clearing. 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, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Book balances reclassified to accounts payable	\$ 59	\$ 69	\$ 59	\$ 69

The following table sets forth the cash, cash equivalents and restricted cash included in the consolidated statements of cash flows:

(in millions)	March 31, 2021	December 31, 2020
<b>Edison International:</b>		
Cash and cash equivalents	\$ 389	\$ 87
Short-term restricted cash <sup>1</sup>	1	2
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 390</b>	<b>\$ 89</b>
<b>SCE:</b>		
Cash and cash equivalents	\$ 25	\$ 55
Short-term restricted cash <sup>1</sup>	1	1
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 26</b>	<b>\$ 56</b>

<sup>1</sup> Reflected in "Other current assets" on Edison International's and SCE's consolidated balance sheets.

### ***Allowance for Uncollectible Accounts***

The allowance for uncollectible accounts is recorded based on SCE's estimate of expected credit losses and adjusted over the life of the receivables as needed. Since the customer base of SCE is concentrated in Southern California and exposes SCE to a homogeneous set of economic conditions, the allowance is measured on a collective basis on the historical amounts written-off, assessment of customer collectibility and current economic trends, including unemployment rates and any likelihood of recession for the region. At March 31, 2021, this included the estimated impacts of the COVID-19 pandemic.

The following table sets forth the changes in allowance for uncollectible accounts for SCE:

(in millions)	Three months ended March 31, 2021		Three months ended March 31, 2020	
	Customers	All others	Customers	All others
Beginning balance	\$ 175	\$ 13	\$ 35	\$ 14
Plus: current period provision for uncollectible accounts				
Included in operation and maintenance expenses	6	4	16	2
Deferred to regulatory assets	34	—	—	—
Less: write-offs, net of recoveries	5	1	4	3
<b>Ending balance</b>	<b>\$ 210</b>	<b>\$ 16</b>	<b>\$ 47</b>	<b>\$ 13</b>

### ***Revenue Recognition***

#### ***Regulatory Proceedings***

##### **2021 General Rate Case**

In the 2021 GRC, SCE has requested a test year revenue requirement of \$7.6 billion, an approximately \$1.3 billion increase over the 2020 revenue requirement authorized in the 2018 GRC as updated for post test-year ratemaking changes.

The CPUC has approved the establishment of a memorandum account making the authorized revenue requirement changes effective January 1, 2021. SCE cannot predict the revenue requirement the CPUC will ultimately authorize or forecast the timing of a final decision. SCE is recognizing revenue based on the 2020 authorized revenue requirement until a GRC decision is issued.

### ***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, which earn dividend equivalents on an equal basis with common shares once the awards are vested. See Note 13 for further information.

EPS attributable to Edison International common shareholders was computed as follows:

(in millions, except per-share amounts)	Three months ended	
	March 31,	
	2021	2020
<b>Basic earnings per share:</b>		
Net income attributable to common shareholders	\$ 259	\$ 183
Participating securities dividends	—	—
Net income available to common shareholders	\$ 259	\$ 183
Weighted average common shares outstanding	379	363
Basic earnings per share	\$ 0.68	\$ 0.50
<b>Diluted earnings per share:</b>		
Net income attributable to common shareholders	\$ 259	\$ 183
Participating securities dividends	—	—
Net income available to common shareholders	\$ 259	\$ 183
Income impact of assumed conversions	—	—
Net income available to common shareholders and assumed conversions	\$ 259	\$ 183
Weighted average common shares outstanding	379	363
Incremental shares from assumed conversions	1	1
Adjusted weighted average shares – diluted	380	364
Diluted earnings per share	\$ 0.68	\$ 0.50

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 11,412,075 and 3,362,329 shares of common stock for the three months ended March 31, 2021 and 2020, respectively were outstanding, but were not included in the computation of diluted earnings per share because the effect would have been antidilutive.

#### ***New Accounting Guidance***

##### *Accounting Guidance Adopted*

In August 2020, the FASB issued an accounting standards update to simplify the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments in this update affect entities that issue convertible instruments indexed to or potentially settled in an entity's own equity. This guidance also simplifies an entity's application of the derivatives scope exception for contracts in its own equity and amends certain aspects of the EPS guidance. Edison International and SCE have adopted this standard on January 1, 2021 using modified retrospective adoption approach. The adoption of this standard did not have a material impact on Edison International's and SCE's financial position or results of operations.

**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, 2021:

(in millions, except per share amounts)	Equity Attributable to Edison International Shareholders					Noncontrolling Interests	
	Preferred Stock	Common Stock	Accumulated Other		Subtotal	Preference Stock	Total Equity
			Comprehensive Loss	Retained Earnings			
<b>Balance at December 31, 2020</b>	\$ —	\$ 5,962	\$ (69)	\$ 8,155	\$ 14,048	\$ 1,901	\$ 15,949
Net income	—	—	—	263	263	27	290
Other comprehensive income	—	—	2	—	2	—	2
Common stock issued, net of issuance cost	—	21	—	—	21	—	21
Preferred stock issued, net of issuance cost	1,237	—	—	—	1,237	—	1,237
Common stock dividends declared (\$0.6625 per share)	—	—	—	(251)	(251)	—	(251)
Preferred stock dividend accrued (\$3.434 per share)	—	—	—	(4)	(4)	—	(4)
Dividends to noncontrolling interests (\$15.625 - \$35.936 per share for preference stock)	—	—	—	—	—	(27)	(27)
Noncash stock-based compensation	—	6	—	—	6	—	6
<b>Balance at March 31, 2021</b>	\$ 1,237	\$ 5,989	\$ (67)	\$ 8,163	\$ 15,322	\$ 1,901	\$ 17,223

The following table provides Edison International's changes in equity for the three months ended March 31, 2020:

(in millions, except per share amounts)	Equity Attributable to Common Shareholders				Noncontrolling Interests	
	Common Stock	Accumulated Other		Subtotal	Preference and	Total Equity
		Comprehensive Loss	Retained Earnings			
<b>Balance at December 31, 2019</b>	\$ 4,990	\$ (69)	\$ 8,382	\$ 13,303	\$ 2,193	\$ 15,496
Net income	—	—	183	183	30	213
Other comprehensive income	—	2	—	2	—	2
Common stock issued, net of issuance cost	88	—	—	88	—	88
Common stock dividends declared (\$0.6375 per share)	—	—	(232)	(232)	—	(232)
Dividends to noncontrolling interests (\$0.255 - \$0.299 per share for preferred stock; \$15.625 - \$35.936 per share for preference stock)	—	—	—	—	(30)	(30)
Noncash stock-based compensation	7	—	—	7	—	7
<b>Balance at March 31, 2020</b>	\$ 5,085	\$ (67)	\$ 8,333	\$ 13,351	\$ 2,193	\$ 15,544

The following table provides SCE's changes in equity for the three months ended March 31, 2021:

(in millions, except per share amounts)	Preference Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
<b>Balance at December 31, 2020</b>	\$ 1,945	\$ 2,168	\$ 5,387	\$ (41)	\$ 9,191	\$ 18,650
Net income	—	—	—	—	323	323
Other comprehensive income	—	—	—	2	—	2
Capital contribution from Edison International Parent	—	—	900	—	—	900
Dividends declared on common stock (\$0.7473 per share)	—	—	—	—	(325)	(325)
Dividends on preference stock (\$15.625 - \$35.936 per share)	—	—	—	—	(27)	(27)
Stock-based compensation	—	—	(4)	—	—	(4)
Noncash stock-based compensation	—	—	3	—	—	3
<b>Balance at March 31, 2021</b>	\$ 1,945	\$ 2,168	\$ 6,286	\$ (39)	\$ 9,162	\$ 19,522

The following table provides SCE's changes in equity for the three months ended March 31, 2020:

(in millions, except per share amounts)	Preferred and Preference Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
<b>Balance at December 31, 2019</b>	\$ 2,245	\$ 2,168	\$ 3,939	\$ (39)	\$ 9,514	\$ 17,827
Net income	—	—	—	—	249	249
Other comprehensive income	—	—	—	2	—	2
Capital contribution from Edison International Parent	—	—	269	—	—	269
Dividends declared on common stock (\$0.6185 per share)	—	—	—	—	(269)	(269)
Dividends declared on preferred stock (\$0.255 - \$0.299 per share) and preference stock (15.625 - \$35.936 per share)	—	—	—	—	(30)	(30)
Stock-based compensation	—	—	(5)	—	—	(5)
Noncash stock-based compensation	—	—	4	—	(1)	3
<b>Balance at March 31, 2020</b>	\$ 2,245	\$ 2,168	\$ 4,207	\$ (37)	\$ 9,463	\$ 18,046

### Note 3. Variable Interest Entities

A variable interest entity ("VIE") is defined as a legal entity that meets one of two conditions: (1) the equity owners do not have sufficient equity at risk, or (2) the holders of the equity investment at risk, as a group, 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 Consolidated*

SCE Recovery Funding LLC is a bankruptcy remote, wholly owned special purpose subsidiary, consolidated by SCE. SCE Recovery Funding LLC is a VIE and SCE is the primary beneficiary. SCE Recovery Funding LLC was formed in

2021 for the purpose of issuing and servicing securitized bonds related to SCE's AB 1054 Excluded Capital Expenditures.

In February 2021, SCE Recovery Funding LLC issued \$338 million of securitized bond in three tranches and used the proceeds to acquire SCE's right, title and interest in and to non-bypassable rates and other charges to be collected from certain existing and future customers in SCE's service territory, associated with the AB 1054 Excluded Capital Expenditures ("Recovery Property"), until the bonds are paid in full and all financing costs have been recovered. The securitized bond is secured by the Recovery Property and cash collections from the non-bypassable rates and other charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to SCE. For further details, see Note 5.

The following table summarizes the impact of SCE Recovery Funding LLC on SCE's and Edison Internationals' consolidated balance sheets.

(in millions)	March 31, 2021
Regulatory assets	\$ 1
Other current assets	4
Regulatory assets: Non-current	331
Current portion of long-term debt	6
Other current liabilities	3
Long-term debt <sup>1</sup>	327

<sup>1</sup> The bondholders have no recourse to SCE.

#### **Variable Interest in VIEs that are not Consolidated**

##### *Power Purchase Agreements ("PPAs")*

SCE has PPAs that are classified as variable interests in VIEs, including agreements through which SCE provides the natural gas to fuel the plants and fixed price contracts for renewable energy. 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 sheets that relate to involvement with VIEs result from amounts due under the PPAs. 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 2020 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 from these VIE projects was 3,916 megawatts ("MW") and 4,996 MW at March 31, 2021 and 2020, respectively, and the amounts that SCE paid to these projects were \$159 million and \$151 million for the three months ended March 31, 2021 and 2020, respectively. These amounts are recoverable in customer rates, subject to reasonableness review.

##### *Unconsolidated Trusts of SCE*

SCE Trust II, Trust III, Trust IV, Trust V, and Trust VI were formed in 2013, 2014, 2015, 2016, and 2017, respectively, for the exclusive purpose of issuing the 5.10%, 5.75%, 5.375%, 5.45%, and 5.00% 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 II, Trust III, Trust IV, Trust V and Trust VI issued to the public trust securities in the face amounts of \$400 million, \$275 million, \$325 million, \$300 million, and \$475 million (cumulative, liquidation amounts of \$25 per share), respectively, and \$10,000 of common stock each to SCE. The trusts invested the proceeds of these trust securities in Series G, Series H, Series J, Series K, and Series L Preference Stock issued by SCE in the principal

amounts of \$400 million, \$275 million, \$325 million, \$300 million, and \$475 million (cumulative, \$2,500 per share liquidation values), respectively, which have substantially the same payment terms as the respective trust securities.

The Series G, Series H, Series J, Series K, and Series L Preference Stock and the corresponding trust securities do not have a maturity date. Upon any redemption of any shares of the Series G, Series H, Series J, Series K, or Series L Preference Stock, a corresponding dollar amount of trust securities will be redeemed by the applicable trust. The applicable trust will make distributions at the same rate and on the same dates on the applicable series of trust securities if and when the SCE board of directors declares and makes dividend payments on the related Preference Stock. The applicable trust will use any dividends it receives on the related 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 related Preference Stock.

The Trust II, Trust III, Trust IV, Trust V and Trust VI balance sheets as of March 31, 2021 and December 31, 2020 consisted of investments of \$220 million, \$275 million, \$325 million, \$300 million, and \$475 million in the Series G, Series H, Series J, Series K and Series L Preference Stock, respectively, \$220 million, \$275 million, \$325 million, \$300 million, and \$475 million of trust securities, respectively, and \$10,000 each of common stock.

The following table provides a summary of the trusts' income statements:

(in millions)	Three months ended March 31,				
	Trust II	Trust III	Trust IV	Trust V	Trust VI
<b>2021</b>					
Dividend income	\$ 5	\$ 4	\$ 4	\$ 4	\$ 6
Dividend distributions	5	4	4	4	6
<b>2020</b>					
Dividend income	\$ 5	\$ 4	\$ 4	\$ 4	\$ 6
Dividend distributions	5	4	4	4	6

#### **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, 2021 and December 31, 2020, 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's 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, U.S. treasury securities, mutual funds, and money market funds.

Level 2 – Edison International's 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 an exchange (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 an income approach through various models and techniques that require significant unobservable inputs. This level includes derivative contracts that trade infrequently such as congestion revenue rights ("CRRs"). 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. 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. See Note 6 for a discussion of derivative instruments.

*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:

(in millions)	March 31, 2021				
	Level 1	Level 2	Level 3	Netting and Collateral <sup>1</sup>	Total
<b>Assets at fair value</b>					
Derivative contracts	\$ —	\$ 14	\$ 103	\$ (18)	\$ 99
Money market funds and other	3	23	—	—	26
Nuclear decommissioning trusts:					
Stocks <sup>2</sup>	1,897	—	—	—	1,897
Fixed Income <sup>3</sup>	552	1,932	—	—	2,484
Short-term investments, primarily cash equivalents	483	71	—	—	554
Subtotal of nuclear decommissioning trusts <sup>4</sup>	2,932	2,003	—	—	4,935
<b>Total assets</b>	<b>2,935</b>	<b>2,040</b>	<b>103</b>	<b>(18)</b>	<b>5,060</b>
<b>Liabilities at fair value</b>					
Derivative contracts	—	6	12	(18)	—
<b>Total liabilities</b>	<b>—</b>	<b>6</b>	<b>12</b>	<b>(18)</b>	<b>—</b>
<b>Net assets</b>	<b>\$ 2,935</b>	<b>\$ 2,034</b>	<b>\$ 91</b>	<b>\$ —</b>	<b>\$ 5,060</b>

[Table of Contents](#)

(in millions)	December 31, 2020				
	Level 1	Level 2	Level 3	Netting and Collateral <sup>1</sup>	Total
<b>Assets at fair value</b>					
Derivative contracts	\$ —	\$ 6	\$ 120	\$ (18)	\$ 108
Money market funds and other	39	23	—	—	62
Nuclear decommissioning trusts:					
Stocks <sup>2</sup>	1,908	—	—	—	1,908
Fixed Income <sup>3</sup>	519	2,113	—	—	2,632
Short-term investments, primarily cash equivalents	447	52	—	—	499
Subtotal of nuclear decommissioning trusts <sup>4</sup>	2,874	2,165	—	—	5,039
<b>Total assets</b>	<b>2,913</b>	<b>2,194</b>	<b>120</b>	<b>(18)</b>	<b>5,209</b>
<b>Liabilities at fair value</b>					
Derivative contracts	—	10	12	(22)	—
<b>Total liabilities</b>	<b>—</b>	<b>10</b>	<b>12</b>	<b>(22)</b>	<b>—</b>
<b>Net assets</b>	<b>\$ 2,913</b>	<b>\$ 2,184</b>	<b>\$ 108</b>	<b>\$ 4</b>	<b>\$ 5,209</b>

<sup>1</sup> Represents the netting of assets and liabilities under master netting agreements and cash collateral.

<sup>2</sup> Approximately 73% and 71% of SCE's equity investments were in companies located in the United States at March 31, 2021 and December 31, 2020, respectively.

<sup>3</sup> Includes corporate bonds, which were diversified by the inclusion of collateralized mortgage obligations and other asset backed securities, of \$30 million and \$29 million at March 31, 2021 and December 31, 2020, respectively.

<sup>4</sup> Excludes net payables of \$172 million and \$206 million at March 31, 2021 and December 31, 2020, respectively, which consist of payables and receivables related to SCE's pending securities purchases and sales as well as interest and dividend receivables.

*Edison International Parent and Other*

Edison International Parent and Other assets measured at fair value and classified as Level 1 consisted of money market funds of \$357 million and \$24 million at March 31, 2021 and December 31, 2020, respectively, and classified as Level 2 consisted of short-term investments of \$4 million and \$5 million at March 31, 2021 and December 30, 2020, respectively.

*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,	
	2021	2020
Fair value of net assets at beginning of period	\$ 108	\$ 78
Purchases	—	7
Sales	—	(1)
Settlements	(14)	(20)
Total realized/unrealized losses <sup>1,2</sup>	(3)	(12)
Fair value of net assets at end of period	\$ 91	\$ 52

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

<sup>2</sup> There were no material transfers into or out of Level 3 during 2021 and 2020.

[Table of Contents](#)

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	Significant Unobservable Input	Range (per MWh)	Weighted Average (per MWh)
	Assets	Liabilities				
<b>Congestion revenue rights</b>						
March 31, 2021	\$ 103	\$ 12	Auction prices	CAISO CRR auction prices	\$(3.84) - \$300.47	\$ 2.68
December 31, 2020	120	12	Auction prices	CAISO CRR auction prices	(9.67) - 300.47	2.75

*Level 3 Fair Value Uncertainty*

For CRRs, increases or decreases in CAISO auction prices would result in higher or lower fair value, respectively, as of March 31, 2021.

*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. There are no securities classified as Level 3 in the nuclear decommissioning trusts.

**Fair Value of Debt Recorded at Carrying Value**

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

(in millions)	March 31, 2021		December 31, 2020	
	Carrying Value <sup>1</sup>	Fair Value <sup>2</sup>	Carrying Value <sup>1</sup>	Fair Value <sup>2</sup>
Edison International	\$ 21,074	\$ 22,963	\$ 20,337	\$ 23,824
SCE	17,940	19,558	17,204	20,365

<sup>1</sup> Carrying value is net of debt issuance costs.

<sup>2</sup> The fair value of Edison International's and SCE's short-term and long-term debt is classified as Level 2.

**Note 5. Debt and Credit Agreements**

**Long-Term Debt**

In January 2021, SCE issued \$150 million of 2.25% first and refunding mortgage bonds due in 2030 and \$750 million of 2.95% first and refunding mortgage bonds due in 2051. The proceeds were primarily used to repay SCE's commercial paper borrowings and for general corporate purposes.

*Senior Secured Recovery Bonds*

In February 2021, SCE Recovery Funding LLC issued \$338 million of Senior Secured Recovery Bonds, Series 2021-A, in three tranches ("Recovery Bonds") and used the proceeds to acquire SCE's right, title and interest in and to non-bypassable rates and other charges associated with the AB 1054 Excluded Capital Expenditures to be collected from certain existing and future customers in SCE's service territory ("Recovery Property"). The three tranches of Recovery Bonds consisted of: \$138 million, 0.86% with final maturity in 2033; \$100 million, 1.94% with final maturity in 2040; and \$100 million, 2.51% with final maturity in 2045. The Recovery Bonds are payable only from and secured by the Recovery Property. SCE Recovery Funding LLC is consolidated by SCE for financial reporting purposes, however, the

Recovery Bonds do not constitute a debt or other legal obligation of, or interest in, SCE or any of its affiliates, except for SCE Recovery Funding LLC. SCE used the proceeds it received from the sale of Recovery Property to reimburse itself for previously incurred AB 1054 Excluded Capital Expenditures, including the retirement of related debt and financing costs. For further details, see Note 3.

**Credit Agreements and Short-Term Debt**

The following table summarizes the status of the credit facilities at March 31, 2021:

(in millions, except for rates)

Execution date	Termination date	LIBOR plus (bps)	Use of proceeds	Commitment	Outstanding borrowings	Outstanding letters of credit	Amount available
<b>Edison International Parent</b>							
June 2019	May 2024	128	Support commercial paper borrowings and general corporate purposes <sup>1, 4</sup>	\$ 1,500	\$ —	\$ —	\$ 1,500
<b>Total Edison International Parent:</b>				<b>\$ 1,500</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,500</b>
<b>SCE</b>							
March 2020	May 2021	65	Finance a portion of the AB 1054 Capital Expenditures <sup>2</sup>	\$ 800	\$ 800	\$ —	\$ —
May 2020	May 2021	150	Undercollections related to COVID-19 and general corporate purposes	1,500	—	—	1,500
June 2019	May 2024	108	Support commercial paper borrowings and general corporate purposes <sup>3, 4</sup>	3,000	674	120	2,206
<b>Total SCE:</b>				<b>\$ 5,300</b>	<b>\$ 1,474</b>	<b>\$ 120</b>	<b>\$ 3,706</b>
<b>Total Edison International:</b>				<b>\$ 6,800</b>	<b>\$ 1,474</b>	<b>\$ 120</b>	<b>\$ 5,206</b>

<sup>1</sup> At March 31, 2021 Edison International Parent had no outstanding commercial paper.

<sup>2</sup> In February 2021, SCE and the lenders amended the March 2020 credit agreement and have extended the termination date from March 2021 to May 2021. This credit facility may also be extended for two 364-day periods, at the lenders' discretion. The aggregate maximum principal amount may be increased up to \$1.1 billion provided that additional lender commitments are obtained.

<sup>3</sup> At March 31, 2021 SCE had \$674 million outstanding commercial paper, net of discount, at a weighted-average interest rate of 0.32%.

<sup>4</sup> The aggregate maximum principal amount under the SCE and Edison International Parent revolving credit facilities may be increased up to \$4.0 billion and \$2.0 billion, respectively, provided that additional lender commitments are obtained.

**Term loan and other short-term debt**

In February 2021, SCE and the lenders amended the term loan agreement and extended the termination date from March 2021 to May 2021.

**Financing Subsequent to March 31, 2021**

In April 2021, SCE issued \$400 million of Secured Overnight Financing Rate ("SOFR") plus 0.64% first and refunding mortgage bonds due in 2023, \$400 million of SOFR plus 0.83% of first and refunding mortgage bonds due in 2024, \$350 million of 0.70% first and refunding mortgage bonds due in 2023 and \$700 million of 1.10% first and refunding mortgage bonds due in 2024. The proceeds of these issuances were used to fund the payment of wildfire claims

exceeding insurance proceeds and repay commercial paper borrowings that were used to fund the payment of wildfire claims, including amounts paid under the Woolsey Subrogation Settlement.

**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 PPAs. SCE's natural gas price exposure arises from natural gas purchased for the Mountainview power plant and peaker plants, Qualifying Facilities contracts where pricing is based on a monthly natural gas index and PPAs 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 represent 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 and gas contracts contain master netting agreements or similar agreements, which generally allow counterparties subject to the agreement to offset 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 creditworthiness of each counterparty and the risk associated with the transaction.

Certain power and gas 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 post additional collateral to cover derivative liabilities and the related outstanding payables. The net fair value of all derivative liabilities with these credit-risk-related contingent features were less than \$1 million as of March 31, 2021 and December 31, 2020, for which SCE posted no collateral to its counterparties for its derivative liabilities and related outstanding payables for both periods. If the credit-risk-related contingent features underlying these agreements were triggered on March 31, 2021, SCE would be required to post \$7 million of collateral, all of which is related to outstanding payables.

**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 also 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. See Note 4 for a discussion of fair value of derivative instruments. The following table summarizes the gross and net fair values of SCE's commodity derivative instruments:

(in millions)	March 31, 2021							Net Assets
	Derivative Assets			Derivative Liabilities				
	Short-Term <sup>1</sup>	Long-Term <sup>2</sup>	Subtotal	Short-Term	Long-Term	Subtotal		
<b>Commodity derivative contracts</b>								
Gross amounts recognized	\$ 97	\$ 20	\$ 117	\$ 13	\$ 5	\$ 18	\$ 99	
Gross amounts offset in the consolidated balance sheets	(13)	(5)	(18)	(13)	(5)	(18)	—	
Cash collateral posted <sup>3</sup>	—	—	—	—	—	—	—	
<b>Net amounts presented in the consolidated balance sheets</b>	<b>\$ 84</b>	<b>\$ 15</b>	<b>\$ 99</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 99</b>	

(in millions)	December 31, 2020							Net Assets
	Derivative Assets			Derivative Liabilities				
	Short-Term <sup>1</sup>	Long-Term <sup>2</sup>	Subtotal	Short-Term	Long-Term	Subtotal		
<b>Commodity derivative contracts</b>								
Gross amounts recognized	\$ 103	\$ 23	\$ 126	\$ 16	\$ 6	\$ 22	\$ 104	
Gross amounts offset in the consolidated balance sheets	(12)	(6)	(18)	(12)	(6)	(18)	—	
Cash collateral posted <sup>3</sup>	—	—	—	(4)	—	(4)	4	
<b>Net amounts presented in the consolidated balance sheets</b>	<b>\$ 91</b>	<b>\$ 17</b>	<b>\$ 108</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 108</b>	

<sup>1</sup> Included in "Other current assets" on Edison International's and SCE's consolidated balance sheets.

<sup>2</sup> Included in "Other long-term assets" on Edison International's and SCE's consolidated balance sheets.

<sup>3</sup> At March 31, 2021, SCE posted cash collateral of \$2 million, which was reflected in "Other current assets" on the consolidated balance sheets. At December 31, 2020, SCE posted \$17 million of cash, of which \$4 million was offset against derivative liabilities and \$13 million was reflected in "Other current assets" on the consolidated balance sheets.

**Financial Statement Impact of Derivative Instruments**

SCE recognizes realized gains and losses on derivative instruments as purchased power and fuel expense and expects that such gains or losses will be part of the purchased 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 remaining effects of derivative activities and related regulatory offsets are reported 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,	
	2021	2020
Realized gains (losses)	\$ 112	\$ (44)
Unrealized losses	(6)	(83)

**Notional Volumes of Derivative Instruments**

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

Commodity	Unit of Measure	Economic Hedges	
		March 31, 2021	December 31, 2020
Electricity options, swaps and forwards	GWh	528	1,581
Natural gas options, swaps and forwards	Bcf	29	34
Congestion revenue rights	GWh	36,365	41,151

**Note 7. Revenue**

SCE’s revenue is disaggregated by two revenue sources:

- 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 earnings activities are revenue or penalties related to incentive mechanisms, other operating revenue, and regulatory charges or disallowances.
- 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. 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) and certain operation and maintenance expenses. SCE earns no return on these activities.

The following table is a summary of SCE’s revenue:

(in millions)	Three months ended March 31, 2021			Three months ended March 31, 2020		
	Earning Activities	Cost-Recovery Activities	Total Consolidated	Earning Activities	Cost-Recovery Activities	Total Consolidated
Revenues from contracts with customers <sup>1,2</sup>	\$ 1,704	\$ 1,195	\$ 2,899	\$ 1,624	\$ 718	\$ 2,342
Alternative revenue programs and other operating revenue <sup>3</sup>	63	(9)	54	117	321	438
<b>Total operating revenue</b>	<b>\$ 1,767</b>	<b>\$ 1,186</b>	<b>\$ 2,953</b>	<b>\$ 1,741</b>	<b>\$ 1,039</b>	<b>\$ 2,780</b>

<sup>1</sup> In the absence of a 2021 GRC, SCE recorded CPUC revenue based on the 2020 authorized revenue requirements until a GRC decision is issued. For further information, see Note 1.

<sup>2</sup> At March 31, 2021 and December 31, 2020, SCE’s receivables related to contracts from customers were \$1.6 billion and \$1.5 billion, respectively, which include accrued unbilled revenue of \$673 million and \$521 million, respectively.

<sup>3</sup> Includes differences between amounts billed and authorized levels for both the CPUC and FERC.

**Note 8. 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:

(in millions)	Edison International		SCE	
	Three months ended March 31,			
	2021	2020	2021	2020
Income from operations before income taxes	\$ 254	\$ 129	\$ 299	\$ 174
Provision for income tax at federal statutory rate of 21%	53	27	63	37
Increase (decrease) in income tax from:				
State tax, net of federal benefit	(7)	(13)	(4)	(12)
Property-related	(83)	(78)	(83)	(78)
Change related to uncertain tax position <sup>1</sup>	—	(15)	—	(17)
Other	1	(5)	—	(5)
Total income tax benefit	\$ (36)	\$ (84)	\$ (24)	\$ (75)
Effective tax rate	(14.2)%	(65.1)%	(8.0)%	(43.1)%

<sup>1</sup> Primarily relates to the re-measurement of uncertain tax positions related to the 2010 – 2012 California state tax filings currently under audit.

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. Flow-through items reduce current authorized revenue requirements in SCE's rate cases and result in a regulatory asset for recovery of deferred income taxes in future periods. The difference between the authorized amounts as determined in SCE's rate cases, adjusted for balancing and memorandum account activities, and the recorded flow-through items also result in increases or decreases in regulatory assets with a corresponding impact on the effective tax rate to the extent that recorded deferred amounts are expected to be recovered in future rates. For further information, see Note 11.

**Tax Disputes**

Tax years that remain open for examination by the IRS and the California Franchise Tax Board are 2016 – 2019 and 2013 – 2019, respectively. Tax years 2007 – 2012 are currently subject to a settlement proceeding with the California Franchise Tax Board. Edison International does not expect to resolve these tax years within the next 12 months. Any impacts cannot be reasonably estimated until further progress is made.

**Note 9. Compensation and Benefit Plans**

**Pension Plans**

Net periodic pension expense components are:

(in millions)	Three months ended March 31,	
	2021	2020
<b>Edison International:</b>		
Service cost	\$ 34	\$ 31
Non-service cost (benefit)		
Interest cost	26	31
Expected return on plan assets	(56)	(54)
Amortization of net loss <sup>1</sup>	3	3
Regulatory adjustment	4	2
Total non-service benefit <sup>2</sup>	\$ (23)	\$ (18)
<b>Total expense recognized</b>	<b>\$ 11</b>	<b>\$ 13</b>
<b>SCE:</b>		
Service cost	\$ 33	\$ 30
Non-service cost (benefit)		
Interest cost	24	28
Expected return on plan assets	(53)	(51)
Amortization of net loss <sup>1</sup>	2	2
Regulatory adjustment	4	2
Total non-service benefit <sup>2</sup>	\$ (23)	\$ (19)
<b>Total expense recognized</b>	<b>\$ 10</b>	<b>\$ 11</b>

<sup>1</sup> Represents the amount of net loss reclassified from other comprehensive loss.

<sup>2</sup> Included in "Other income" on Edison International's and SCE's consolidated statement of income.

**Postretirement Benefits Other Than Pensions ("PBOP")**

Net periodic PBOP expense components for Edison International and SCE are:

(in millions)	Three months ended March 31,	
	2021	2020
Service cost	\$ 10	\$ 9
Non-service cost (benefit)		
Interest cost	14	17
Expected return on plan assets	(27)	(30)
Amortization of net gain	(8)	(4)
Regulatory adjustment	11	8
Total non-service benefit <sup>1</sup>	\$ (10)	\$ (9)
<b>Total expense</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>1</sup> Included in "Other income" on Edison International's and SCE's consolidated statement of income.

**Note 10. Investments**

***Nuclear Decommissioning Trusts***

Future decommissioning costs related to SCE's nuclear assets are expected to be funded from independent decommissioning trusts.

The following table sets forth amortized cost and fair value of the trust investments (see Note 4 for a discussion of fair value of the trust investments):

(in millions)	Longest Maturity Dates	Amortized Cost		Fair Value	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Stocks	—	N/A	N/A	\$ 1,896	\$ 1,908
Municipal bonds	2054	\$ 1,044	\$ 1,013	1,212	1,218
U.S. government and agency securities	2067	683	740	754	864
Corporate bonds	2070	451	460	519	550
Short-term investments and receivables/payables <sup>1</sup>	One-year	366	281	382	293
<b>Total</b>		<b>\$ 2,544</b>	<b>\$ 2,494</b>	<b>\$ 4,763</b>	<b>\$ 4,833</b>

<sup>1</sup> Short-term investments include \$144 million and \$138 million of repurchase agreements payable by financial institutions which earn interest, are fully secured by U.S. Treasury securities and mature by April 1, 2021 and January 4, 2021 as of March 31, 2021 and December 31, 2020, respectively.

Trust fund earnings (based on specific identification) increase the trust fund balance and the asset retirement obligation ("ARO") regulatory liability. Unrealized holding gains, net of losses, were \$2.0 billion and \$2.1 billion at March 31, 2021 and December 31, 2020, respectively.

Trust assets are used to pay income taxes arising from trust investing activity. Deferred tax liabilities related to net unrealized gains were \$477 million and \$515 million at March 31, 2021 and December 31, 2020, respectively. Accordingly, the fair value of trust assets available to pay future decommissioning costs, net of deferred income taxes, totaled \$4.3 billion at both March 31, 2021 and December 31, 2020.

The following table summarizes the gains and losses for the trust investments:

(in millions)	Three months ended March 31,	
	2021	2020
Gross realized gains	\$ 111	\$ 39
Gross realized loss	12	2
<b>Net unrealized gains (losses) for equity securities</b>	<b>18</b>	<b>(376)</b>

Due to regulatory mechanisms, changes in assets of the trusts from income or loss items 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, 2021	December 31, 2020
<b>Current:</b>		
Regulatory balancing and memorandum accounts	\$ 1,390	\$ 1,127
Power contracts	166	165
Other	22	22
<b>Total current</b>	<b>1,578</b>	<b>1,314</b>
<b>Long-term:</b>		
Deferred income taxes, net of liabilities	4,526	4,475
Pension and other postretirement benefits	8	12
Power contracts	221	239
Unamortized investments, net of accumulated amortization	112	114
Unamortized loss on reacquired debt	130	133
Regulatory balancing and memorandum accounts	1,815	1,794
Environmental remediation	265	247
Recovery assets <sup>1</sup>	331	—
Other	135	106
<b>Total long-term</b>	<b>7,543</b>	<b>7,120</b>
<b>Total regulatory assets</b>	<b>\$ 9,121</b>	<b>\$ 8,434</b>

<sup>1</sup> Represents the balance associated with the AB 1054 Excluded Capital Expenditures related Recovery Properties and prudently incurred financing costs securitized in 2021 with issuance of the associated bond. The recovery period is until 2043, when the bonds are paid in full and all financing costs have been recovered. For further details, see Note 3.

**Regulatory Liabilities**

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

(in millions)	March 31, 2021	December 31, 2020
<b>Current:</b>		
Regulatory balancing and memorandum accounts	\$ 427	\$ 471
Energy derivatives	84	87
Other	13	11
<b>Total current</b>	<b>524</b>	<b>569</b>
<b>Long-term:</b>		
Cost of removal	2,727	2,595
Re-measurement of deferred taxes	2,256	2,283
Recoveries in excess of ARO liabilities <sup>1</sup>	1,901	1,930
Regulatory balancing and memorandum accounts	1,279	1,062
Other postretirement benefits	673	671
Other	45	48
<b>Total long-term</b>	<b>8,881</b>	<b>8,589</b>
<b>Total regulatory liabilities</b>	<b>\$ 9,405</b>	<b>\$ 9,158</b>

<sup>1</sup> Represents the cumulative differences between ARO expenses and amounts collected in rates primarily for the decommissioning of SCE's nuclear generation facilities. Decommissioning costs recovered through rates are primarily placed in nuclear decommissioning trusts. This regulatory liability also represents the deferral of realized and unrealized gains and losses on the nuclear decommissioning trust investments. See Note 10 for further discussion.

**Net Regulatory Balancing and Memorandum Accounts**

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

(in millions)	March 31, 2021	December 31, 2020
<b>Asset (liability)</b>		
Energy resource recovery account	\$ (133)	\$ (89)
Portfolio allocation balancing account	437	497
New system generation balancing account	(6)	(10)
Public purpose programs and energy efficiency programs	(1,192)	(1,130)
Base revenue requirement balancing account	662	622
Greenhouse gas auction revenue and low carbon fuel standard revenue	(121)	(125)
FERC balancing accounts	12	12
Wildfire and drought restoration accounts <sup>1</sup>	397	361
Wildfire-related memorandum accounts <sup>2</sup>	1,142	1,104
COVID-19-related memorandum accounts	87	176
Customer service re-platform memorandum account <sup>3</sup>	37	30
Residential uncollectibles balancing account <sup>4</sup>	129	—
Other	48	(60)
<b>Asset</b>	<b>\$ 1,499</b>	<b>\$ 1,388</b>

- 1 The wildfire and drought restoration accounts regulatory assets represent restorative costs that are recorded in a Catastrophic Event Memorandum Account ("CEMA").
- 2 The wildfire-related memorandum accounts regulatory assets represent wildfire-related costs that are probable of future recovery from customers, subject to a reasonableness review. The Fire Hazard Prevention Memorandum Account ("FHPMA") is used to track costs related to fire safety and to implement fire prevention corrective action measures in extreme and very high fire threat areas. The Wildfire Expense Memorandum Account ("WEMA") is used to track incremental wildfire insurance costs and uninsured wildfire-related financing, legal and claims costs. During 2019, the CPUC approved a Wildfire Mitigation Plan memorandum account to track costs incurred to implement SCE's Wildfire Mitigation Plan that are not currently reflected in SCE's revenue requirements, a Grid Safety and Resiliency Program Memorandum Account ("GSRPMA") to track the costs of SCE's GS&RP that are incremental to costs approved for recovery in SCE's 2018 GRC and a fire risk mitigation memorandum account to track costs related to the reduction of fire risk that are incremental to costs approved for recovery in SCE's 2018 GRC that are not tracked in any other wildfire-related memorandum account.
- 3 CSRP memorandum account was established in the 2018 GRC to track costs for implementation of a new customer service system not currently reflected in SCE's revenue requirements.
- 4 In November 2020, the CPUC approved the establishment of the residential uncollectibles balancing account ("RUBA"), to track the difference (positive or negative) between the recorded uncollectibles expense for all customer groups and the total authorized uncollectibles revenue collected from all customers subject to a cap equal to the actual recorded uncollectibles expense for residential customers.

**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 agreed to provide indemnifications through contracts entered into in the normal course of business. These are primarily indemnifications against adverse litigation outcomes in connection with underwriting agreements, indemnities for specified environmental liabilities and income taxes with respect to assets sold or other contractual arrangements. 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.

## **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 each of these other proceedings will not materially affect its financial position, results of operations and cash flows.

### *Southern California Wildfires and Mudslides*

Wildfires in SCE's territory, including those where SCE's equipment may be alleged to be associated with the fire's ignition, have caused loss of life and substantial damage in recent years. Multiple factors have contributed to increased wildfire activity and faster progression of wildfires across SCE's service territory and in other areas of California. These include the buildup of dry vegetation in areas severely impacted by years of historic drought, lack of adequate clearing of hazardous fuels by responsible parties, higher temperatures, lower humidity, increased incidence of dry lightning, and strong Santa Ana winds. At the same time that wildfire risk has been increasing in Southern California, residential and commercial development has occurred and is occurring in some of the highest-risk areas. Such factors can increase the likelihood and extent of wildfires. SCE has determined that approximately 27% of its service territory is in areas identified as high fire risk.

California has experienced unprecedented weather conditions in recent years and SCE's service territory remains susceptible to additional wildfire activity in 2021 and beyond. The worsening conditions across California increase the likelihood of wildfires, including those where SCE's equipment may be alleged to be associated with the fire's ignition. In response to worsening weather and fuel conditions and increased wildfire activity over the past several years, SCE has developed and is implementing its 2020 – 2022 Wildfire Mitigation Plan ("WMP") to reduce the risk of SCE equipment contributing to the ignition of wildfires. In addition, California has increased its investment in wildfire prevention and fire suppression capabilities.

In addition to the investments SCE is making through its WMP, SCE also uses its Public Safety Power Shutoffs ("PSPS") program to proactively de-energize power lines to mitigate the risk of catastrophic wildfires during extreme weather events. SCE initiated PSPS 12 times in 2020 as part of its wildfire mitigation efforts, impacting an aggregate of approximately 140,000 unique customers. In January 2021, the President of the CPUC sent SCE a letter expressing her concern regarding SCE's execution of PSPS in 2020 and notifying SCE that it must implement a PSPS action plan to reduce the impacts of PSPS on the customers and communities it serves. On a risk-informed basis, SCE is making efforts to reduce the frequency and impacts of PSPS in 2021 as compared to 2020, assuming that weather patterns in 2021 are similar to those experienced in 2020. SCE may be subject to mandated changes to, or restrictions on, its operational PSPS practices, regulatory fines and penalties, claims for damages and reputational harm if SCE does not execute PSPS in compliance with applicable rules and regulations or if it is determined that SCE has placed excessive or unreasonable reliance on PSPS. In April 2021 the CPUC issued a proposed decision which, if implemented, among other things, would reduce future authorized revenue for the volumetric reductions in electricity sales resulting from future PSPS events.

Edison International and SCE have incurred material losses in connection with the 2017/2018 Wildfire/Mudslide Events, which are described below. SCE's equipment has been, and may further be, alleged to be associated with several wildfires that have originated in Southern California subsequent to 2018. Edison International and SCE expect that any losses incurred in connection with those fires will be covered by insurance, subject to self-insured retentions and co-insurance, and expect that any such losses after insurance recoveries will not be material.

### **Liability Overview**

The extent of liability for wildfire-related damages in actions against utilities depends on a number of factors, including whether the utility substantially caused or contributed to the damages and whether parties seeking recovery of damages will be required to show negligence in addition to causation. California courts have previously found utilities to be strictly liable for property damage along with associated interest and attorneys' fees, regardless of fault, by applying the theory of inverse condemnation when a utility's facilities were determined to be a substantial cause of a wildfire that caused the property damage. If inverse condemnation is held to be inapplicable to SCE in connection with a wildfire, SCE still could be held liable for property damages and associated interest if the property damages were found to have been proximately caused by SCE's negligence. If SCE were to be found negligent, SCE could also be held liable for,

among other things, fire suppression costs, business interruption losses, evacuation costs, clean-up costs, medical expenses, and personal injury/wrongful death claims. Additionally, SCE could potentially be subject to fines and penalties for alleged violations of CPUC rules and state laws in connection with the ignition of a wildfire.

Final determinations of liability for wildfire events, including determinations of whether SCE was negligent, would only be made during lengthy and complex litigation processes. Even when investigations are still pending or liability is disputed, an assessment of likely outcomes, including through future settlement of disputed claims, may require estimated losses to be accrued under accounting standards. Each reporting period, management reviews its loss estimates for remaining alleged and potential claims related to wildfire events. The process for estimating losses associated with alleged and potential wildfire related claims requires management to exercise significant judgment based on a number of assumptions and subjective factors, including, but not limited to: estimates of known and expected claims by third parties based on currently available information, opinions of counsel regarding litigation risk, the status of and developments in the course of litigation, and prior experience litigating and settling wildfire litigation claims. As additional information becomes available, management's estimates and assumptions regarding the causes and financial impact of wildfire events may change.

#### 2019/2020 Wildfires

Several wildfires significantly impacted portions of SCE's service territory in 2019 and 2020 (the wildfires that originated in Southern California in 2019 and 2020 where SCE's equipment may be alleged to be associated with the fire's ignition are referred to collectively as the "2019/2020 Wildfires"). Edison International and SCE expect that any losses incurred in connection with the 2019/2020 Wildfires will be covered by insurance, subject to self-insured retentions and co-insurance, and expect that any such losses after insurance recoveries will not be material. As of March 31, 2021, Edison International and SCE had estimated losses (established at the lower end of the reasonably estimated range of expected losses) of \$118 million, and expected recoveries from insurance of \$75 million, reflected on their consolidated balance sheets related to the 2019/2020 Wildfires.

One of the 2019/2020 Wildfires, the "Saddle Ridge" Fire, originated in Los Angeles county in October 2019 and burned approximately 9,000 acres, destroyed an estimated 19 structures, damaged an estimated 88 structures, and resulted in injuries to 8 individuals and one fatality. An investigation into the cause of the Saddle Ridge Fire is being led by the Los Angeles Fire Department. Based on pending litigation and without considering insurance recoveries, it is reasonably possible that SCE will incur a material loss in connection with the Saddle Ridge Fire, but the range of possible losses that could be incurred cannot be estimated at this time. SCE has not accrued a charge for potential losses relating to the Saddle Ridge Fire.

Another of the 2019/2020 Wildfires, the "Bobcat Fire" was reported in the vicinity of Cogswell Dam in Los Angeles County, California in September 2020. The United States Forest Service ("USFS") has reported that the Bobcat Fire burned approximately 116,000 acres in Los Angeles County, destroyed an estimated 87 homes, 1 commercial property and 83 minor structures, damaged an estimated 28 homes and 19 minor structures, and resulted in injuries to 6 firefighters. In addition, the USFS has estimated suppression costs at \$80 million. A camera in the vicinity of Cogswell Dam captured the initial stages of a fire with the first observed smoke approximately six minutes before an SCE circuit in the area experienced an anomaly (a relay). An investigation into the cause of the Bobcat Fire is being led by the USFS, and the USFS has taken a specific section of an SCE overhead conductor in the vicinity of Cogswell Dam into possession as part of its investigation. SCE understands that the USFS has also taken three tree branches in the area into possession. The SED is also conducting an investigation of the Bobcat Fire. SCE has accrued a charge for potential losses relating to the Bobcat Fire. The accrued charge corresponds to the lower end of the reasonably estimated range of expected losses that may be incurred in connection with the Bobcat Fire and is subject to change as additional information becomes available.

#### 2017/2018 Wildfire/Mudslide Events

Wildfires in SCE's territory in December 2017 and November 2018 caused loss of life, substantial damage to both residential and business properties, and service outages for SCE customers. The investigating government agencies, the Ventura County Fire Department ("VCFD") and California Department of Forestry and Fire Protection ("CAL FIRE"), have determined that the largest of the 2017 fires in SCE's territory originated on December 4, 2017, in the Anlauf Canyon area of Ventura County (the investigating agencies refer to this fire as the "Thomas Fire"), followed shortly

thereafter by a second fire that originated near Koenigstein Road in the City of Santa Paula (the "Koenigstein Fire"). The December 4, 2017 fires eventually burned substantial acreage in both Ventura and Santa Barbara Counties. According to CAL FIRE, the Thomas and Koenigstein Fires, collectively, burned over 280,000 acres, destroyed or damaged an estimated 1,343 structures and resulted in two confirmed fatalities. The largest of the November 2018 fires in SCE's territory, known as the "Woolsey Fire," originated in Ventura County and burned acreage in both Ventura and Los Angeles Counties. According to CAL FIRE, the Woolsey Fire burned almost 100,000 acres, destroyed an estimated 1,643 structures, damaged an estimated 364 structures and resulted in three confirmed fatalities. Two additional fatalities have been associated with the Woolsey Fire. The Thomas Fire, the Koenigstein Fire, the Montecito Mudslides (defined below) and the Woolsey Fire are each referred to as a "2017/2018 Wildfire/Mudslide Event," and, collectively, referred to as the "2017/2018 Wildfire/Mudslide Events."

As described below, multiple lawsuits related to the Thomas and Koenigstein Fires and the Woolsey Fire have been initiated against SCE and Edison International. Some of the Thomas and Koenigstein Fires lawsuits claim that SCE and Edison International have responsibility for the damages caused by debris flows and flooding in Montecito and surrounding areas in January 2018 (the "Montecito Mudslides") based on a theory alleging that SCE has responsibility for the Thomas and/or Koenigstein Fires and further alleging that the Thomas and/or Koenigstein Fires proximately caused the Montecito Mudslides. According to Santa Barbara County initial reports, the Montecito Mudslides destroyed an estimated 135 structures, damaged an estimated 324 structures, and resulted in 21 confirmed fatalities, with two additional fatalities presumed. Based on information available to SCE and consideration of the risks associated with litigation, Edison International and SCE expect to incur a material loss in connection with the remaining alleged and potential claims related to the 2017/2018 Wildfire/Mudslide Events. The 2017/2018 Wildfire/Mudslide Events are discussed further below.

As of March 31, 2021, Edison International and SCE had paid \$2.4 billion in settlements, had \$1.8 billion to be paid under executed settlements, including amounts to be paid under the Woolsey Subrogation Settlement, and had \$2.0 billion of estimated losses for remaining alleged and potential claims reflected on their consolidated balance sheets related to the 2017/2018 Wildfire/Mudslide Events. As of the same date, Edison International and SCE also had assets for remaining expected recoveries from insurance of \$666 million, reflected as short-term assets, and through FERC electric rates of \$91 million on their consolidated balance sheets related to the 2017/2018 Wildfire/Mudslide Events. The estimated losses for the 2017/2018 Wildfire/Mudslide Events do not include an estimate of any potential fines or penalties that could be levied against SCE in connection with the 2017/2018 Wildfire/Mudslide Events. Edison International and SCE are currently unable to reasonably estimate the magnitude of any such fines or penalties, or the associated timing if they were to be imposed. Estimated losses for the 2017/2018 Wildfire/Mudslide Events litigation are based on a number of assumptions and are subject to change as additional information becomes available. Actual losses incurred may be higher or lower than estimated based on several factors, including: the uncertainty as to the legal and factual determinations to be made during litigation, including uncertainty as to the contributing causes of the 2017/2018 Wildfire/Mudslide Events, the complexities associated with fires that merge, whether inverse condemnation will be held applicable to SCE with respect to damages caused by the Montecito Mudslides, uncertainties related to the litigation processes, the uncertainty in estimating damages that may be alleged, and the uncertainty as to how these factors impact future settlements.

The CPUC and FERC may not allow SCE to recover uninsured losses through electric rates if it is determined that such losses were not reasonably or prudently incurred. See "Loss Estimates for Third Party Claims and Potential Recoveries from Insurance and through Electric Rates" below for additional information.

#### *External Investigations and Internal Review*

The VCFD and CAL FIRE have jointly issued reports concerning their findings regarding the causes of the Thomas Fire and the Koenigstein Fire. The reports did not address the causes of the Montecito Mudslides. SCE has also received a non-final redacted draft of a report from the VCFD regarding Woolsey Fire (the "Redacted Woolsey Report"). SCE anticipates that the VCFD will release its final report regarding the Woolsey Fire in 2021. The VCFD and CAL FIRE findings do not determine legal causation of or assign legal liability for the Thomas, Koenigstein or Woolsey Fires; final determinations of legal causation and liability would only be made during lengthy and complex litigation.

SCE could be subject to material fines, penalties, or restitution for failure to comply with applicable laws and regulations.

The CPUC's Safety and Enforcement Division ("SED") has conducted investigations to assess SCE's compliance with applicable rules and regulations in areas impacted by the Thomas, Koenigstein and Woolsey Fires. The CPUC may initiate proceedings to investigate these matters and SCE could be subject to material fines or penalties in connection with any such proceeding that is initiated.

Edison International and SCE understand that the California Attorney General's Office has completed its investigation of the Thomas Fire without pursuing criminal charges. Edison International and SCE are aware of an ongoing investigation by the California Attorney General's Office of the Woolsey Fire for the purpose of determining whether any criminal violations have occurred. SCE is not aware of any basis for felony liability with regards to the Thomas Fire, the Koenigstein Fire or the Woolsey Fire.

SCE's internal review into the facts and circumstances of each of the 2017/2018 Wildfire/Mudslide Events is complex and time consuming. SCE expects to obtain and review additional information and materials in the possession of third parties during the course of its internal reviews and the litigation processes.

#### Thomas Fire

On March 13, 2019, the VCFD and CAL FIRE jointly issued a report concluding, after ruling out other possible causes, that the Thomas Fire was started by SCE power lines coming into contact during high winds, resulting in molten metal falling to the ground. However, the report does not state that their investigation found molten metal on the ground. At this time, based on available information, SCE has not determined whether its equipment caused the Thomas Fire. Based on publicly available radar data showing a smoke plume in the Anlauf Canyon area emerging in advance of the report's indicated start time, SCE believes that the Thomas Fire started at least 12 minutes prior to any issue involving SCE's system and at least 15 minutes prior to the start time indicated in the report. SCE is continuing to assess the extent of damages that may be attributable to the Thomas Fire.

#### Koenigstein Fire

On March 20, 2019, the VCFD and CAL FIRE jointly issued a report finding that the Koenigstein Fire was caused when an energized SCE electrical wire separated and fell to the ground along with molten metal particles and ignited the dry vegetation below. As previously disclosed, SCE believes that its equipment was associated with the ignition of the Koenigstein Fire. SCE is continuing to assess the extent of damages that may be attributable to the Koenigstein Fire.

#### Montecito Mudslides

SCE's internal review includes inquiry into whether the Thomas and/or Koenigstein Fires proximately caused or contributed to the Montecito Mudslides, whether, and to what extent, the Thomas and/or Koenigstein Fires were responsible for the damages in the Montecito area and other factors that potentially contributed to the losses that resulted from the Montecito Mudslides. Many other factors, including, but not limited to, weather conditions and insufficiently or improperly designed and maintained debris basins, roads, bridges and other channel crossings, could have proximately caused, contributed to or exacerbated the losses that resulted from the Montecito Mudslides.

At this time, based on available information, SCE has not been able to determine whether the Thomas Fire or the Koenigstein Fire, or both, were responsible for the damages in the Montecito area. In the event that SCE is determined to have caused the fire that spread to the Montecito area, SCE cannot predict whether, if fully litigated, the courts would conclude that the Montecito Mudslides were caused or contributed to by the Thomas and/or Koenigstein Fires or that SCE would be liable for some or all of the damages caused by the Montecito Mudslides.

#### Woolsey Fire

SCE's internal review into the facts and circumstances of the Woolsey Fire is ongoing. SCE has reported to the CPUC that there was an outage on SCE's electric system in the vicinity of where the Woolsey Fire reportedly began on November 8, 2018. SCE is aware of witnesses who saw fire in the vicinity of SCE's equipment at the time the fire was first reported. While SCE did not find evidence of downed electrical wires on the ground in the suspected area of origin, it observed a pole support wire in proximity to an electrical wire that was energized prior to the outage.

The Redacted Woolsey Report states that the VCFD investigation team determined that electrical equipment owned and operated by SCE was the cause of the Woolsey Fire. Absent additional evidence, SCE believes that it is likely that its

equipment was associated with the ignition of the Woolsey Fire. SCE expects to obtain and review additional information and materials in the possession of CAL FIRE and others during the course of its internal review and the Woolsey Fire litigation process, including SCE equipment that has been retained by CAL FIRE.

#### *Litigation*

Multiple lawsuits related to the 2017/2018 Wildfire/Mudslide Events naming SCE as a defendant have been filed by three categories of plaintiffs: individual plaintiffs, subrogation plaintiffs and public entity plaintiffs. A number of the lawsuits also name Edison International as a defendant and some of the lawsuits were filed as purported class actions. Because potential plaintiffs can still timely file claims related to the 2017/2018 Wildfire/Mudslide Events, SCE expects to be the subject of additional lawsuits related to the events. The litigation could take a number of years to be resolved because of the complexity of the matters and number of plaintiffs.

As of April 20, 2021, SCE was aware of at least 269 lawsuits, representing approximately 3,000 plaintiffs, related to the Thomas and Koenigstein Fires naming SCE as a defendant. One hundred forty of the 269 lawsuits also name Edison International as a defendant based on its ownership and alleged control of SCE. At least four of the lawsuits were filed as purported class actions. The lawsuits, which have been filed in the superior courts of Ventura, Santa Barbara and Los Angeles Counties allege, among other things, negligence, inverse condemnation, trespass, private nuisance, and violations of the public utilities and health and safety codes. An initial trial for a limited number of plaintiffs, sometimes referred to as a bellwether trial, on certain fire only matters is currently scheduled for October 18, 2021. The bellwether trial date may be further delayed to provide SCE and certain of the individual plaintiffs in the Thomas and Koenigstein Fire litigation the opportunity to pursue settlements of claims under a program adopted to promote an efficient and orderly settlement process.

Sixty-one of the 269 lawsuits mentioned in the paragraph above allege that SCE has responsibility for the Thomas and/or Koenigstein Fires and that the Thomas and/or Koenigstein Fires proximately caused the Montecito Mudslides, resulting in the plaintiffs' claimed damages. Thirty-Seven of the 61 Montecito Mudslides lawsuits also name Edison International as a defendant based on its ownership and alleged control of SCE. In addition to other causes of action, some of the Montecito Mudslides lawsuits also allege personal injury and wrongful death. A bellwether jury trial previously scheduled for October 12, 2020 was vacated due to the wide-spread disruption being caused by the COVID-19 pandemic.

As of April 20, 2021, SCE was aware of at least 313 lawsuits, representing approximately 6,000 plaintiffs, related to the Woolsey Fire naming SCE as a defendant. Two hundred fifty-three of the 313 lawsuits also name Edison International as a defendant based on its ownership and alleged control of SCE. At least two of the lawsuits were filed as purported class actions. The lawsuits, which have been filed in the superior courts of Ventura and Los Angeles Counties allege, among other things, negligence, inverse condemnation, personal injury, wrongful death, trespass, private nuisance, and violations of the public utilities and health and safety codes. A bellwether jury trial is currently scheduled for August 9, 2021. The bellwether trial date may be further delayed to provide SCE and certain of the individual plaintiffs in the Woolsey Fire litigation the opportunity to pursue settlements of claims under a program adopted to promote an efficient and orderly settlement process.

The Thomas and Koenigstein Fires and Montecito Mudslides lawsuits are being coordinated in the Los Angeles Superior Court. The Woolsey Fire lawsuits have also been coordinated in the Los Angeles Superior Court. On October 4, 2018, the Superior Court denied Edison International's and SCE's challenge to the application of inverse condemnation to SCE with respect to the Thomas and Koenigstein Fires and, on February 26, 2019, the California Supreme Court denied SCE's petition to review the Superior Court's decision. In January 2019, SCE filed a cross-complaint against certain local public entities alleging that failures by these entities, such as failure to adequately plan for flood hazards and build and maintain adequate debris basins, roads, bridges and other channel crossings, among other things, caused, contributed to or exacerbated the losses that resulted from the Montecito Mudslides. These cross-claims in the Montecito Mudslides litigation were not released as part of the Local Public Entity Settlements (as defined below).

Additionally, in September 2018, a derivative lawsuit for breach of fiduciary duties and unjust enrichment was filed in the Los Angeles Superior Court against certain current and former members of the Boards of Directors of Edison International and SCE. Edison International and SCE are identified as nominal defendants in the action. The derivative lawsuit generally alleges that the individual defendants violated their fiduciary duties by causing or allowing SCE to

operate in an unsafe manner in violation of relevant regulations, resulting in substantial liability and damage from the Thomas and Koenigstein Fires and the Montecito Mudslides. The lawsuit is currently stayed.

In November 2018, a purported class action lawsuit alleging securities fraud and related claims was filed in federal court against Edison International, SCE and certain current and former officers of Edison International and SCE. The plaintiff alleges that Edison International and SCE made false and/or misleading statements in filings with the Securities and Exchange Commission by failing to disclose that SCE had allegedly failed to maintain its electric transmission and distribution networks in compliance with safety regulations, and that those alleged safety violations led to fires that occurred in 2017 and 2018, including the Thomas Fire and the Woolsey Fire. In April 2021, the court granted a motion to dismiss the lawsuit. The plaintiff may appeal the dismissal.

In January 2019, two separate derivative lawsuits alleging breach of fiduciary duties, securities fraud, misleading proxy statements, unjust enrichment, and related claims were filed in federal court against certain current and former members of the Boards of Directors and certain current and former officers of Edison International and SCE. Edison International and SCE are named as nominal defendants in those actions. The derivative lawsuits generally allege that the individual defendants breached their fiduciary duties and made misleading statements or allowed misleading statements to be made (i) between March 21, 2014 and August 10, 2015, with respect to certain *ex parte* communications between SCE and CPUC decisionmakers concerning the settlement of the San Onofre Order Instituting Investigation proceeding (the "San Onofre OII") and (ii) from February 23, 2016 to the present, concerning compliance with applicable laws and regulations concerning electric system maintenance and operations related to wildfire risks. The lawsuits generally allege that these breaches of duty and misstatements led to substantial liability and damage resulting from the disclosure of SCE's *ex parte* communications in connection with the San Onofre OII settlement, and from the 2017/2018 Wildfire/Mudslide Events. The lawsuits are currently stayed.

#### *Settlements*

In the fourth quarter of 2019, SCE paid \$360 million to a number of local public entities to resolve those parties' collective claims arising from the 2017/2018 Wildfire/Mudslide Events (the "Local Public Entity Settlements").

In the third quarter of 2020, Edison International and SCE entered into an agreement (the "TKM Subrogation Settlement") under which all of the insurance subrogation plaintiffs' in the Thomas Fire, Koenigstein Fire and Montecito Mudslides litigation (the "TKM Subrogation Plaintiffs") collective claims arising from the Thomas Fire, Koenigstein Fire or Montecito Mudslides have been resolved. Under the TKM Subrogation Settlement, SCE paid the TKM Subrogation Plaintiffs an aggregate of \$1.2 billion in October 2020 and also agreed to pay \$0.555 for each dollar in claims to be paid by the TKM Subrogation Plaintiffs to their policy holders on or before July 15, 2023, up to an agreed upon cap.

In January 2021, Edison International and SCE entered into an agreement (the "Woolsey Subrogation Settlement") under which all of the insurance subrogation plaintiffs' in the Woolsey Fire litigation (the "Woolsey Subrogation Plaintiffs") collective claims arising from the Woolsey Fire have been resolved. Under the Woolsey Subrogation Settlement, SCE paid the Woolsey Subrogation Plaintiffs an aggregate of \$2.2 billion in March and April 2021. SCE has also agreed to pay \$0.67 for each dollar in claims to be paid by the Woolsey Subrogation Plaintiffs to their policy holders on or before July 15, 2023, up to an agreed upon cap.

As of March 31, 2021, SCE has also entered into settlements with approximately 2,000 individual plaintiffs in the 2017/2018 Wildfire/Mudslide Events litigation. In 2020 SCE entered into settlements with individual plaintiffs in the 2017/2018 Wildfire/Mudslide Events litigation under which it agreed to pay an aggregate of approximately \$300 million to those individual plaintiffs. Between December 31, 2020 and March 31, 2021, SCE also entered into settlements with individual plaintiffs in the 2017/2018 Wildfire/Mudslide Events litigation under which it agreed to pay an aggregate of approximately \$200 million to those individual plaintiffs.

Edison International and SCE did not admit wrongdoing or liability as part of any of the settlements described above. Other claims and potential claims related to the 2017/2018 Wildfire/Mudslide Events remain.

SCE continues to explore reasonable settlement opportunities with other plaintiffs in the outstanding 2017/2018 Wildfire/Mudslide Events litigation.

*Loss Estimates for Third Party Claims and Potential Recoveries from Insurance and through Electric Rates*

At March 31, 2021 and December 31, 2020, Edison International's and SCE's consolidated balance sheets include fixed payments to be made under executed settlement agreements and accrued estimated losses of \$3.8 billion and \$4.4 billion, respectively, for the 2017/2018 Wildfire/Mudslide Events. The following table presents changes in estimated losses since December 31, 2020:

(in millions)

Balance at December 31, 2020 <sup>1</sup>	\$	4,383
Increase in accrued estimated losses to reflect best estimate		—
Amounts paid		(620)
Balance at March 31, 2021 <sup>2</sup>	\$	3,763

<sup>1</sup> At December 31, 2020, \$2,231 million in current liabilities, wildfire-related claims, on Edison International's and SCE's consolidated balance sheets includes an estimate for claims brought by insurance subrogation plaintiffs in the Woolsey Fire litigation, which were settled on January 22, 2021 for \$2,212 million, and \$19 million of other settlements executed in connection with the 2017/2018 Wildfire/Mudslide Events. At December 31, 2020, the \$2,281 million included in deferred credits and other liabilities, wildfire-related claims on Edison International's and SCE's consolidated balance sheets includes Edison International and SCE's best estimate of expected losses for remaining alleged and potential claims related to the 2017/2018 Wildfire/Mudslide Events after giving effect to the Woolsey Subrogation Settlement of \$2,152 million and other wildfire-related claims estimates of \$129 million.

<sup>2</sup> At March 31, 2021, \$1,812 million in current liabilities, wildfire-related claims, on Edison International's and SCE's consolidated balance sheets includes \$1,772 million of settlements to be paid by April 22, 2021 under the Woolsey Subrogation Settlement, and \$40 million of other settlements executed in connection with the 2017/2018 Wildfire/Mudslide Events. At March 31, 2021, the \$2,082 million included in deferred credits and other liabilities, wildfire-related claims on Edison International's and SCE's consolidated balance sheets includes Edison International and SCE's best estimate of expected losses for remaining alleged and potential claims related to the 2017/2018 Wildfire/Mudslide Events of \$1,951 million and other wildfire-related claims estimates of \$131 million.

For events that occurred in 2017 and early 2018, principally the Thomas and Koenigstein Fires and Montecito Mudslides, SCE had \$1.0 billion of wildfire-specific insurance coverage, subject to a self-insured retention of \$10 million per occurrence. For the Woolsey Fire, SCE had an additional \$1.0 billion of wildfire-specific insurance coverage, subject to a self-insured retention of \$10 million per occurrence. Edison International and SCE record a receivable for insurance recoveries when recovery of a recorded loss is determined to be probable. The following table presents changes in expected insurance recoveries associated with the estimated losses for the 2017/2018 Wildfire/Mudslide Events since December 31, 2020:

(in millions)

Balance at December 31, 2020	\$	708
Insurance recoveries		(42)
Balance at March 31, 2021	\$	666

At March 31, 2021, SCE had no remaining expected recoveries from insurance for the Thomas Fire, Koenigstein Fire and Montecito Mudslides litigation. At March 31, 2021, SCE had \$666 million remaining in expected recoveries from insurance for the Woolsey Fire litigation, included in "Insurance receivable" and "Insurance receivable from affiliate" on the consolidated balance sheets of SCE and "Insurance receivable" on the consolidated balance sheets of Edison International. SCE expects that this insurance will be exhausted after expected recoveries for the Woolsey Subrogation Settlement.

In total, SCE has accrued estimated losses of \$6.2 billion, has paid or agreed to pay approximately \$4.2 billion in settlements and has recovered \$1.3 billion, and has \$666 million remaining in expected recoveries, from its insurance carriers through March 31, 2021 in relation to the 2017/2018 Wildfire/Mudslide Events.

Recovery of SCE's actual losses realized in connection with the 2017/2018 Wildfire/Mudslide Events in excess of available insurance is subject to approval by regulators. Under accounting standards for rate-regulated enterprises, SCE defers costs as regulatory assets when it concludes that such costs are probable of future recovery in electric rates. SCE utilizes objectively determinable evidence to form its view on probability of future recovery. The only directly

comparable precedent in which a California investor-owned utility has sought recovery for uninsured wildfire-related costs is SDG&E's requests for cost recovery related to 2007 wildfire activity, where the FERC allowed recovery of all FERC-jurisdictional wildfire-related costs while the CPUC rejected recovery of all CPUC-jurisdictional wildfire-related costs based on a determination that SDG&E did not meet the CPUC's prudence standard. As a result, while SCE does not agree with the CPUC's decision, it believes that the CPUC's interpretation and application of the prudence standard to SDG&E creates substantial uncertainty regarding how that standard will be applied to an investor-owned utility in future wildfire cost-recovery proceedings for fires ignited prior to July 12, 2019. SCE will continue to evaluate the probability of recovery based on available evidence, including judicial, legislative and regulatory decisions, including any CPUC decisions illustrating the interpretation and/or application of the prudence standard when making determinations regarding recovery of uninsured wildfire-related costs. While the CPUC has not made a determination regarding SCE's prudence relative to any of the 2017/2018 Wildfire/Mudslide Events, SCE is unable to conclude, at this time, that uninsured CPUC-jurisdictional wildfire-related costs are probable of recovery through electric rates. SCE would record a regulatory asset at the time it obtains sufficient information to support a conclusion that recovery is probable. SCE will seek CPUC-jurisdictional rate recovery of prudently-incurred, actual losses realized in connection with the 2017/2018 Wildfire/Mudslide Events in excess of available insurance.

In July 2019, SCE filed a CEMA application with the CPUC to seek recovery of, among other things, approximately \$6 million in costs incurred to restore service to customers and to repair, replace and restore buildings and SCE's facilities damaged or destroyed as a result of the Thomas and Koenigstein Fires. SCE continues to incur costs for reconstructing its system and restoring service to structures that were damaged or destroyed by these two fires and plans to file additional applications with the CPUC to recover such costs. See "Recovery of Wildfire-Related Costs" below.

Through the operation of its FERC Formula Rate, and based upon the precedent established in SDG&E's recovery of FERC-jurisdictional wildfire-related costs, SCE believes it is probable it will recover its FERC-jurisdictional wildfire and mudslide related costs and has recorded total expected recoveries of \$233 million within the FERC balancing account. This was the FERC portion of the estimated losses accrued. As of March 31, 2021, collections have reduced the regulatory assets remaining in the FERC balancing account to \$91 million.

#### Current Wildfire Insurance Coverage

SCE has approximately \$1.0 billion of wildfire-specific insurance coverage for events that may occur during the period July 1, 2020 through June 30, 2021, subject to \$50 million of self-insured retention and up to \$80 million of co-insurance, which results in net coverage of approximately \$870 million. Various coverage limitations within the policies that make up SCE's wildfire insurance coverage could result in additional material self-insured costs, for instance in the event of multiple wildfire occurrences during a policy period or with a single wildfire with damages in excess of the policy limits. SCE believes that its insurance coverage for the July 1, 2020 through June 30, 2021 period meets its obligation to maintain reasonable insurance coverage under AB 1054. SCE is in the process of procuring wildfire-specific insurance coverage for the period that will begin on July 1, 2021.

Wildfire insurance expense in 2020, prior to any regulatory deferrals, was approximately \$450 million. Calendar year insurance expense reflects the portion of premiums attributable to policy coverage in that calendar year.

SCE tracks incremental insurance premium, self-insured retention and co-insurance costs related to wildfire liability insurance policies as well as other wildfire-related costs, including claims and legal costs, in its WEMA. In July 2019, SCE filed a WEMA application with the CPUC to seek recovery of an aggregate of \$505 million, consisting of \$478 million in wildfire insurance premium costs that had been incurred or were to be incurred before July 1, 2020 in excess of premiums approved in the 2018 GRC and the corresponding financing costs. In September 2020, the CPUC approved SCE's July 2019 WEMA application and authorized SCE to collect a total revenue requirement of \$505 million over a two-year period. SCE included the authorized revenue requirement in rates in October 2020. In December 2020, SCE filed another WEMA application with the CPUC to seek recovery of an aggregate of \$214 million, consisting of \$204 million in wildfire insurance premium costs in excess of premiums approved in the 2018 GRC, representing wildfire insurance premiums for July 1, 2020 through December 31, 2020, the corresponding financing costs, memorandum account interest and a prior period premium adjustment.

SCE's cost of obtaining wildfire insurance coverage has increased significantly in recent years as a result of, among other things, the number of recent and significant wildfire events throughout California and the application of inverse

condemnation to investor-owned utilities. As such, while SCE is required to maintain reasonable insurance coverage under AB 1054, SCE may not be able to obtain a reasonable amount of wildfire insurance, at a reasonable cost, for future policy periods.

#### Recovery of Wildfire-Related Costs

##### *Pre-AB 1054 Cost Recovery*

California courts have previously found investor-owned utilities to be strictly liable for property damage, regardless of fault, by applying the theory of inverse condemnation when a utility's facilities were determined to be a substantial cause of a wildfire that caused the property damage. The rationale stated by these courts for applying this theory to investor-owned utilities is that property damages resulting from a public improvement, such as the distribution of electricity, can be spread across the larger community that benefited from such improvement through recovery of uninsured wildfire-related costs in electric rates. However, in November 2017, the CPUC issued a decision denying SDG&E's request to include in its rates uninsured wildfire-related costs arising from several 2007 wildfires, finding that SDG&E did not meet the prudence standard because it did not prudently manage and operate its facilities prior to or at the outset of the 2007 wildfires. In July 2018, the CPUC denied both SDG&E's application for rehearing on its cost recovery request and a joint application for rehearing filed by SCE and PG&E limited to the applicability of inverse condemnation principles in the same proceeding. The California Court of Appeal, the California Supreme Court and the United States Supreme Court have denied SDG&E's petitions for review of the CPUC's denial of SDG&E's application.

##### *2019 Wildfire Legislation*

In July 2019, AB 1054 was signed by the governor of California and became effective immediately. The summary of the wildfire legislation below is based on SCE's interpretation of AB 1054. A lawsuit challenging the validity of AB 1054 was filed in federal court on July 19, 2019. Edison International and SCE are unable to predict the outcome of this lawsuit.

##### *AB 1054 Prudence Standard*

Under AB 1054, the CPUC must apply a new standard when assessing the prudence of a utility in connection with a request for recovery of wildfire costs for wildfires ignited after July 12, 2019. Under AB 1054, the CPUC is required to find a utility to be prudent if the utility's conduct related to the ignition was consistent with actions that a reasonable utility would have undertaken under similar circumstances, at the relevant point in time, and based on the information available at that time. Prudent conduct under the AB 1054 standard is not limited to the optimum practice, method, or act to the exclusion of others, but rather encompasses a spectrum of possible practices, methods, or acts consistent with utility system needs, the interest of the ratepayers, and the requirements of governmental agencies. AB 1054 also provides that the CPUC may determine that wildfire costs may be recoverable, in whole or in part, by taking into account factors within and outside the utility's control, including humidity, temperature, and winds. Further, utilities with a valid safety certification will be presumed to have acted prudently related to a wildfire ignition unless a party in the cost recovery proceeding creates serious doubt as to the reasonableness of the utility's conduct, at which time, the burden shifts back to the utility to prove its conduct was prudent. If a utility does not have a valid safety certification, it will have the burden to prove, based on a preponderance of evidence, that its conduct was prudent. The new prudence standard will survive the termination of the Wildfire Insurance Fund.

Utilities participating in the Wildfire Insurance Fund are not required to reimburse the fund for amounts withdrawn from the fund that the CPUC finds were prudently incurred and can recover such prudently incurred wildfire costs through electric rates if the fund has been exhausted.

##### *Wildfire Insurance Fund*

AB 1054 provided for the Wildfire Insurance Fund to reimburse a utility for payment of third-party damage claims arising from certain wildfires that exceed, in aggregate in a calendar year, the greater of \$1.0 billion or the insurance coverage required to be maintained under AB 1054. The Wildfire Insurance Fund was established in September 2019 and is available for claims related to wildfires ignited after July 12, 2019 that are determined by the responsible government investigatory agency to have been caused by a utility.

SCE and SDG&E collectively made their initial contributions totaling approximately \$2.7 billion to the Wildfire Insurance Fund in September 2019. Upon its emergence from bankruptcy, on July 1, 2020, PG&E made its initial contribution of approximately \$4.8 billion to the Wildfire Insurance Fund. PG&E, SCE and SDG&E are also collectively expected to make aggregate contributions of approximately \$3.0 billion to the Wildfire Insurance Fund through annual contributions to the fund over a 10-year period, of which they have made two annual contributions totaling approximately \$600 million. In addition to PG&E's, SCE's and SDG&E's contributions to the Wildfire Insurance Fund, PG&E, SCE and SDG&E are expected to collect \$6.1 billion, \$6.1 billion and \$1.3 billion, respectively, from their customers over a 15-year period through a dedicated rate component. The amount collected from customers may be directly contributed to the Wildfire Insurance Fund or used to support the issuance of up to \$10.5 billion in bonds by the California Department of Water Resources, the proceeds of which would be contributed to the fund. In addition to funding contributions to the Wildfire Insurance Fund, the amount collected from utility customers will pay for, among other things, any interest and financing costs related to any bonds that are issued by the California Department of Water Resources to support the contributions to the Wildfire Insurance Fund.

SCE made an initial contribution of approximately \$2.4 billion to the Wildfire Insurance Fund in September 2019 and committed to make ten annual contributions of approximately \$95 million per year to the fund, by no later than January 1 of each year. Through March 31, 2020, SCE has contributed approximately \$2.6 billion to the Wildfire Insurance Fund. During 2020 SCE amortized its contributions to the Wildfire Insurance Fund over 10 years, based on evaluation of the fund's expected life based on fire experience. Based on information available in the first quarter of 2021 regarding catastrophic wildfires during 2019 and 2020, SCE reassessed its estimate of the life of the Wildfire Insurance Fund. Using 7 years of historical data (2014 – 2020) of wildfires caused by electrical utility equipment to create *Monte Carlo* simulations of expected loss, SCE expects the life of the fund to be 15 years from July 12, 2019 which will be reflected prospectively in amortization expense from January 1, 2021. SCE's contributions to the Wildfire Insurance Fund will not be recoverable through electric rates and will be excluded from the measurement of SCE's CPUC-jurisdictional authorized capital structure. SCE will also not be entitled to cost recovery for any borrowing costs incurred in connection with its contributions to the Wildfire Insurance Fund. See Note 1 in the 2020 Form 10-K for information on the accounting impact of SCE's contributions to the Wildfire Insurance Fund.

#### Reimbursement from Wildfire Insurance Fund and AB 1054 Liability Cap

Participating investor-owned utilities will be reimbursed from the Wildfire Insurance Fund for eligible claims, subject to the fund administrator's review. SCE will reimburse the fund for any withdrawn amounts if SCE receives payment of such amounts under an indemnification agreement or from an insurance provider or other third-party. SCE will also be required to reimburse the fund for withdrawn amounts that the CPUC disallows, subject to the AB 1054 Liability Cap (as defined below). If the utility has maintained a valid safety certification and its actions or inactions that resulted in the wildfire are not found to constitute conscious or willful disregard of the rights and safety of others, the aggregate requirement to reimburse the fund over a trailing three calendar year period is capped at 20% of the equity portion of the utility's transmission and distribution rate base in the year of the prudence determination ("AB 1054 Liability Cap"). Based on SCE's forecasted weighted-average 2021 transmission and distribution rate base, excluding general plant and intangibles, and using the equity portion of SCE's CPUC authorized capital structure of 52%, SCE's requirement to reimburse the Wildfire Insurance Fund for eligible claims disallowed in 2021 would be capped at approximately \$3.2 billion.

SCE will not be allowed to recover borrowing costs incurred to reimburse the fund for amounts that the CPUC disallows. The Wildfire Insurance Fund and, consequently, the AB 1054 Liability Cap will terminate when the administrator determines that the fund has been exhausted.

As of March 31, 2021, the participating investor-owned utilities have not sought reimbursement of wildfire claims from the Wildfire Insurance Fund.

#### Safety Certification and Wildfire Mitigation Plan

Under AB 1054, SCE can obtain an annual safety certification upon the submission of certain required safety information, including an approved wildfire mitigation plan ("WMP"). On September 17, 2020, SCE obtained a safety certification that will be valid for 12 months. Notwithstanding its 12-month term, if SCE requests a new safety

certification prior to the expiration of its current safety certification, then its current safety certification will remain valid until the CPUC's Wildfire Safety Division ("WSD") acts on SCE's request for a new safety certification.

Under AB 1054, SCE is required to submit a comprehensive WMP to the CPUC at least once every three years for review and approval. Beginning in 2020, each such comprehensive plan was required to cover at least a three-year period. In addition, SCE anticipates updating its comprehensive three-year plans annually in the intervening years.

SCE filed its 2020 – 2022 WMP in February 2020. In June 2020, the CPUC ratified the WSD's conditional approval of SCE's 2020 – 2022 WMP. The approval is conditioned on SCE providing requested information to the WSD, including additional descriptions of how SCE is implementing, and will implement, certain requirements imposed by the WSD. SCE filed updates to its 2020 – 2022 WMP in February 2021 to, among other things, report on implementation of its plan in 2020 and describe new and ongoing wildfire mitigation activities.

#### Capital Expenditure Requirement

Under AB 1054, approximately \$1.6 billion of spending by SCE on wildfire risk mitigation capital expenditures made after August 1, 2019, cannot be included in the equity portion of SCE's rate base ("AB 1054 Excluded Capital Expenditures"). SCE can apply for irrevocable orders from the CPUC to finance these AB 1054 Excluded Capital Expenditures, including through the issuance of securitized bonds, and can recover any prudently incurred financing costs. In November 2020, the CPUC issued an irrevocable order permitting SCE to finance approximately \$340 million, comprised of AB 1054 Excluded Capital Expenditures incurred in connection with GS&RP and prudently incurred financing costs, through the issuance of securitized bonds. As of March 31, 2021, SCE has spent approximately \$1.5 billion in AB 1054 Excluded Capital Expenditures. SCE issued securitized bonds in the amount of \$338 million in February 2021 and expects to seek additional irrevocable orders from the CPUC to finance the remaining AB 1054 Excluded Capital Expenditures.

#### *Environmental Remediation*

SCE records its environmental remediation and restoration 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, 2021, SCE's recorded estimated minimum liability to remediate its 27 identified material sites (sites with a liability balance at March 31, 2021, in which the upper end of the range of expected costs is at least \$1 million) was \$274 million, including \$172 million related to San Onofre. In addition to these sites, SCE also has 15 immaterial sites with a liability balance as of March 31, 2021, for which the total minimum recorded liability was \$4 million. Of the \$278 million total environmental remediation liability for SCE, \$265 million has been recorded as a regulatory asset. SCE expects to recover \$39 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 in this mechanism) and \$226 million through proceedings that allow SCE to recover up to 100% of the costs incurred at certain sites through customer rates. In addition, SCE has other identified sites including 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 \$117 million and \$8 million, respectively. 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 five years are expected to range from \$13 million to \$30 million. Costs incurred for both the three months ended March 31, 2021 and 2020 were \$2 million.

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*

SCE is a member of Nuclear Electric Insurance Limited ("NEIL"), a mutual insurance company owned by entities with nuclear facilities. NEIL provides insurance for nuclear property damage, including damages caused by acts of terrorism up to specified limits, and for accidental outages for active facilities. The amount of nuclear property damage insurance purchased for San Onofre and Palo Verde exceeds the minimum federal requirement of \$50 million and \$1.1 billion, respectively. If NEIL 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 \$30 million per year.

Federal law limits public offsite liability claims for bodily injury and property damage from a nuclear incident to the amount of available financial protection, which is currently approximately \$13.7 billion for Palo Verde and \$560 million for San Onofre. SCE and other owners of San Onofre and Palo Verde have purchased the maximum private primary insurance available through a Facility Form issued by American Nuclear Insurers. SCE withdrew from participation in the secondary insurance pool for San Onofre for offsite liability insurance effective January 5, 2018. Based on its ownership interests in Palo Verde, SCE could be required to pay a maximum of approximately \$65 million per nuclear incident for future incidents. However, it would have to pay no more than approximately \$10 million per future incident in any one year. Based on its ownership interests in San Onofre and Palo Verde prior to January 5, 2018, SCE could be required to pay a maximum of approximately \$255 million per nuclear incident and a maximum of \$38 million per year per incident for liabilities arising from events prior to January 5, 2018, although SCE is not aware of any such events.

#### *Spent Nuclear Fuel*

Under federal law, the 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 has not met its contractual obligation to accept spent nuclear fuel. 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 their current license period.

A settlement entered into between SCE, as operating agent, and the DOE provided for a claim submission/audit process for expenses incurred from 2014 – 2016, under which SCE submitted claims for damages caused by the DOE failure to accept spent nuclear fuel each year and the DOE has approved reimbursement of and paid an aggregate of approximately \$88 million (SCE's share was approximately \$69 million). The damages awards are subject to CPUC review as to how the amounts will be refunded among customers, shareholders, or to offset other costs.

In November 2019, SCE filed a new complaint against the DOE to recover damages incurred from January 1, 2017 through July 31, 2018.

#### *Upstream Lighting Program*

From 2017 – 2019, SCE administered the Upstream Lighting Program, part of a statewide program administered by investor-owned utilities that offered discounted energy efficient light bulbs to customers through incentives to lighting manufacturers. The CPUC began investigating the programs administered by the investor-owned utilities based on reports that investor-owned utilities, including SCE, shipped a significant number of bulbs under the program that could not be tracked to customers. Beginning in January 2020, the CPUC has sought comments on remedies related to SCE's implementation of the Upstream Lighting Program from 2017 through 2019 program years. SCE undertook an

independent investigation of bulbs shipped to retailers categorized as grocery and discount businesses during the 2017 to 2019 program years and found that there were overstocking of bulbs and program management shortcomings. Incentives paid to manufacturers for bulbs shipped to grocery and discount businesses during the relevant period, including those that were sold to customers, were approximately \$91 million. In addition, SCE received incentives related to the bulbs shipped to grocery and discount businesses through an energy efficiency incentive mechanism ("ESPI Mechanism") of approximately \$3.5 million related to the bulbs shipped in 2017 and 2018. SCE also expects to receive incentives of approximately \$1.3 million under the ESPI Mechanism in 2022 related to bulbs shipped to grocery and discount businesses in 2018 and 2019.

In January 2021, the Public Advocates Office and The Utility Reform Network provided comments to the CPUC arguing that SCE imprudently managed the program and requesting: a refund of \$33 million of ESPI awards, which includes incentives associated with the Upstream Lighting Program and other energy efficiency programs; a refund of \$92 million of incentives paid to manufacturers and associated program administrative costs; \$140 million in fines; and additional program improvements to be provided at shareholder expense. In March 2021, SCE filed reply comments arguing that remedies of approximately \$21 million were appropriate.

SCE has accrued a charge for potential losses relating to the Upstream Lighting Program. The accrued charge corresponds to the lower end of the reasonably estimated range of expected losses that may be incurred in connection with the Upstream Lighting Program and is subject to change as additional information becomes available.

### **Note 13. Equity**

#### ***Common Stock Issuances***

During the three months ended March 31, 2021, Edison International did not issue any shares through its "at-the-market" ("ATM") program established in May 2019. Under the ATM program, it may sell shares of its common stock having an aggregate sales price of up to \$1.5 billion. As of March 31, 2021, shares of common stock having an aggregate offering price of \$1.3 billion remained available to be sold under the ATM program. Edison International has no obligation to sell the remaining available shares.

Edison International continued to settle its ongoing common stock requirements of various internal programs through issuance of new common stock. During the three months ended March 31, 2021, 259,700 shares of common stock were purchased by employees through the 401(k) defined contribution savings plan for net cash receipts of \$15 million, 183,985 shares of common stock were issued as stock compensation awards for net cash receipts of \$4 million and 74,854 shares of new common stock were issued in lieu of distributing \$4 million to shareholders opting to receive dividend payments in the form of additional common stock.

#### ***Equity Contributions***

In the three months ended March 31, 2021, SCE received a total of \$900 million in capital contributions from Edison International Parent to support SCE's capital program, maintain the equity portion of SCE's capital structure at authorized levels and for general corporate purposes.

#### ***Preferred Stock Issuance***

In March 2021, Edison International issued 1,250,000 shares of 5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A, with a liquidation value of \$1,000 per share (the "Series A preferred stock"). The dividends are payable on a semi-annual basis, commencing September 15, 2021. The dividend rate will be reset every five years beginning on March 15, 2026 to equal the then-current five-year U.S. Treasury rate plus a spread of 4.698%. The net proceeds of \$1.2 billion were used to repay commercial paper borrowings and for general corporate purposes, including making a \$575 million equity contribution to SCE.

Edison International may, at its option, redeem the Series A preferred stock in whole or in part during certain period of time prior to each of the dividend reset date at a price equal to \$1,000 per share plus any accumulated and unpaid dividends. Edison International may also, at its option, redeem the Series A preferred stock in whole but not in part at a price equal to \$1,020 per share plus any accumulated and unpaid dividends within a certain period of time following any

change in the criteria rating agencies use that would have adverse effects on the equity credit attributed by rating agencies to the Series A preferred stock.

The Series A preferred stock ranks senior to Edison International's common stock with respect to dividends rights and distribution rights upon liquidation. The Series A preferred stock is not subject to any mandatory sinking fund, retirement fund, purchase fund or other similar provisions. Holders of the shares of Series A preferred stock will not have the right to require Edison International to repurchase or redeem shares of the Series A preferred stock.

**Note 14. Accumulated Other Comprehensive Loss**

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

(in millions)	Edison International		SCE	
	Three months ended March 31,			
	2021	2020	2021	2020
Beginning balance	\$ (69)	\$ (69)	\$ (41)	\$ (39)
Pension and PBOP – net loss:				
Reclassified from accumulated other comprehensive loss <sup>1</sup>	2	2	2	2
Change	2	2	2	2
Ending Balance	\$ (67)	\$ (67)	\$ (39)	\$ (37)

<sup>1</sup> These items are included in the computation of net periodic pension and PBOP Plan expense. See Note 9 for additional information.

**Note 15. Other Income**

Other income net of expenses is as follows:

(in millions)	Three months ended	
	2021	2020
SCE other income (expense):		
Equity allowance for funds used during construction	\$ 35	\$ 21
Increase in cash surrender value of life insurance policies and life insurance benefits	10	10
Interest income	—	9
Net periodic benefit income – non-service components	33	28
Civic, political and related activities and donations	(4)	(11)
Other	(2)	(5)
Total SCE other income	72	52
Other income (expense) of Edison International Parent and Other:		
Net periodic benefit costs – non-service components	—	(1)
Other	—	1
Total Edison International other income	\$ 72	\$ 52

**Note 16. Supplemental Cash Flows Information**

Supplemental cash flows information is:

(in millions)	Edison International		SCE	
	Three months ended March 31,		Three months ended March 31,	
	2021	2020	2021	2020
Cash payments (receipts):				
Interest, net of amounts capitalized	\$ 263	\$ 233	\$ 241	\$ 210
Income taxes, net	(87)	—	(87)	—
Non-cash financing and investing activities:				
Dividends declared but not paid:				
Common stock	251	232	—	—

SCE's accrued capital expenditures at March 31, 2021 and 2020 were \$503 million and \$451 million, respectively. Accrued capital expenditures will be included as an investing activity in the consolidated statements of cash flow in the period paid.

**Note 17. Related-Party Transactions**

SCE did not purchase wildfire liability insurance from Edison Insurance Services, Inc. ("EIS"), a wholly-owned subsidiary of Edison International in the first quarter of 2021 and 2020. The related-party transactions included in SCE's consolidated balance sheets for wildfire-related insurance purchased from EIS and related expected insurance recoveries were as follows:

(in millions)	March 31,	December 31,
	2021	2020
Current insurance receivable due from affiliate	\$ 268	\$ 268
Prepaid insurance <sup>1</sup>	28	56

<sup>1</sup> Reflected in "Prepaid expenses" on SCE's consolidated balance sheets.

The expense for wildfire-related insurance premiums paid to EIS was \$43 million and \$50 million for the three months ended March 31, 2021 and 2020, respectively.

## **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 and SCE's respective Chief Executive Officers and Chief Financial Officers, 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 2021. Based on that evaluation, Edison International's and SCE's respective Chief Executive Officers and Chief Financial Officers 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 2021 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 Notes to Consolidated Financial Statements—Note 2. Property, Plant and Equipment in the 2020 Form 10-K.

## **LEGAL PROCEEDINGS**

### **2017/2018 Wildfire/Mudslide Events**

See "Notes to Consolidated Financial Statements—Note 12. Commitments and Contingencies—Contingencies—Southern California Wildfires and Mudslides" for information regarding legal proceedings related to the 2017/2018 Wildfire/Mudslide Events.

### **Environmental Proceedings**

Each of Edison International and SCE have elected to disclose environmental proceedings described in Item 103(c)(3)(iii) of Regulation SK unless it reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$1,000,000.

**EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Certificate of Restated Articles of Incorporation of Edison International, effective December 19, 2006, together with the Certificate of Determination of Preferences of Series A Preferred Stock dated March 2, 2021</a>
10.1**	<a href="#">Edison International 2021 Long-Term Incentives Terms and Conditions</a>
31.1	<a href="#">Certifications of the Chief Executive Officer and Chief Financial Officer of Edison International pursuant to Section 302 of the Sarbanes-Oxley Act</a>
31.2	<a href="#">Certifications of the Chief Executive Officer and Chief Financial Officer of Southern California Edison Company pursuant to Section 302 of the Sarbanes-Oxley Act</a>
32.1	<a href="#">Certifications of the Chief Executive Officer and the Chief Financial Officer of Edison International required by Section 906 of the Sarbanes-Oxley Act</a>
32.2	<a href="#">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</a>
101.1	Financial statements from the quarterly report on Form 10-Q of Edison International for the quarter ended March 31, 2021, filed on April 27, 2021, formatted in Inline 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, 2021, filed on April 27, 2021, formatted in Inline 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
104	The cover page of this report formatted in Inline XBRL (included as Exhibit 101)

---

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

Edison International and SCE will furnish a copy of any exhibit listed in the accompanying Exhibit Index upon written request and upon payment to Edison International or SCE of their reasonable expenses of furnishing such exhibit, which shall be limited to photocopying charges and, if mailed to the requesting party, the cost of first-class postage.



**CERTIFICATE OF  
RESTATED ARTICLES OF INCORPORATION  
OF  
EDISON INTERNATIONAL**

The undersigned, THOMAS R. McDANIEL and BARBARA E. MATHEWS, hereby certify that they are the duly elected and acting Executive Vice President, Chief Financial Officer and Treasurer, and Vice President, Associate General Counsel, Chief Governance Officer and Corporate Secretary, respectively, of EDISON INTERNATIONAL, a California corporation, and that the Articles of Incorporation of said corporation shall be restated to read as set forth in full as follows:

**"RESTATED ARTICLES OF INCORPORATION  
OF  
EDISON INTERNATIONAL**

First: Edison International is the name of the corporation.

Second: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Third: This corporation is authorized to issue only two classes of shares, which shall be designated respectively "Preferred Stock" and "Common Stock." The total number of shares of Preferred Stock authorized to be issued is fifty million (50,000,000) shares. The total number of shares of Common Stock authorized to be issued is eight hundred million (800,000,000) shares.

Fourth: The Preferred Stock may be issued from time to time in one or more series. To the extent not prohibited by law, the Board of Directors is authorized: (i) to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series, (ii) to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, including but not limited to rights, preferences, privileges, and restrictions regarding dividends, liquidation, conversion, redemption and voting (including provisions specifying more than one vote per share) and, (iii) within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

---

Fifth: LIMITATION ON LIABILITY OF DIRECTORS  
AND AUTHORITY TO INDEMNIFY AGENTS

1. The liability of directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

2. The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code."

This Certificate of Restated Articles of Incorporation does not itself alter or amend the Articles of Incorporation of the corporation in any respect and has been approved by the Board of Directors.

IN WITNESS WHEREOF, the undersigned have executed this certificate on this 18th day of December, 2006.

/s/ THOMAS R. McDANIEL

THOMAS R. McDANIEL  
Executive Vice President,  
Chief Financial Officer and Treasurer  
of Edison International

/s/ BARBARA E. MATHEWS

BARBARA E. MATHEWS  
Vice President, Associate General Counsel,  
Chief Governance Officer and  
Corporate Secretary of  
Edison International

#### DECLARATION

The undersigned THOMAS R. McDANIEL and BARBARA E. MATHEWS, the Executive Vice President, Chief Financial Officer and Treasurer, and Vice President, Associate General Counsel, Chief Governance Officer and Corporate Secretary, respectively, of Edison International, each declares under penalty of perjury under the laws of the State of California that the matters set forth in the foregoing certificate are true and correct of his or her own knowledge.

Executed at Rosemead, California on this 18th day of December, 2006.

/s/ THOMAS R. McDANIEL

THOMAS R. McDANIEL  
Executive Vice President,  
Chief Financial Officer and Treasurer  
of Edison International

/s/ BARBARA E. MATHEWS

BARBARA E. MATHEWS  
Vice President, Associate General Counsel,  
Chief Governance Officer and  
Corporate Secretary of  
Edison International

CERTIFICATE OF DETERMINATION OF PREFERENCES  
OF  
5.375% FIXED-RATE RESET CUMULATIVE PERPETUAL  
PREFERRED STOCK, SERIES A  
OF  
EDISON INTERNATIONAL

Pursuant to Section 401 of the Corporations Code of the State of California, the undersigned, Robert C. Boada, Vice President and Treasurer, and Michael A. Henry, Assistant Secretary, of EDISON INTERNATIONAL, a California corporation (the “**Corporation**”), do hereby certify:

FIRST: The Restated Articles of Incorporation of the Corporation authorize the issuance of Fifty Million (50,000,000) shares of stock, designated as “Preferred Stock,” issuable from time to time in one or more series, and authorize the Board of Directors of the Corporation to fix the number of shares of such series, to determine the designation of any such series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series of such preferred stock.

SECOND: Acting pursuant to the authority delegated by the Board of Directors of the Corporation, a duly authorized committee of the Board of Directors (the “Committee”) did duly adopt the following resolutions authorizing and providing for the creation of a series of Preferred Stock to be known as “5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A”, the number of shares of such series being one million two hundred fifty thousand (1,250,000) shares, unless increased as permitted by the terms of Exhibit A hereto and authorized by the Board of Directors or a duly authorized committee thereof, none of the shares of such series having been issued.

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to the authority vested in the Board of Directors of the Corporation under the provisions of its Restated Articles of Incorporation and delegated to this Committee pursuant to resolutions duly adopted by the Board of Directors of the Corporation, this Committee does hereby create, authorize and provide for the issuance of a series of Preferred Stock of the Corporation to be known as the “5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A” (the “**Series A Preferred Stock**”).

RESOLVED FURTHER, that the number of authorized shares of the Series A Preferred Stock shall be one million two hundred fifty thousand (1,250,000) shares, unless increased as permitted by the terms of Exhibit A hereto and authorized by the Board of Directors or a duly authorized committee thereof.

RESOLVED FURTHER, that the Series A Preferred Stock shall have the rights, preferences, privileges, restrictions and other terms set forth in Exhibit A hereto and incorporated by reference herein, including without limitation, the liquidation preference per share of Series A Preferred Stock, the dividend rate (including the terms on which such dividend rate shall be reset from time to time) and dividend payment dates of the Series A Preferred Stock, the dates on

which the Series A Preferred Stock may be redeemed at the option of the Corporation, and the redemption price or prices of the Series A Preferred Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

IN WITNESS WHEREOF, the undersigned have executed this certificate in the City of Manhattan Beach, State of California, this 2<sup>nd</sup> day of March, 2021.

/s/Robert C. Boada

Robert C.

Name: Boada

Vice

President

and

Title: Treasurer

/s/ Michael A.

Henry

Michael A.

Name: Henry

Title: Assistant

Secretary

*[Signature Page to Certificate of Determination]*

---

Section 1. *Definitions.* As used herein with respect to the Series A Preferred Stock:

“**Agent Members**” shall have the meaning set forth in Section 15.

“**Articles**” means the Restated Articles of Incorporation of the Corporation, as the same may be amended, restated or amended and restated from time to time.

“**Board of Directors**” means the Board of Directors of the Corporation.

“**Business Day**” means any day other than a Saturday or Sunday or any other day on which commercial banks in New York City are authorized or required by law or executive order to close.

“**Bylaws**” means the Bylaws of the Corporation, as they may be amended or restated from time to time.

“**Calculation Agent**” means, at any time, the Person appointed by the Corporation and serving as such agent with respect to the Series A Preferred Stock at such time.

“**Certificate of Determination**” means the Certificate of Determination of Preferences establishing the terms of the Series A Preferred Stock, which incorporates the terms of this Exhibit A.

The term “**close of business**” means 5:00 p.m., New York City time.

“**Common Stock**” means the common stock of the Corporation.

“**Corporation**” means Edison International, a California corporation.

“**Depository**” means DTC or any successor thereto as depository for the Global Preferred Shares, in each case including, unless otherwise expressly stated or the context otherwise requires, its nominee.

“**Dividend Disbursing Agent**” means Equiniti Trust Company, the Corporation’s duly appointed dividend disbursing agent for the Series A Preferred Stock, and any successor appointed under Section 8.

“**Dividend Payment Date**” means March 15 and September 15 of each year, commencing on September 15, 2021.

“**Dividend Period**” means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Initial Issue Date of the Series A Preferred Stock.

“**Dividend Rate**” shall have the meaning set forth in Section 3(a).

“**DTC**” means The Depository Trust Corporation or any successor thereto.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

“**First Reset Date**” means March 15, 2026.

“**Five-year U.S. Treasury Rate**” means, as of any Reset Dividend Determination Date, as applicable, an interest rate (expressed as a decimal) determined to be the per annum rate (i) equal to the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days appearing (or, if fewer than five Business Days appear, such number of Business Days appearing) under the caption “Treasury Constant Maturities” in the most recent H.15 as of 5:00 p.m. (Eastern Time); or (ii) if there are no such published yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, then the rate will be determined by interpolation between the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity for two series of actively traded U.S. treasury securities, (A) one maturing as close as possible to, but earlier than, the Reset Date following the next succeeding Reset Dividend Determination Date and (B) the other maturing as close as possible to, but later than, the Reset Date following the next succeeding Reset Dividend Determination Date, in each case for the five Business Days appearing (or, if fewer than five Business Days appear, such number of Business Days appearing) under the caption “Treasury Constant Maturities” in the most recent H.15 as of 5:00 p.m. (Eastern Time) as of any date of determination.

If the Corporation, in its sole discretion, determines that the Five-year U.S. Treasury Rate cannot be determined pursuant to the methods described above, the Corporation may, in its sole discretion, designate an unaffiliated agent or advisor, which may include an unaffiliated underwriter for the offering of the Series A Preferred Stock or any affiliate of any such underwriter (the “Designee”), to determine whether there is an industry-accepted successor rate to the Five-year U.S. Treasury Rate. If the Designee determines that there is such an industry-accepted successor rate, then the Five-year Treasury Rate shall be such successor rate and, in that case, the Designee may adjust the spread and may determine and adjust the Business Day convention, the definition of Business Day and the Reset Dividend Determination Date to be used and any other relevant methodology for determining or otherwise calculating such successor rate, including any adjustment factor needed to make such successor rate comparable to the Five-year U.S. Treasury Rate in each case, in a manner that is consistent with industry-accepted practices for the use of such successor rate. If the Corporation, in its sole discretion, does not designate a Designee or if the Designee determines that there is no industry-accepted successor rate, then the Five-year Treasury Rate will be the same interest rate determined for the prior Reset Dividend Determination Date or, if this sentence is applicable with respect to the first Reset Dividend Determination Date, 0.677%.

“**Global Preferred Shares**” shall have the meaning set forth in Section 15.

“**H.15**” means the statistical release designated as such, or any successor publication, published by the Board of Governors of the U.S. Federal Reserve System (or any successor thereto).

“**Holder**” means each Person in whose name any share of the Series A Preferred Stock is registered on the stock register of the Corporation, who shall be treated by the Corporation and the Registrar as the absolute owner of such share of the Series A Preferred Stock.

“**Initial Issue Date**” means March 9, 2021, the original issue date of shares of the Series A Preferred Stock.

“**Junior Stock**” means (a) the Common Stock; and (b) each other class or series of stock of the Corporation established after the Initial Issue Date the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Series A Preferred Stock as to dividend rights and distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“**Liquidation Dividend Amount**” shall have the meaning set forth in Section 6(a).

“**Liquidation Preference**” means, as to the Series A Preferred Stock, \$1,000.00 per share thereof.

The “**most recent H.15**” means the H.15 published closest in time but prior to the close of business on the Reset Dividend Determination Date.

“**Officer**” means the President, the Chief Financial Officer, a Vice President, the Secretary, an Assistant Secretary or an Assistant Treasurer of the Corporation.

“**Par Call Period**” means (a) with respect to the First Reset Date, the period from and including March 9, 2026 through and including the First Reset Date, and (b) with respect to any Reset Date after the First Reset Date, the period from and including the December 15 immediately preceding such Reset Date through and including such Reset Date.

“**Parity Stock**” means each class or series of stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank on parity with the Series A Preferred Stock as to dividend rights and distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“**Person**” means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

“**Preferred Stock**” means the preferred stock of the Corporation.

“**Prospectus Supplement**” means the preliminary prospectus supplement dated March 2, 2021, as supplemented by the related pricing term sheet dated March 2, 2021, relating to the initial offering and sale of the Series A Preferred Stock.

“**Ratings Event**” means that any nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act, or in any successor provision thereto, that then publishes a rating for the Corporation (a “**Rating Agency**”), amends, clarifies or changes the

criteria it uses to assign equity credit to securities such as the Series A Preferred Stock, which amendment, clarification or change results in:

(a) the shortening of the length of time the Series A Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time the Series A Preferred Stock would have been assigned that level of equity credit by that Rating Agency or its predecessor on the Initial Issue Date of the Series A Preferred Stock; or

(b) the lowering of the equity credit (including up to a lesser amount) assigned to the Series A Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the Initial Issue Date of the Series A Preferred Stock.

**“Record Date”** means, with respect to any Dividend Payment Date, the March 1 and September 1 immediately preceding the applicable March 15 and September 15 Dividend Payment Date, respectively, whether or not any such March 1 or September 1 is a Business Day.

**“Record Holder”** means, with respect to any Dividend Payment Date, a Holder of the Series A Preferred Stock as such Holder appears on the stock register of the Corporation at the close of business on the related Record Date.

**“Redemption Date”** means any date fixed for redemption of any shares of Series A Preferred Stock pursuant to the provisions of Section 4.

**“Registrar”** initially means Equiniti Trust Company, the Corporation’s duly appointed registrar for the Series A Preferred Stock and any successor appointed under Section 8.

**“Reset Date”** means the First Reset Date and March 15 of every fifth year after 2026.

**“Reset Dividend Determination Date”** means, in respect of any Reset Period, the day that is two Business Days prior to the first day of such Reset Period.

**“Reset Period”** means the period from and including the First Reset Date to, but excluding, the next following Reset Date and, thereafter, each period from and including a Reset Date to, but excluding, the next following Reset Date.

**“Senior Stock”** means each class or series of stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank senior to the Series A Preferred Stock as to dividend rights or distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

**“Series A Preferred Stock”** means the Corporation’s series of Preferred Stock designated as “5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A”.

**“Share Dilution Amount”** means the increase in the number of diluted shares outstanding (determined in accordance with accounting principles generally accepted in the United States, and as measured from the Initial Issue Date) resulting from the grant, vesting or

exercise of equity-based compensation to directors, employees, contractors and agents and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar event.

“**Transfer Agent**” shall initially mean Equiniti Trust Company, the Corporation’s duly appointed transfer agent for the Series A Preferred Stock and any successor appointed under Section 8.

“**Voting Preferred Stock**” means any series of Preferred Stock, other than the Series A Preferred Stock, ranking equally with the Series A Preferred Stock either as to dividends or to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which voting rights similar to the voting rights of the Series A Preferred Stock in all material respects have been established for such series and which are exercisable at the time of any vote of the Preferred Stock of the Corporation.

Section 2. *Dividends.*

(a) *Rate.* Subject to the rights of holders of any class or series of stock of the Corporation ranking senior to the Series A Preferred Stock with respect to dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors (or an authorized committee thereof) out of funds of the Corporation legally available for payment, cumulative cash dividends at the Dividend Rate on the Liquidation Preference per share of the Series A Preferred Stock. Dividends shall accumulate daily from and including the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Initial Issue Date (or such other date as may be set forth in the certificate evidencing the relevant shares of Series A Preferred Stock ) without regard to whether funds are legally available for the declaration or payment of such dividends. Declared dividends the Series A Preferred Stock shall be payable on the relevant Dividend Payment Date to Record Holders on the immediately preceding Record Date. If a Dividend Payment Date is not a Business Day, payment of declared dividends shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accruing with respect to this delay.

The Dividend Rate on the shares of Series A Preferred Stock from and including the Initial Issue Date to, but excluding, the First Reset Date shall be 5.375% per annum of the Liquidation Preference per share. On and after the First Reset Date, the Dividend Rate on the shares of Series A Preferred Stock for each Reset Period shall be a per annum rate equal to the Five-year U.S. Treasury Rate as of the most recent Reset Dividend Determination Date, plus a spread of 4.698%, of the Liquidation Preference per share. “**Dividend Rate**” means the per annum dividend rate on the Series A Preferred Stock from time to time, as determined pursuant to this paragraph.

The applicable Dividend Rate for each Reset Period shall be determined by the Calculation Agent, as of the applicable Reset Dividend Determination Date. Promptly upon such determination, the Calculation Agent shall notify the Corporation of the Dividend Rate for the Reset Period. The Calculation Agent’s determination of any Dividend Rate, and its calculation of the amount of dividends for any Dividend Period beginning on or after the First Reset Date shall

be on file at the Corporation's principal offices, shall be made available to any Holder or beneficial owner of the Series A Preferred Stock upon request, and shall be final and binding in the absence of manifest error.

The Corporation shall give notice of the relevant Five-year U.S. Treasury Rate as soon as reasonably practicable following each Reset Dividend Determination Date to the Transfer Agent and Registrar for the Series A Preferred Stock and the Holders.

Dividends accruing or payable on the Series A Preferred Stock for any Dividend Period (or portion thereof) shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Accumulations of dividends on shares of the Series A Preferred Stock shall not bear interest or dividends on such accumulated amount.

No dividend shall be declared or paid on, or any sum of cash set aside for the payment of dividends on, any outstanding shares of Series A Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods have been declared and paid on, or a sufficient sum of cash has been set aside for the payment of such dividends on, all outstanding shares of Series A Preferred Stock.

(b) *Priority of Dividends.* So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other Junior Stock, and no Common Stock or any other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding Dividend Periods have been declared and paid, or a sufficient sum of cash has been set aside for the payment of such dividends, on all outstanding shares of the Series A Preferred Stock. The foregoing limitation shall not apply to (i) any dividend or distribution payable in shares of Common Stock or other Junior Stock, together with cash in lieu of any fractional share; (ii) purchases, redemptions or other acquisitions of Common Stock or other Junior Stock in connection with the administration of any benefit or other incentive plan, including any employment contract, including, without limitation, (x) purchases to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount, (y) the forfeiture of unvested shares of restricted stock or share withholdings or other surrender of shares to which the holder may otherwise be entitled upon exercise, delivery or vesting of equity awards (whether in payment of applicable taxes, the exercise price or otherwise), and (z) the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares of other Junior Stock or any securities exchangeable for or convertible into shares of Common Stock or other Junior Stock; (iv) any dividends or distributions of rights or Common Stock or other Junior Stock in connection with a shareholders' rights plan or any redemption or repurchase of rights pursuant to any shareholders' rights plan; (v) purchases of Common Stock or other Junior Stock pursuant to a contractually binding requirement to buy Common Stock or other Junior Stock existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan; (vi) the deemed purchase or acquisition of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged; (vii) the acquisition by the Corporation or

any of its subsidiaries of record ownership in Common Stock or other Junior Stock for the beneficial ownership of any other Persons (other than for the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (viii) the exchange or conversion of Junior Stock for or into other Junior Stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the Series A Preferred Stock with respect to any previously completed Dividend Period (A) have not been declared and paid in full; or (B) have been declared but a sum of cash sufficient for payment thereof has not been set aside for the benefit of the Holders thereof on the applicable Record Date, no dividends may be declared or paid on any Parity Stock unless dividends are declared on the shares of Series A Preferred Stock such that the respective amounts of such dividends declared on the shares of Series A Preferred Stock and such Parity Stock shall bear the same ratio to each other as all accumulated dividends and all declared and unpaid dividends per share on the shares of Series A Preferred Stock and such Parity Stock bear to each other; *provided, however*, that any unpaid dividends will continue to accumulate. The foregoing limitation shall not apply to (i) purchases of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares of Parity Stock or any securities exchangeable for or convertible into shares of Parity Stock, (ii) the deemed purchase or acquisition of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged, (iii) the acquisition by the Corporation or any of its subsidiaries of record ownership in Parity Stock for the beneficial ownership of any other persons (other than for the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (iv) the exchange or conversion of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock and the payment of cash in lieu of fractional shares.

Subject only to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or an authorized committee thereof) may be declared and paid on any securities, including Common Stock, from time to time out of any funds legally available for such payment, and Holders shall not be entitled to participate in any such dividends declared on securities other than the Series A Preferred Stock.

### Section 3. *Calculation Agent.*

Unless the Corporation has validly called all shares of the Series A Preferred Stock for redemption during the first Par Call Period, the Corporation will appoint a Calculation Agent for the Series A Preferred Stock prior to the Reset Dividend Determination Date preceding the First Reset Date. The Corporation may terminate any such appointment and may appoint a successor Calculation Agent at any time and from time to time. The Corporation may appoint itself or any of its affiliates as Calculation Agent.

### Section 4. *Optional Redemption.*

The Corporation may, at its option, redeem the Series A Preferred Stock:

(a) in whole or in part, from time to time, on any day during any Par Call Period at a redemption price in cash equal to \$1,000 per share; or

(b) in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by the Corporation following the occurrence of a Ratings Event, or, if no review or appeal process is available or sought with respect to such Ratings Event, at any time within 120 days after the occurrence of such Ratings Event, at a redemption price in cash equal to \$1,020 per share (102% of the Liquidation Preference),

plus, in each case, all accumulated and unpaid dividends (whether or not declared) to, but excluding, such Redemption Date; *provided* that, notwithstanding the foregoing, if a Redemption Date for any shares of Series A Preferred Stock occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, then the full amount of accumulated and unpaid dividends (whether or not declared) on such shares of Series A Preferred Stock to, but excluding, such Dividend Payment Date shall be paid on such Dividend Payment Date to the Persons who were the Record Holders of such shares at the close of business on such Record Date and such accumulated and unpaid dividends shall not be paid or required to be paid on the Redemption Date and shall not constitute a part of the redemption price of such shares.

#### Section 5. *Redemption Procedures.*

If the Series A Preferred Stock is to be redeemed, the notice of redemption shall be given by first class mail, postage prepaid, to the Holders of the Series A Preferred Stock to be redeemed, mailed not less than 10 days, nor more than 60 days, prior to the Redemption Date (*provided* that, if the Series A Preferred Stock is in the form of Global Preferred Shares, the Corporation may give such notice in any manner permitted or required by the Depository). Each notice of redemption shall include a statement setting forth:

(a) the Redemption Date;

(b) the number of shares of Series A Preferred Stock to be redeemed and, if less than all the shares of Series A Preferred Stock held by such Holder are to be redeemed, the number of such shares of Series A Preferred Stock to be redeemed from such Holder;

(c) the redemption price;

(d) the place or places where Holders may surrender certificates evidencing the Series A Preferred Stock for payment of the redemption price or, in the case of Series A Preferred Stock held in the form of Global Preferred Shares, that Holders must follow the applicable procedures of the Depository to deliver such shares for payment of the redemption price; and

(e) that dividends on the shares of Series A Preferred Stock to be redeemed shall cease to accumulate from and after such Redemption Date.

If notice of redemption of any shares of Series A Preferred Stock has been given, and if the funds necessary for such redemption have been set aside by the Corporation for the benefit of the Holders of the shares of Series A Preferred Stock so called for redemption, then, from and

after the Redemption Date, dividends shall cease to accrue on such shares of Series A Preferred Stock, and such shares of Series A Preferred Stock shall no longer be deemed outstanding and all rights of the Holders of such shares of Series A Preferred Stock shall terminate, except for (i) the right of the Holders thereof to receive the amount payable with respect to such redemption, without interest and (ii) if the Redemption Date occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, the right of the Persons who were the Record Holders of such shares at the close of business on such Record Date to receive, on such Dividend Payment Date, the full amount of accumulated and unpaid dividends (whether or not declared) on such shares to, but excluding, such Dividend Payment Date. Any funds unclaimed at the end of one year from the Redemption Date shall, to the extent permitted by law, be released by the Corporation, after which time the Holders of such Series A Preferred Stock so called for redemption shall look only to the Corporation for payment of the redemption price of such Series A Preferred Stock. If a Redemption Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accruing with respect to this delay.

In case of any redemption of only part of the Series A Preferred Stock at the time outstanding, the Series A Preferred Stock to be redeemed shall be selected either pro rata or by lot (or, in the event the Series A Preferred Stock is in the form of Global Preferred Shares, in accordance with the applicable procedures of the Depositary). If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

These redemption procedures shall apply in lieu of those provided in Sections 509(b), (c) and (d) of the California Corporations Code (or any successor provisions thereto) and the provisions of such Sections of the California Corporations Code (or any successor provisions thereto) shall not be applicable to the Series A Preferred Stock.

Section 6. *Liquidation, Winding-up or Dissolution.*

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive the Liquidation Preference per share of the Series A Preferred Stock, plus an amount (the “**Liquidation Dividend Amount**”) equal to accumulated and unpaid dividends (whether or not declared) on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution, to be paid out of the assets of the Corporation legally available for distribution to its shareholders, after satisfaction of debt and other liabilities owed to the Corporation’s creditors and holders of shares of any class or series of stock of the Corporation ranking senior to the Series A Preferred Stock with respect to distribution rights upon the Corporation’s liquidation, winding-up or dissolution and before any payment or distribution is made to holders of any Junior Stock, including, without limitation, Common Stock.

(b) If, upon the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, the amounts payable with respect to (i) the Liquidation Preference plus the Liquidation Dividend Amount on the shares of Series A Preferred Stock and (ii) the liquidation preference of, and the amount of accumulated and unpaid dividends (to, but excluding, the date fixed for such liquidation, winding-up or dissolution) on, all other Parity Stock are not paid in

full, the Holders and all holders of any such other Parity Stock shall share equally and ratably in any distribution of the Corporation's assets in proportion to their respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

(c) After the payment to any Holder of the full amount of the Liquidation Preference and the Liquidation Dividend Amount for each of such Holder's shares of Series A Preferred Stock, such Holder as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) Neither the sale, lease or exchange of all or substantially all of Corporation's assets, nor its merger or consolidation into or with any other Person, shall be deemed to be the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation.

#### Section 7. *Voting Rights.*

(a) *General.* Holders shall not have any voting rights except as set forth in this Section 7 and as otherwise from time to time specifically required by California law. Without limitation to the foregoing, no vote or consent of the Holders shall be required for any increase in the amount of the Corporation's authorized Series A Preferred Stock or the issuance of any additional shares of Series A Preferred Stock.

#### (b) *Voting Rights.*

(i) So long as any shares of the Series A Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles, the affirmative vote or consent of the holders of not less than two-thirds of the total stated liquidation preference (excluding accumulated and unpaid dividends thereon, and premiums or other similar amounts, if any) of all outstanding shares of Series A Preferred Stock and all outstanding shares of any other series of Voting Preferred Stock (subject to Section 7(b)(ii)) at the time outstanding and entitled to vote thereon, voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at an annual or special meeting of such shareholders, shall be necessary for the Corporation to effect:

(A) *Authorization of Senior Stock.* Any amendment of the Articles, including this Certificate of Determination, so as to authorize, or increase the authorized amount of, any class or series of Senior Stock;

(B) *Amendment of the Articles Adversely Affecting the Series A Preferred Stock.* Any amendment of any provision of the Articles, other than this Certificate of Determination, so as to adversely affect the special rights, preferences, privileges, restrictions, or voting powers of the Series A Preferred Stock; or

(C) *Share Exchanges, Reclassifications, Mergers and Consolidations.* Any consummation of a binding share exchange or reclassification involving the shares of the Series A Preferred Stock, or of a merger or consolidation of the Corporation with or into another entity, unless in each case (x) the shares of the

Series A Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity (or the Series A Preferred Stock is otherwise exchanged or reclassified), are converted or reclassified into or exchanged for preferred stock of the surviving or resulting entity or its ultimate parent, and (y) the shares of the Series A Preferred Stock that remain outstanding or such shares of preferred stock, as the case may be, have rights, preferences, privileges and voting powers that, taken as a whole, are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, taken as a whole, of the Series A Preferred Stock immediately prior to the consummation of such transaction;

*provided, however*, that, for the avoidance of doubt, for all purposes of this Section 7(b), (1) any increase in the amount of the Corporation's authorized but unissued shares of Preferred Stock, (2) any increase in the amount of the Corporation's authorized Series A Preferred Stock or the issuance of any additional shares of the Series A Preferred Stock or (3) the authorization or creation of any class or series of Parity Stock or Junior Stock, any increase in the amount of authorized but unissued shares of such class or series of Parity Stock or Junior Stock or the issuance of any shares of such class or series of Parity Stock or Junior Stock shall be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges, restrictions or voting powers of the Series A Preferred Stock, and shall not require the affirmative vote of the Holders.

(ii) If any amendment, share exchange, reclassification, merger or consolidation specified in this Section 7(b) would adversely affect (or cause to be materially less favorable, as applicable) the rights, preferences, privileges, restrictions or voting powers of one or more but not all series of Voting Preferred Stock, then only the series of Voting Preferred Stock adversely affected (or the terms of which would be materially less favorable, as applicable) and entitled to vote shall vote as a class in lieu of all other series of Voting Preferred Stock.

(iii) Without the consent of the Holders of the Series A Preferred Stock, to the fullest extent permitted by applicable law and so long as such action does not adversely affect the special rights, preferences, privileges, restrictions or voting powers of the Series A Preferred Stock, the Corporation may amend, alter, supplement, or repeal any terms of the Series A Preferred Stock, including by way of amendment to this Certificate of Determination, for the following purposes:

(A) to cure any ambiguity or mistake, or to correct or supplement any provision contained in this Certificate of Determination establishing the terms of the Series A Preferred Stock that may be defective or inconsistent with any other provision contained in such Certificate of Determination;

(B) to make any provision with respect to matters or questions relating to the Series A Preferred Stock that is not inconsistent with the provisions of the Articles, including this Certificate of Determination; or

(C) to waive any of the Corporation's rights with respect thereto.

(iv) Without the consent of the Holders of the Series A Preferred Stock, to the fullest extent permitted by applicable law, the Corporation may amend, alter, supplement or repeal any terms of the Series A Preferred Stock, including by way of amendment to this Certificate of Determination, in order to conform the terms thereof to the description of the terms of the Series A Preferred Stock set forth under "Description of Series A Preferred Stock" in the Prospectus Supplement.

(c) *Procedures for Voting and Consents.* The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Articles, the Bylaws, applicable law and the rules of any national securities exchange or other trading facility on which the Series A Preferred Stock is listed or traded at the time.

Section 8. *Transfer Agent, Registrar, and Dividend Disbursing Agent.* The duly appointed Transfer Agent, Registrar and Dividend Disbursing Agent for the Series A Preferred Stock shall be Equiniti Trust Company. The Corporation may, in its sole discretion, remove any Person or Entity serving as the Transfer Agent, Registrar or Dividend Disbursing Agent; *provided, however,* that prior to the effectiveness of any such removal the Corporation shall appoint a successor Transfer Agent, Registrar or Dividend Disbursing Agent, as the case may be, who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the Holders.

Section 9. *Record Holders.* To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Holder of any shares of the Series A Preferred Stock as the true and lawful owner thereof for all purposes.

Section 10. *Notices.* The Corporation shall send all notices or communications to Holders of the Series A Preferred Stock pursuant to this Certificate of Determination in writing by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery, to the Holders' respective addresses shown on the register for the Series A Preferred Stock. However, in the case of Series A Preferred Stock held in the form of Global Preferred Shares, the Corporation shall be permitted to send notices or communications to Holders pursuant to the procedures of the Depository, and notices and communications that the Corporation sends in this manner will be deemed to have been properly sent to such Holders in writing.

Section 11. *No Preemptive Rights.* The Holders shall have no preemptive or preferential rights to purchase or subscribe for any stock, obligations, warrants or other securities of the Corporation of any class or series.

Section 12. *Other Rights.* The shares of the Series A Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles or as provided by applicable law.

Section 13. *Stock Certificates.*

(a) Shares of the Series A Preferred Stock shall initially be represented by stock certificates substantially in the form set forth as Exhibit A hereto.

(b) Stock certificates representing shares of the Series A Preferred Stock shall be signed by the President or a Vice President, and by the Chief Financial Officer, Secretary, an Assistant Secretary or an Assistant Treasurer, in accordance with the Bylaws and applicable California law, by manual or facsimile signature.

(c) A stock certificate representing shares of the Series A Preferred Stock shall not be valid until manually countersigned by an authorized signatory of the Transfer Agent and Registrar. Each stock certificate representing shares of the Series A Preferred Stock shall be dated the date of its countersignature.

(d) If any Officer of the Corporation who has signed a stock certificate no longer holds that office at the time the Transfer Agent and Registrar countersigns the stock certificate, the stock certificate shall be valid nonetheless.

Section 14. *Replacement Certificates.* If physical certificates are issued, and any of the Series A Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Series A Preferred Stock certificate, or in lieu of and substitution for the Series A Preferred Stock certificate lost, stolen or destroyed, a new Series A Preferred Stock certificate of like tenor and representing an equivalent Liquidation Preference of shares of the Series A Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series A Preferred Stock certificate and indemnity, if requested, reasonably satisfactory to the Corporation and the Transfer Agent.

Section 15. *Book-Entry Form.*

(a) Subject to Section 15(d), the shares of Series A Preferred Stock offered and sold pursuant to the Prospectus Supplement and, except as otherwise directed by the Board of Directors (or an authorized committee thereof), all other shares of Series A Preferred Stock shall be issued in global form (“**Global Preferred Shares**”) eligible for book-entry settlement with the Depository, represented by one or more stock certificates in global form registered in the name of the Depository or a nominee of the Depository bearing a legend substantially in the form of the global securities legend set forth in Exhibit A. The aggregate number of shares of the Series A Preferred Stock represented by each stock certificate representing Global Preferred Shares may from time to time be increased or decreased by a notation by the Registrar and Transfer Agent on Schedule I attached to the stock certificate.

(b) Members of, or participants in, the Depository (“**Agent Members**”) shall have no rights under this Certificate of Determination with respect to any Global Preferred Shares, and the Depository shall be treated by the Corporation, the Registrar and any agent of the Corporation or the Registrar as the absolute owner of the Series A Preferred Stock. Notwithstanding the foregoing, nothing herein shall prevent the Corporation, the Registrar or any agent of the Corporation or the Registrar from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial ownership interest in any shares of the Series A Preferred Stock. The Holders may grant proxies or otherwise authorize any Person to take any action that a Holder is entitled to take pursuant to the Series A Preferred Stock, this Certificate of Determination or the Articles.

(c) Transfers of a Global Preferred Share shall be limited to transfers of such Global Preferred Share in whole, but not in part, to the Depository, to nominees of the Depository or to a successor of the Depository or such successor’s nominee.

(d) If the Depository is at any time unwilling or unable to continue as depository for the Global Preferred Shares or the Depository ceases to be registered as a “clearing agency” under the Exchange Act, and in either case a successor Depository is not appointed by the Corporation within 90 days, the Corporation shall issue certificated shares in lieu of the Global Preferred Shares. In any such case, the Global Preferred Shares shall be exchanged in whole for definitive stock certificates, in substantially the form attached hereto as Exhibit A, representing an equal aggregate Liquidation Preference. Such definitive stock certificates shall be registered in the name or names of the Person or Persons specified by the Depository in a written instrument to the Registrar.

Section 16. *Miscellaneous.*

(a) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any initial issuance or delivery of shares of the Series A Preferred Stock or certificates representing such shares.

(b) The Liquidation Preference shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Series A Preferred Stock. Such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

Section 17. *Withholding Taxes.* Notwithstanding anything to the contrary, if the Corporation or other applicable withholding agent pays withholding taxes or backup withholding on behalf of the Holder or beneficial owner, the Corporation or other applicable withholding agent may, at its option, set off such payments against payments of cash on the Series A Preferred Stock.

[FORM OF FACE OF  
5.375% FIXED-RATE RESET CUMULATIVE PERPETUAL PREFERRED  
STOCK, SERIES A CERTIFICATE]

[INCLUDE FOR GLOBAL PREFERRED SHARES – UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE CORPORATION OR THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC OR NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE.]

THE SHARES OF 5.375% FIXED-RATE RESET CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES A ARE SUBJECT TO REDEMPTION AT THE OPTION OF THE CORPORATION (AS DEFINED BELOW) AT THE TIMES AND REDEMPTION PRICES, AND ON TERMS AND CONDITIONS, SET FORTH IN THE CERTIFICATE OF DETERMINATION (AS DEFINED BELOW).

Certificate Number [ ]	[Number] Shares of 5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock CUSIP: 281020 AS6 ISIN: US281020AS67
------------------------	---

**EDISON INTERNATIONAL**

5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A  
(Liquidation Preference as specified below)

Edison International, a California corporation (the “**Corporation**”), hereby certifies that [ ] (the “**Holder**”), is the registered owner of [ ] [the number shown on Schedule I hereto of] fully paid and non-assessable shares of the Corporation’s designated 5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A, with a Liquidation Preference of \$1,000.00 per share (the “**Series A Preferred Stock**”). The shares of the Series A Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The rights, privileges, restrictions and other terms and provisions of the Series A Preferred Stock represented hereby are and shall in all respects be subject to the provisions of the Certificate of

Determination of Preferences of 5.375% Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series A of Edison International dated March 2, 2021, as the same may be amended from time to time (the “**Certificate of Determination**”). Capitalized terms used herein but not defined shall have the meanings given them in the Certificate of Determination. The Corporation will provide a copy of the Certificate of Determination to the Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to the provisions of the Series A Preferred Stock set forth on the reverse hereof and in the Certificate of Determination, which provisions shall for all purposes have the same effect as if set forth at this place. If the terms of this certificate conflict with the terms of the Certificate of Determination, then the terms of the Certificate of Determination will control to the extent of such conflict.

Upon receipt of this executed certificate, the Holder is bound by the Certificate of Determination and is entitled to the benefits thereunder.

Unless the Transfer Agent and Registrar have properly countersigned this certificate, these shares of the Series A Preferred Stock shall not be entitled to any benefit under the Certificate of Determination or be valid or obligatory for any purpose.

\* \* \*

EA - 2

---

IN WITNESS WHEREOF, this certificate has been executed on behalf of the Corporation  
by two Officers of the Corporation this [ ] of [ ], 20[ ].

EDISON INTERNATIONAL

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

EA - 3

---

COUNTERSIGNATURE

These are shares of the Series A Preferred Stock referred to in the within-mentioned Certificate of Determination.

Dated: [ ], [ ]

Equiniti Trust Company,  
as Registrar and Transfer Agent

By: \_\_\_\_\_

Name:

Title:

EA - 4

---

[FORM OF REVERSE OF  
CERTIFICATE FOR SERIES A PREFERRED STOCK]

Cumulative cash dividends on each share of the Series A Preferred Stock shall be payable at the rate provided in the Certificate of Determination.

The Corporation shall furnish without charge to each Holder who so requests a statement of the rights, preferences, privileges and restrictions granted to or imposed upon each class or series of stock of the Corporation authorized to be issued, including the Series A Preferred Stock, and upon the holders thereof. Such statement may be obtained from the Corporation at the Corporation's principal executive offices, which, on the original issue date of shares of the Series A Preferred Stock, were located at 2244 Walnut Grove Avenue, Rosemead, California 91770.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of the Series A Preferred Stock evidenced hereby to:

---

(Insert assignee's social security or taxpayer identification number, if any)

---

---

(Insert address and zip code of assignee)

---

and irrevocably appoints: \_\_\_\_\_ as agent to transfer the shares of the Series A Preferred Stock evidenced hereby on the books of the Transfer Agent and Registrar. The agent may substitute another to act for him or her.

Date:

Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)



**EDISON INTERNATIONAL**  
**2021 Long-Term Incentives**  
**Terms and Conditions**

**1. LONG-TERM INCENTIVES**

The long-term incentive awards granted in 2021 (“**LTI**”) for eligible persons (each, a “**Holder**”) employed by Edison International (“**EIX**”) or its participating affiliates 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 EIX 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 2021 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 evidenced by either a written or electronic 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 3, 2022, or six months after the date of the grant, whichever date is later. The EIX Options will vest as follows (with the EIX Options covered by each of the second, third and fourth vesting installments rounded down to the nearest whole share and any fractional share interests otherwise covered by such installments added to the first vesting installment):
- On the initial vesting date, one-fourth of the award will vest.
  - On January 3, 2023, an additional one-fourth of the award will vest.
  - On January 2, 2024, an additional one-fourth of the award will vest.
  - On January 2, 2025, an additional one-fourth 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, 2021, and ending December 31, 2023 (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 2, 2024.
- 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, 2031.
- 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. (“Companies” or “Company” means EIX and its affiliates, or any of them, as the context may require.) 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 Sections 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 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 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 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 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 (“**TSR Percentile Rank**”) on the Performance Measurement Date (as defined herein). If EIX’s TSR Percentile Rank is below the 25<sup>th</sup> 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 Rank is at the 25<sup>th</sup> percentile. The target number of TSR Performance Shares will be paid if EIX's TSR Percentile Rank is at the 50<sup>th</sup> percentile. The payment multiple is interpolated on a straight-line basis if EIX's TSR Percentile Rank is between the 25<sup>th</sup> percentile and the 50<sup>th</sup> percentile. Two times the target number of TSR Performance Shares will be paid if EIX's TSR Percentile Rank is at the 75<sup>th</sup> percentile or higher. The payment multiple is interpolated on a straight-line basis if EIX's TSR Percentile Rank is between the 50<sup>th</sup> percentile and the 75<sup>th</sup> percentile.

EIX's TSR Percentile Rank among the Comparison Group is determined as of the Performance Measurement Date using the following formula:

$$\left[ 1 - \left( \frac{R - 1}{N - 1} \right) \right] * 100\%$$

In the formula:

- R is EIX's rank among the Comparison Group, where the companies in the Comparison Group (including EIX) are ranked in order of TSR over the entire Performance Period, and the rank of one represents the highest TSR, two the next highest TSR, etc.;
- N is the total number of companies in the Comparison Group on the Performance Measurement Date.

For example, if EIX is ranked 8<sup>th</sup> in order of highest TSR among 20 companies in the Comparison Group (including EIX), EIX's TSR Percentile Rank would be the 63.16<sup>th</sup> percentile and the payment multiple would be 152.63% of the target number of TSR Performance Shares.

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. 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 "**Comparison Group**" means EIX and each other company that: is included in the Philadelphia Utility Index on the first day of the Performance Period (each, an "**Initial Peer**"); and, except as provided below, the common stock (or similar equity security) of which continues through the last trading day of the Performance Period to be listed or traded on an Eligible National Securities Exchange. "**Eligible National Securities Exchange**" means: the national securities exchange on which the Initial Peer's common stock (or similar equity security) was listed or traded on the first day of the Performance Period; the New York Stock Exchange; or The Nasdaq Stock Market. If any of the following events occur during the Performance Period, then the following rules apply:

- In the event of a merger or other business combination that closes during the Performance Period and involves two Initial Peers (including, without limitation, the acquisition of one Initial Peer, or all or substantially all of its assets, by another Initial Peer), then the surviving (or parent, as the case may be) Initial Peer (if any) shall continue to be treated as a member of the Comparison Group but the merged (or subsidiary, as the case may be) Initial Peer shall not continue to be treated as a member of the Comparison Group; however, if a successor entity is established that is an entirely new company, that new company shall be a member of the Comparison Group only if the Committee determines that including the new company in the Comparison group is necessary to preserve the intended incentives and benefits of the awarded TSR Performance Shares.
- In the event of a merger or other business combination that closes during the Performance Period and involves an Initial Peer and a company that is not an Initial Peer, then if the Initial Peer is the

surviving entity, it shall continue to be treated as a member of the Comparison Group; otherwise, the surviving, resulting, or successor entity, as the case may be, shall not be a member of the Comparison Group.

- If an Initial Peer sells, spins-off, or disposes of a portion of its business, the Initial Peer shall continue to be treated as a member of the Comparison Group unless such disposition(s) results in the disposition (other than to one or more subsidiaries of the Initial Peer) of more than 50% of the Initial Peer's total assets determined as of the first day of the Performance Period.
- With respect to the preceding bullets, the applicable stock prices shall be equitably and proportionately adjusted to the extent (if any) necessary to preserve the intended incentives of the awarded TSR Performance Shares and mitigate the impact of the transaction.
- If an Initial Peer (or a successor, survivor or parent pursuant to the preceding bullet points) would otherwise continue to be treated as a member of the Comparison Group, but it no longer has a class of equity securities listed on an Eligible National Securities Exchange, it will be removed from the Comparison Group.
- If an Initial Peer files for bankruptcy or liquidates due to an insolvency, such company shall continue to be treated as a Comparison Group member and its TSR for the Performance Period shall be deemed to be negative 100%.

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 Rank achieved during the Performance Period.

- 4.3 EPS Performance Shares.** The Committee shall establish an EIX EPS target for each of calendar 2021, 2022, and 2023, 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.

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 4<sup>th</sup> 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 2021, 2022, and 2023 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 EPS Performance Shares, (i) the number of shares used to determine the EPS target level for a year shall also be used to calculate the level of EPS obtained for that year, and (ii) the pro forma dividends on EIX preferred stock used to determine the EPS target level for a year shall also be used to calculate the level of EPS obtained for that year instead of the actual dividends declared on EIX preferred stock for that year (if any). In addition to the Adjustment set forth in the preceding sentence, the Committee shall make additional

Adjustments to the EPS target levels established and/or the level of EPS otherwise obtained for purposes of the EPS Performance Shares to the extent (if any) it determines that such Adjustment is necessary to preserve the incentives and benefits intended at the time the Committee established the applicable EPS target level for the applicable calendar year. In addition to the Adjustment in the sentence before the preceding sentence, “Adjustments” means: (1) excluding the impact of a change in tax rates and other aspects of comprehensive changes to tax laws or regulations; (2) excluding the dilutive effects of acquisitions or joint ventures; (3) assuming that any business divested by EIX or its subsidiaries achieved performance objectives at targeted levels during the balance of the Performance Period following such divestiture; (4) excluding the effect of any event or transaction referenced in Section 7.1 of the Plan; (5) excluding costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under GAAP; (6) excluding the effect of current-year costs recovered through litigation, arbitration, or mediation; (7) excluding the effects of changes to GAAP and changes in our accounting practices with respect to non-GAAP items; (8) mitigation of the unbudgeted impact of unusual or nonrecurring gains or losses, or other extraordinary events not foreseen at the time the Committee established the applicable EPS target level; and (9) any other Adjustments set forth in the applicable Committee resolutions establishing the applicable EPS target level for the applicable calendar year. “GAAP” means generally accepted accounting principles.

- 4.4 Payment of Performance Shares.** The total number of Performance Shares that are earned pursuant to Sections 4.2 and 4.3 will be determined by the Committee. Whole Performance Shares that are earned pursuant to Sections 4.2 and 4.3, and taking dividend equivalents into account pursuant to Section 4.5, will be paid on a one-for-one basis in EIX Common Stock under the Plan. Any fractional Performance Shares earned 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 determination of the number of Performance Shares that are earned pursuant to Section 4.2 and 4.3. The stock and cash payable for the earned Performance Shares will be delivered as soon as practicable for EIX following such determination by the Committee, and in all events no later than March 15, 2024. The Performance Shares are subject to termination and other conditions specified in Sections 8 and 9, and to the provisions of Section 10.
- 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 four 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 2, 2024 (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 2, 2024 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 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 four 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

Holder are not eligible to defer any of their LTI granted in 2021, including the payment thereof, into the EIX 2008 Executive Deferred Compensation Plan or any other deferred compensation plan.

## 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 most senior officer of EIX, the most senior officer of Southern California Edison Company ("SCE"), the General Counsel of EIX, and the Chief Financial Officer 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 Holder's Termination Date (as defined below), (ii) the Holder's vested EIX Options will terminate for no value 180 days from the Holder's Last Day Worked (as defined below) (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 Holder's Termination Date, and (iv) the Holder's unvested Restricted Stock Units will terminate for no value as of the Holder's Termination Date. Any fractional vested EIX Options will be rounded up to the next whole share. The vested and unvested portions of any LTI will be determined as of the Holder's Last Day Worked after giving effect to any vesting required on such date. For purposes of the LTI, "**Last Day Worked**" means the last day the Holder is treated as employed on a Company payroll system, subject to the provisions of Section 8.5, and "**Termination Date**" means the day after the Last Day Worked. The provisions of this paragraph, as well as the other references to Last Day Worked and Termination Date in Sections 8 and 9, shall apply similarly to any previously-granted and currently outstanding LTI and such provisions shall control as to any

inconsistency with the Terms and Conditions applicable to such previously-granted LTI regarding such subject matter.

**8.2 Retirement.** If the Holder's Last Day Worked is 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 2021, 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 2021 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 3, 2022 or six months after the date of grant, whichever is later) and an additional one-fourth on each of January 3, 2023, January 2, 2024 and January 2, 2025, with fractional share interests treated as provided in Section 2.1), 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 2021, 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 2021 that the Holder was employed by one or more of the Companies, and the denominator of which shall be twelve (12). 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 2, 2024 (and in all events within 90 days after such date); provided, however, that in the event the Holder's Retirement occurs within calendar 2021, 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 2021 that the Holder was employed by one or more of the Companies, and the denominator of which shall be twelve (12). 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.*** If, prior to the Holder’s termination of employment with a Company, the Holder dies, 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.

**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), 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 Worked, 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 Last Day Worked 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 Holder’s Termination Date, 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, 2021 through the one-year anniversary of the Holder’s Last Day Worked, 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 Holder's Termination Date, and the Holder shall have no further rights with respect to such terminated portion.

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 Worked, 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 Holder's Termination Date, and the Holder shall have no further rights with respect to such terminated portion. Subject to the last paragraph of this Section 8.4(C), 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. 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 two paragraphs, if the Holder does not qualify for Retirement at the time of the termination of the Holder's employment, but the Holder would have satisfied the requirements for Retirement if an extra year of service and age had been applied at the time of termination, then the Restricted Stock Units (i) will vest (without any proration) and (ii) will, subject to the last paragraph of this Section 8.4(C), 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.

If either the first or third paragraphs of this Section 8.4(C) apply and the period for payment of the Restricted Stock Units 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, then the payment of the applicable Restricted Stock Units 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.

- (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 Last Day Worked in which to exercise such EIX options if the Holder is a Senior Vice President or an officer of higher rank of EIX or SCE (three years if the Holder is the most senior officer of EIX, the most senior officer of SCE, the General Counsel of EIX, or the Chief Financial Officer of EIX), 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 EIX Board of Directors (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 the 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), with respect to any LTI or otherwise, the amount of any taxes which the Company may be required to withhold.

In the case of any LTI payable in whole or part in EIX Common Stock, to the extent that the payment of that award pursuant to exercise or vesting requires tax withholding and a sufficient amount of cash is not generated from the underlying transaction as to that award to satisfy such withholding obligations, EIX shall substitute a cash award for a number of shares of Common Stock otherwise issuable pursuant to the award, 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 2, 2024 (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 applicable withholding obligation in connection with such award transaction to the extent that such withholding amount exceeds the amount of cash generated from the underlying transaction and not otherwise deferred.

If for any reason EIX cannot or elects not to satisfy such withholding obligations in such manner, in each case, with the approval of the Committee as to a Section 16 Person (as defined below), 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.

In the case of any LTI payable in whole or part in EIX Common Stock, to the extent that the payment of that award pursuant to exercise or vesting requires Garnishment Payments by the Company, and a sufficient amount of cash is not generated by the underlying transaction as to that award 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 award, 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 2, 2024 (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 award 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.

## 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 is or later becomes subject to the provisions of Section 16 of the Exchange Act (“**Section 16**”) in respect of EIX (a “**Section 16 Person**”), 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, 2023 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.”

**14.5 *Transfer Representations and Limitations.***

(A) 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.

(B) Transfer Limitations with Respect to Stock Ownership Guidelines. The Holder agrees that if he or she is an officer of EIX or one of its affiliates who is covered by EIX's Stock Ownership Guidelines for Officers ("**Ownership Guidelines**") at the time the Holder proposes to sell or otherwise transfer any securities acquired by him or her hereunder or under any prior long-term incentive award granted by the Corporation to the Holder (collectively, "**Acquired Securities**"), the Holder will not sell or otherwise transfer any Acquired Securities if such sale or transfer would violate the Ownership Guidelines.

**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.

## CERTIFICATION

I, PEDRO J. PIZARRO, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 27, 2021

/s/ PEDRO J. PIZARRO

---

PEDRO J. PIZARRO  
Chief Executive Officer

---

## CERTIFICATION

I, MARIA RIGATTI , certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 27, 2021

/s/ MARIA RIGATTI

MARIA RIGATTI  
Chief Financial Officer

---

**CERTIFICATION**

I, KEVIN M. PAYNE, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 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 27, 2021

/s/ KEVIN M. PAYNE

\_\_\_\_\_  
KEVIN M. PAYNE  
Chief Executive Officer

---

## CERTIFICATION

I, WILLIAM M PETMECKY III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 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 27, 2021

/s/ WILLIAM M PETMECKY III

WILLIAM M. PETMECKY III  
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, 2021 (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 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 27, 2021

/s/ PEDRO J. PIZARRO

---

PEDRO J. PIZARRO  
Chief Executive Officer  
Edison International

/s/ MARIA RIGATTI

---

MARIA RIGATTI  
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, 2021 (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 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 27, 2021

/s/ KEVIN M. PAYNE

---

KEVIN M. PAYNE  
Chief Executive Officer  
Southern California Edison Company

/s/ WILLIAM M. PETMECKY III

---

WILLIAM M. PETMECKY III  
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.

---