

EDISON INTERNATIONAL  
Form DEF 14A  
March 16, 2007  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional materials
- Soliciting Material Pursuant To Rule 14a-11(c) or Rule 14a-12

**EDISON INTERNATIONAL**

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

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(2) Form, schedule or registration statement no.:

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(3) Filing party:

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(4) Date filed:

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**EDISON INTERNATIONAL**  
**AND**  
**SOUTHERN CALIFORNIA EDISON COMPANY**  
**JOINT NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS**  
**AND**  
**JOINT PROXY STATEMENT**

**ANNUAL MEETINGS**

**April 26, 2007**

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March 19, 2007

Dear Shareholder:

You are invited to attend the Edison International and Southern California Edison Company ( SCE ) Annual Meetings of Shareholders. The meetings will be held jointly on Thursday, April 26, 2007, at the Pacific Palms Conference Resort, One Industry Hills Parkway, City of Industry, California 91744 at 10:00 a.m., Pacific Time.

Your voting instructions are enclosed, and the applicable 2006 Annual Report and Joint Proxy Statement are enclosed or are being delivered to you electronically. The Joint Proxy Statement discusses the matters to be considered at the annual meetings. At the meetings, shareholders of Edison International and SCE will elect Directors who will serve until the next annual meetings and will vote on ratification of the appointment of the independent registered public accounting firm for 2007 for each company. Also at the meetings, Edison International shareholders will have the opportunity to vote on a management proposal to approve the Edison International 2007 Performance Incentive Plan, and a shareholder proposal regarding performance-based stock options.

**Your Boards of Directors and Management recommend that you vote FOR the nominees for Directors listed in the Joint Proxy Statement and FOR the ratification of the appointment of the accounting firm. For reasons stated in the Joint Proxy Statement, the Edison International Board of Directors and Management recommend that you vote FOR the management proposal, and AGAINST the shareholder proposal.** Whether or not you expect to attend the annual meetings, and regardless of the number of shares you own, your vote is important. If you hold shares in both Edison International and SCE, you will receive a proxy or voting instruction card for each company. Certain shareholders also have the option to vote shares by telephone or the Internet as well as by mail. Voting by any of these methods, if available, will ensure that you are represented at the annual meetings even if you are not present. Please review the instructions on the proxy card regarding these options. If you hold your shares in an account with a bank, broker or other nominee, you will receive separate instructions from that nominee which may also allow telephone and Internet voting.

**Please take the first opportunity to ensure that your shares are represented at the annual meetings. Voting promptly will save us the cost of additional solicitations.**

Thank you very much for your continued interest in the business of Edison International and SCE.

Sincerely,  
John E. Bryson  
*Chairman of the Board, President*

*and Chief Executive Officer*  
Edison International  
*Chairman of the Board*  
Southern California Edison Company

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**JOINT NOTICE OF ANNUAL MEETINGS  
OF SHAREHOLDERS**

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**Date:** Thursday, April 26, 2007

**Time:** 10:00 a.m., Pacific Time

**Place:** Pacific Palms Conference Resort  
One Industry Hills Parkway  
City of Industry, California 91744

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

Election of 11 Directors to the Edison International Board and 12 Directors to the SCE Board. The names of the Director nominees are:

John E. Bryson	Luis G. Nogales
Vanessa C.L. Chang	Ronald L. Olson
France A. Córdova	James M. Rosser
Charles B. Curtis	Richard T. Schlosberg, III
Alan J. Fohrer*	Robert H. Smith
Bradford M. Freeman	Thomas C. Sutton

\* Alan J. Fohrer is a Director nominee for the SCE Board only.

Ratification of the appointment of the independent public accounting firm.

Any other business that may properly come before the meetings.

**Matters to be voted upon by Edison International shareholders only:**

Management proposal to approve the Edison International 2007 Performance Incentive Plan.

Shareholder proposal regarding performance-based stock options.

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**Your Boards of Directors and Management recommend that you vote FOR the nominees for Directors listed in the Joint Proxy Statement and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as Edison International's and SCE's independent registered public accounting firm for 2007. The Edison International Board of Directors and Management recommend that you vote FOR the management proposal and AGAINST the shareholder proposal.**

**Record Date:** Shareholders of record at the close of business on February 26, 2007, and valid proxyholders for those shareholders, are entitled to vote at the annual meetings.

**Voting Instructions:** To vote by mail, complete, sign, date and return the enclosed proxy card in the envelope provided. If you hold shares in your own name, or through the Edison International Dividend Reinvestment and Direct Stock Purchase Plan or the Edison 401(k) Savings Plan for employees, you may vote by telephone or via the Internet by following the instructions on your proxy card. Voting by telephone and via the Internet is available 24 hours a day, seven days a week, through 9:00 p.m. Pacific Time, on April 25, 2007, except for Edison 401(k) Savings Plan shareholders who must vote by 10:00 p.m., Pacific Time, on April 24, 2007. If you hold your shares in an account with a bank, broker or other nominee, you will receive separate instructions from that nominee that may also allow telephone and Internet voting.

**Electronic Access:** Edison International and SCE are electronically delivering their Proxy Statements and Annual Reports for annual and special shareholders meetings to certain shareholders. If you hold Edison International shares through the Edison 401(k) Savings Plan, and you use Company e-mail in the ordinary course of performing your job and are expected to log-on to e-mail routinely to receive mail and communications, we are delivering these documents to you electronically. All other annual meeting materials are included with this mailing. The Edison International and SCE Joint Proxy Statement for the annual meetings, and the respective 2006 Annual Reports are available on Edison International's Internet website at [www.edisoninvestor.com](http://www.edisoninvestor.com). If these documents are being delivered to you electronically, you may also request paper copies at no charge by contacting the SCE Law Department, Corporate Governance, 2244 Walnut Grove Avenue, P. O. Box 800, Rosemead, California 91770 or at 626-302-2662.

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

Shareholders of record on the record date, and their spouses or domestic partners;

Individuals holding written proxies executed by shareholders of record on the record date;

Shareholders who provide a letter or account statement from their bank, broker or other nominee showing that they owned stock held in the name of the bank, broker or other nominee on the record date, and their spouses or domestic partners; and

Other individuals with the approval of the Edison International or SCE Corporate Secretary.

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

Dated: March 19, 2007

For the Boards of Directors,  
BARBARA E. MATHEWS  
*Vice President, Associate General Counsel,  
Chief Governance Officer and Corporate Secretary*  
Edison International  
Southern California Edison Company

**IMPORTANT**

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



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

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**JOINT PROXY STATEMENT**

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**INTRODUCTION SOLICITATION OF PROXIES**

This Joint Proxy Statement, proxy forms, voting instructions and the 2006 Annual Reports are being distributed together beginning March 19, 2007, to the Edison International and Southern California Edison Company shareholders for their annual meetings. The annual meetings will be held jointly on Thursday, April 26, 2007, at the Pacific Palms Conference Resort, One Industry Hills Parkway, City of Industry, California 91744 at 10:00 a.m., Pacific Time. The Edison International and Southern California Edison Company Boards of Directors are soliciting proxies from you for use at their annual meetings, or at any adjournment or postponement of the meetings. Proxies allow properly designated individuals to vote on your behalf at an annual meeting. This Proxy Statement discusses the matters to be voted on at the annual meetings.

In this Proxy Statement:

**Annual Meeting** means the Edison International annual meeting of shareholders and the Southern California Edison Company annual meeting of shareholders, which are being held jointly.

**Companies** means Edison International and SCE.

**DRP** means the Edison International shareholder plan known as the Dividend Reinvestment and Direct Stock Purchase Plan.

**EMG** means Edison Mission Group, an electric power generation nonutility subsidiary of Edison International, and parent company of Edison Mission Energy ( EME ).

**Executive Officers** of Edison International and SCE means their respective Chairman of the Board, Chief Executive Officer, President, any Vice President in charge of a principal business unit, division or function, and any other person who performs a similar significant policy-making function, including Executive Officers of any Edison International or SCE subsidiaries, for the reporting period or as of the date covered by this Proxy Statement.

**401(k) Plan** means the employee benefit plan known as the Edison 401(k) Savings Plan through which participants may hold Edison International shares represented by their interests in the Edison International Stock Fund.

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401(k) Plan shareholders means participants in the 401(k) Plan who hold interests in the Edison International Stock Fund equivalent to Edison International shares.

SCE means Southern California Edison Company.

Holding shares in street name means your shares are held in an account through your bank, broker, fiduciary, custodian or other nominee, and you are considered the beneficial owner of those shares. Your name does not appear on the Companies records as a shareholder.

Holding shares as a registered shareholder or of record means your shares are registered in your own name directly with the Companies rather than in street name, and that stock certificates are issued in your own name. Shares held in your DRP plan account are also included.

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

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

A: Edison International and SCE shareholders are voting on the election of 11 Directors for Edison International and 12 Directors for SCE, respectively, the ratification of the appointment of the independent registered public accounting firm for 2007, and any other matters properly brought before the meeting. The director election is Item 1 and the independent registered public accounting firm ratification is Item 2 on the proxy cards. Additionally, Edison International shareholders will vote on a management proposal to approve the Edison International 2007 Performance Incentive Plan, an equity incentive plan that eligible officers, employees and Directors may participate in, and a shareholder proposal regarding performance-based stock options. The management proposal is Item 3 and the shareholder proposal is Item 4 on the Edison International proxy card.

**Q: Who can vote?**

A: All shareholders of record at the close of business on February 26, 2007 are entitled to vote at the meeting. Holders of Edison International's Common Stock are entitled to one vote per share on each item of Edison International business. On each item of SCE business, holders of SCE Cumulative Preferred Stock are entitled to six votes per share and holders of SCE Common Stock are entitled to one vote per share. Shareholders who hold shares that are not registered in their own name (shares held in street name) may vote their shares by giving voting instructions to the nominee who is the registered shareholder. Shares held by participants in the 401(k) Plan, including fractional shares, are registered in the name of the plan trustee and will be voted by the plan trustee in its capacity as the Edison International stock fund investment manager, subject to each participant's instructions. Fractional shares held in the DRP may not be voted. All shares of SCE Common and Preferred Stocks vote together as one class.

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

A: All shareholders on the record date, or their duly appointed proxies, may attend the meeting. Shareholders' spouses or domestic partners are also welcome. Seating, however, is limited. All shareholders will be required to pass through a security inspection area, and they must check in at the registration desk at the meeting. The registration desk will open at 8:00 a.m., Pacific Time. If you are a registered or 401(k) Plan shareholder, an admission pass is included with the annual meeting materials received by mail. Please bring your pass with you to present at the registration desk for admission. If you do not have an admission pass and you are a registered shareholder, we will be able to verify your share ownership from the share register upon presentation of proper identification. **If your shares are not registered in your name, you will need to bring a letter or an account statement from your bank, broker, plan trustee or other nominee reflecting your stock ownership as of the record date to provide proper identification.** A shareholder that is a corporation, partnership, association or other entity is limited to three authorized representatives at the Annual Meeting. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

**Q: How do I vote?**

A: Your vote is important. You can save us the expense of a second mailing by voting promptly. Please follow the appropriate instructions described below.

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**If you are a registered or 401(k) Plan shareholder**, you may choose one of the following ways to cast your vote:

- Vote by mail:** Complete, date, sign and mail the proxy/voting instruction card in the enclosed postage prepaid envelope.
- Vote by telephone:** Call 1-800-560-1965 toll free from the U.S. and Canada.
- Vote via the Internet:** Access the Edison International and SCE Internet voting website [www.eproxy.com/eix](http://www.eproxy.com/eix) for Edison International and [www.eproxy.com/sce](http://www.eproxy.com/sce) for SCE.

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

- Vote by ballot at the meeting:** Attend the Annual Meeting and complete a written ballot distributed at the meeting.

If you vote by telephone or via the Internet, follow the instructions on the card you received by mail. Additionally, if you vote by telephone, you will receive recorded instructions, or if you vote via the Internet, you will receive additional instructions at the Internet website. Voting by telephone and via the Internet is available 24 hours a day, seven days a week, through 9:00 p.m., Pacific Time, on April 25, 2007, except for 401(k) Plan shareholders who must vote by 10:00 p.m., Pacific Time, on April 24, 2007.

By voting by mail, telephone or the Internet, you will authorize the individuals named on the proxy card, referred to as the proxies, or the 401(k) Plan trustee in its capacity as Edison International stock fund investment manager, to vote your shares according to your instructions. You are also authorizing those persons to vote your shares on any other matter properly presented at the meeting.

**If you hold shares in street name**, please refer to the proxy card or other information forwarded by your bank, broker, fiduciary, custodian or other nominee to see which options are available. Typically, you may provide voting instructions as follows:

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

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

**Q: What happens if I return my proxy or provide voting instructions, but I do not indicate my voting preference, or I do not sign my proxy or voting instructions?**

**A:** If you return your signed proxy or voting instructions by mail and do not indicate how you wish to vote, (i) for the nominees for Director, the proxies and 401(k) Plan trustee will vote **FOR** election of all the nominees for Director (*Item 1*); (ii) on the ratification of the

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appointment of the accounting firm, the proxies and 401 (k) Plan trustee will vote FOR the ratification of appointment of the independent registered public accounting firm for 2007 (*Item 2*); (iii) on the management proposal, the proxies and 401(k) Plan trustee

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will vote FOR the management proposal (*Item 3*); and, (iv) on the shareholder proposal, the proxies and 401(k) Plan trustee will vote AGAINST the shareholder proposal (*Item 4*). If you return an unsigned proxy or voting instructions by mail, your shares will be treated as unvoted shares on all matters. If you vote by telephone or on the Internet and do not indicate how you wish to vote on any one or all of the matters, your shares will be treated as unvoted shares on all of the proposals. In the case of the 401(k) Plan, unvoted shares may be voted by the trustee in its capacity as Edison International stock fund investment manager as it chooses.

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

A: If you are a registered shareholder and you do not provide voting instructions to a designated proxy or cast a ballot at the Annual Meeting, your shares will not be voted. If you are a 401(k) Plan shareholder and you do not provide voting instructions to the trustee, the trustee as Edison International stock fund investment manager may vote your shares as it chooses. If you hold your shares in street name and you do not provide voting instructions to your bank, broker or other nominee on how to vote your shares, the bank, broker or other nominee may be authorized to vote your shares as it chooses on the matters to be considered at the meeting. If your bank, broker or other nominee lacks this discretionary authority to vote on an item, your shares will not be voted on that item and will be treated as a broker nonvote on that item.

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

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

Writing to the Edison International or SCE Corporate Secretary;

Voting again via mail, telephone or the Internet; or

Voting in person at the Annual Meeting.

Your last vote will be the vote that is counted.

If you are a 401(k) Plan shareholder, you can revoke your voting instructions by voting again via mail, telephone or the Internet. Votes received by 10:00 p.m., Pacific Time, on April 24, 2007 will be counted. Your last vote received within this timeframe will be the vote that is counted.

If you hold shares in street name, you should contact your bank, broker or other nominee before the Annual Meeting to determine whether and how you can change your voting instructions.

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

A: As of the record date, February 26, 2007, Edison International had 325,796,087 shares of Edison International Common Stock outstanding and entitled to vote. SCE had 5,150,198 shares of Cumulative Preferred Stock and 434,888,104 shares of SCE Common Stock outstanding and entitled to vote.



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The holders of the Edison International Common Stock have the right to cast a total of 325,796,087 votes. The holders of the SCE Cumulative Preferred Stock have the right to cast a total of 30,901,188 votes and the holder of the SCE Common Stock, Edison International, has the right to cast a total of 434,888,104 votes. Voting together as a class, the SCE shareholders have the right to cast a total of 465,789,292 votes.

A quorum is required to transact business at the Annual Meeting. The presence at the Annual Meeting, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast constitutes a quorum. If you properly return your proxy or voting instructions by mail, or

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properly vote by telephone or via the Internet, the votes represented by your shares will be considered present and part of the quorum, even if you abstain from voting on a proposal or withhold votes for Directors, or, if you vote by mail, do not indicate a voting preference on any or all matters, and the proxies will vote (or not vote) your shares as you have indicated. If a bank, broker or other nominee holding your shares in street name votes your shares or returns a properly executed proxy representing your shares, the votes represented by your shares will be considered as present and part of the quorum, even if your bank, broker or other nominee abstains or withholds votes, or does not indicate a voting preference, on any or all matters.

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

A: The following votes are required:

On Item 1, the Election of Directors, the 11 nominees receiving the highest number of affirmative or for votes will be elected as Directors of Edison International and the 12 nominees receiving the highest number of affirmative or for votes will be elected as Directors of SCE. Votes withheld for any of the nominees and broker nonvotes will have the effect of reducing the number of affirmative votes a candidate might otherwise have received.

On Item 2, the ratification of the appointment of the independent registered public accounting firm, the following two votes must be obtained to adopt the proposal: (i) the affirmative vote of at least a majority of the votes cast on the proposal by the Edison International and SCE shareholders respectively at the meeting, and (ii) the affirmative vote of at least a majority of the votes required to constitute a quorum at the respective companies. In determining whether the vote under (i) has been obtained, abstentions and broker nonvotes are not treated as votes cast and therefore will not affect the vote. That is, the percentage of votes cast can only be increased or decreased by casting votes for or against the proposal, respectively. In determining whether the vote under (ii) has been obtained, abstentions and broker nonvotes will have the effect of votes cast against the proposal. That is, abstentions and broker nonvotes will reduce the number of affirmative votes, and therefore reduce the total percentage of votes the proposal might otherwise have received.

On Item 3, the Management Proposal to approve the Edison International 2007 Performance Incentive Plan, the following two votes must be obtained to adopt the proposal: (i) the affirmative vote of at least a majority of the Edison International votes cast on the proposal at the meeting and (ii) the affirmative vote of at least a majority of the votes required to constitute a quorum. In determining whether the vote under (i) has been obtained, abstentions will be treated as votes cast and will have the effect of a vote cast against the proposal and broker nonvotes will have no effect. In determining whether the vote under (ii) has been obtained, abstentions and broker nonvotes will have the effect of votes cast against the proposal. That is, abstentions and broker nonvotes will reduce the number of affirmative votes, and therefore reduce the total percentage of votes the proposal might otherwise have received.

On Item 4, the Shareholder Proposal regarding performance-based stock options, the following two votes must be obtained to adopt the proposal: (i) the affirmative vote of a majority of the Edison International votes cast on the proposal at the meeting, and (ii) the affirmative vote of at least a majority of the votes required to constitute a quorum. In determining whether the vote under (i) has been obtained, abstentions and broker nonvotes are not treated as votes cast and therefore will not affect the vote. That is, the percentage of votes cast can only be increased or decreased by casting votes for or against the proposal, respectively. In determining whether the vote under (ii) has been obtained, abstentions and broker nonvotes will have the effect of votes cast against the proposal. That is, abstentions and broker nonvotes will reduce the number of affirmative votes, and therefore reduce the total percentage of votes the proposal might otherwise have received.

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

A: Wells Fargo Bank, N.A. will tabulate the votes and act as the inspector of election. To protect the confidentiality of votes cast under the 401(k) Plan, 401(k) Plan shareholders' voting instructions are given directly to Wells Fargo. Wells Fargo will tabulate those votes and provide aggregate voting results directly to the 401(k) Plan trustee. Edison International will not have access to any of the 401(k) Plan shareholders' voting instructions, and 401(k) Plan voting results are only reported in the aggregate.

**Q: What shares are covered by the proxy card?**

A: If you hold shares in both Edison International and SCE, you will receive a proxy card for each of the Companies. The shares covered by your card(s) include all the shares of common stock and preferred stock registered in your name (as distinguished from those held in street name), all whole shares held in the DRP, and all shares held in the 401(k) Plan. You will receive separate cards from your bank, broker or other nominee if you hold shares in street name.

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

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

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

A: Edison International and SCE have retained D. F. King & Co., Inc. to assist them with the solicitation of proxies for an aggregate maximum fee of \$14,000 (Edison International \$11,000 and SCE \$3,000) plus expenses. (This fee does not include the costs of printing and mailing the proxy materials.) Edison International and SCE will pay these proxy solicitation costs. Some of the Directors, officers and other employees of Edison International and/or SCE also may solicit proxies personally, by mail, by telephone or by other electronic means for no additional compensation, except for customary overtime pay applicable to certain employees. Edison International and SCE will also reimburse banks, brokers and other nominees for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of their stocks and for obtaining voting instructions.

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

A: You may call Wells Fargo at 800-347-8625 or visit their Internet website at [www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices).

**Q: How do the Boards recommend I vote?**

A: The Edison International and SCE Boards recommend that shareholders vote **FOR** the election of their nominees for Directors listed in this Proxy Statement and **FOR** the ratification of the appointment of the independent registered public accounting firm. The Edison International Board recommends that Edison International shareholders vote **FOR** the management proposal and **AGAINST** the shareholder proposal.

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**HOUSEHOLDING OF PROXY STATEMENTS AND ANNUAL REPORTS**

The Companies are allowed and intend to deliver only one respective annual report and one proxy statement to multiple registered shareholders sharing an address who have received prior notice of our intent to deliver one report per address, so long as the Companies have not received contrary instructions from one or more of such shareholders. This practice is commonly referred to as householding. The Companies do not plan to electronically household documents. Householding reduces the volume of duplicate information received at your household and the cost to the Companies of preparing and mailing duplicate materials.

If you share an address with other registered shareholders and your household receives one set of this Joint Proxy Statement and the applicable 2006 Annual Report and you decide you want a separate copy of this Joint Proxy Statement and/or the applicable 2006 Annual Report, through the date of the Annual Meeting, Edison International or SCE will promptly deliver your separate copy if you contact the SCE Law Department, Corporate Governance, 2244 Walnut Grove Avenue, P. O. Box 800, Rosemead, California 91770 or 626-302-2662. Additionally, to resume the mailing of individual copies of future annual reports, proxy statements, proxy statements combined with a prospectus, and information statements to a particular shareholder, you may contact Wells Fargo Bank, N.A., Attn: Householding, P. O. Box 64854, St. Paul, Minnesota 55164-0854, or at 800-347-8625, and your request will be effective within 30 days after receipt. After the Annual Meeting, you may request householding of these documents, by providing Wells Fargo Bank at the address provided directly above with a written request to eliminate multiple mailings. The written request must include names and account numbers of all shareholders consenting to householding for a given address and must be signed by those shareholders.

Additionally, the Companies have been notified that certain banks, brokers and other nominees will household the Companies' annual reports and proxy statements for shareholders who hold in street name and have consented to householding. In this case, you may request an individual copy of this Joint Proxy Statement and/or the applicable 2006 Annual Report by contacting your bank, broker or other nominee.

**ELECTRONIC ACCESS TO PROXY STATEMENTS AND ANNUAL REPORTS**

This Joint Proxy Statement and the Edison International and SCE 2006 Annual Reports are available on Edison International's Internet website at [www.edisoninvestor.com](http://www.edisoninvestor.com). Certain shareholders can view future shareholder communications including proxy statements and annual reports over the Internet instead of receiving paper copies in the mail and save the Companies the cost of producing and mailing these documents.

If you are a 401(k) Plan shareholder, and you use Company e-mail in the ordinary course of performing your job and are expected to log-on to e-mail routinely to receive mail and communications, Edison International intends to deliver proxy statements and annual reports to you electronically for every shareholders' meeting. Instructions to access these reports electronically has been or will be provided. **You may also request paper copies at no charge by contacting the SCE Law Department, Corporate Governance, 2244 Walnut Grove Avenue, P. O. Box 800, Rosemead, California 91770 or 626-302-2662.**

If you hold shares in street name, check the information provided by the nominee holding your shares for instructions on how to elect to view future proxy statements and annual reports over the Internet. Your bank, broker or other nominee will receive notice containing the Internet address to use to access Edison International's and SCE's Proxy Statement and Annual Reports.

For all shareholders, although there are no Edison International or SCE fees or charges for this service, there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, for which you will be responsible.

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**ELECTION OF DIRECTORS**

*Item 1 on Proxy Card*

**NOMINEES FOR ELECTION**

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

The nominees for Directors of Edison International and SCE are the same, except for Mr. Fohrer who is a nominee for the SCE Board only. A brief biography of each nominee describing his or her business experience during the past five years and other prior relevant business experience is presented below.

**JOHN E. BRYSON**

**Chairman of the Board, President and Chief Executive Officer of Edison International and Chairman of the Board of SCE (since 2003); Chairman of the Board, President and Chief Executive Officer of Edison International and Chairman of the Board of EME (2000 2002); Chairman of the Board and Chief Executive Officer of Edison International and SCE (1990 1999)**

Mr. Bryson has been a Director of Edison International since 1990. He was a Director of SCE from 1990 through 1999, and since 2003. He is a Director of The Boeing Company and The Walt Disney Company. Mr. Bryson is a graduate of Stanford University and Yale Law School. Age 63.

**VANESSA C.L. CHANG**

**Principal of EI & EI Investments (a private real estate investment business) (since 1999); Chief Executive Officer and President of ResolveItNow.com (an online dispute resolution service) (2000-2002); Senior Vice President of Secured Capital Corporation (real estate investment bank) (1998); Partner at KPMG Peat Marwick LLP (1986-1997)**

Ms. Chang is being nominated for the first time to serve as a Director of Edison International and SCE. She is a Director or Trustee of three funds in the American Funds family, advised by Capital Research and Management Company. Ms. Chang is a graduate of the University of British Columbia. Age 54.

**FRANCE A. CORDOVA**

**Chancellor, University of California, Riverside (since 2002); Vice Chancellor for Research, University of California, Santa Barbara (1996 2002)**

Dr. Córdova has been a Director of Edison International and SCE since 2004. She is a Director of Belo Corporation. Dr. Córdova is a graduate of Stanford University and holds a Ph.D. in physics from the California Institute of Technology. Age 59.

**CHARLES B. CURTIS**

**President and Chief Operating Officer of the Nuclear Threat Initiative (a private foundation dealing with national security issues) (since 2001); Executive Vice President of the United Nations Foundation (2001); Partner of the law firm of Hogan & Hartson (1997 to 1999); Deputy Secretary of the U.S. Department of Energy (1995 to 1997); Under Secretary of the U.S. Department of Energy (1994 to 1995); Chairman of the Federal Energy Regulatory Commission (1977 to 1981)**

Mr. Curtis has been a Director of Edison International and SCE since 2006. He is a Trustee of The Putnam Funds, a family of 107 equity and fixed income mutual funds. Mr. Curtis is a graduate of the University of Massachusetts, Amherst, and Boston University Law School. Age 67.

**ALAN J. FOHRER\***

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**Chief Executive Officer of SCE (since 2003); Chairman of the Board and Chief Executive Officer of SCE (2002); President and Chief Executive Officer of EME (2000 - 2001); Executive Vice President and Chief Financial Officer of Edison International (1996 - 2000)**

Mr. Fohrer has been a Director of SCE since 2002. Mr. Fohrer holds two degrees in civil engineering from the University of Southern California, and received his MBA degree from California State University, Los Angeles. Age 56.

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\* Alan J. Fohrer is a nominee for Director of SCE only.

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### **BRADFORD M. FREEMAN**

**Founding Partner, Freeman Spogli & Co. (private investment company) (since 1983); Managing Director of Dean Witter Reynolds, Inc. (brokerage firm) (1976-1983)**

Mr. Freeman has been a Director of Edison International and SCE since 2002. He is a Director of CB Richard Ellis Group, Inc. Mr. Freeman is a graduate of Stanford University, and holds an MBA degree from Harvard Business School. Age 65.

### **LUIS G. NOGALES**

**Managing Partner of Nogales Investors, LLC (private equity investment company) (since 2001); President of Nogales Partners (a private equity investment company) (1990 2001); President of Univision (Spanish language television network) (1986 1988); Chairman and Chief Executive Officer of United Press International (communications) (1983 1986)**

Mr. Nogales has been a Director of Edison International and SCE since 1993. He is a Director of Arbitron Inc., and KB Home. Mr. Nogales is a graduate of San Diego State University and Stanford Law School. Age 63.

### **RONALD L. OLSON**

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

Mr. Olson has been a Director of Edison International and SCE since 1995. He is a Director of Berkshire Hathaway, Inc., City National Corporation, The Washington Post Company, and a Director/Trustee for three funds in the Western Asset funds complex. Mr. Olson is a graduate of Drake University and University of Michigan Law School and holds a Diploma in Law from Oxford University. Age 65.

### **JAMES M. ROSSER**

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

Dr. Rosser has been a Director of SCE since 1985 and a Director of Edison International since 1988. Dr. Rosser holds three degrees from Southern Illinois University. Age 68.

### **RICHARD T. SCHLOSBERG, III**

**Retired President and Chief Executive Officer of The David and Lucile Packard Foundation (private family foundation) (1999 2004); Publisher and Chief Executive Officer, Los Angeles Times (newspaper) (1994 1997); Executive Vice President and Director, The Times Mirror Company (media communications) (1994 1997)**

Mr. Schlosberg has been a Director of Edison International and SCE since 2002. He is a Director of eBay Inc. and BEA Systems, Inc. Mr. Schlosberg is a graduate of the United States Air Force Academy, and holds an MBA degree from Harvard Business School. Age 63.

### **ROBERT H. SMITH**

**Robert H. Smith Investments and Consulting (banking and financial-related consulting services) (since 2003); Managing Director of Smith & Crowley, Inc. (merchant banking) (1992 2003); Chairman of the Board and Chief Executive Officer of Security Pacific Corporation (1990-1992); President, Chief Executive Officer and Director of Security Pacific National Bank (1987-1992)**

Mr. Smith has been a Director of SCE since 1987, and a Director of Edison International since 1988. He is a Director of Commerce National Bank. Mr. Smith is a graduate of the University of Southern California and holds a Law degree from Van Norman University. Age 71.

### **THOMAS C. SUTTON**

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

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Mr. Sutton is expected to retire as Chief Executive Officer of Pacific Life Insurance Company in April 2007 but will continue as Chairman of the Board. Mr. Sutton has been a Director of Edison International and SCE since 1995. He is Chairman of two funds in the Pacific funds complex. Mr. Sutton is a graduate of the University of Toronto. Age 64.



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**QUESTIONS AND ANSWERS ON CORPORATE GOVERNANCE**

**Q: How are potential Director nominees identified and selected by the Boards to become nominees?**

A: It is the responsibility of the Edison International and SCE Nominating/Corporate Governance Committees to recommend Director candidates to their respective Boards. The Committees are comprised of independent directors under the New York Stock Exchange rules.

It is the policy of the Committees to consider Director candidates recommended to the Committees by shareholders. For Committee consideration, shareholder suggestions for Director candidates must be submitted in writing to the Corporate Secretary of Edison International and/or SCE and include (i) the shareholder's name and address, as they appear on the corporation's books, or a written statement from the record holder of the shares (usually a broker or bank) showing the class and number of shares beneficially owned, (ii) the name, age, and business and residence addresses of the candidate, (iii) the principal occupation or employment of the candidate, (iv) the class and number of shares of Edison International and SCE beneficially owned by the candidate, (v) a written description of any direct or indirect business relationships or transactions within the last three years between Edison International and its subsidiaries and senior management, on the one hand, and the candidate and his or her affiliates and immediate family members, on the other hand, (vi) any other information concerning the nominee required under SEC rules to be in a proxy statement soliciting proxies for the election of the nominee, (vii) a consent signed by the candidate to serve as a Director if elected, and (viii) a written description, together with any supporting materials, of the qualifications, qualities and skills of the candidate that the shareholder deems appropriate to submit to the Committees to assist in their consideration of the candidate. In identifying potential Director nominees, the Committees also consider suggestions made by the respective Companies' Board members and senior management. Ms. Chang's nomination was recommended by a non-management Director.

There are no differences in the manner in which the Committees evaluate a Director candidate based on whether the candidate is recommended by a shareholder. After the Committees receive a recommendation for a potential Director nominee, the Committees consider the information provided to them from the source who recommended the candidate. For the Committees to recommend a Director nominee, the candidate must at a minimum possess the qualifications, qualities and skills set forth in the Companies' respective Corporate Governance Guidelines, including:

A reputation for integrity, honesty and adherence to high ethical standards;

Experience in a generally recognized position of leadership; and

The demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company.

The Committees also consider other factors and information in their evaluation of potential Director nominees, including the Boards' current need for additional members, the candidate's potential for increasing the Boards' range of business experience, desirable skills and diversity, the candidate's independence, and other factors the Committees deem appropriate. If based on this preliminary evaluation the Committees determine to continue their consideration of a candidate, one or more members of the Committees, and others as determined by the Committees, interview the candidate. After the interview, the Committees conduct any further research on the candidate that they deem appropriate. The Committees then determine whether to recommend to the Companies' respective Boards that the candidate be a Director nominee. The Companies' respective Boards consider the Committees' recommendations and determine whether to nominate any candidate for election.

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**Q: Is SCE subject to the same stock exchange listing standards regarding corporate governance matters as Edison International?**

A: No. Edison International is listed on the New York Stock Exchange, and is subject to its listing standards on corporate governance and other matters. SCE is listed on the American Stock Exchange. However, the American Stock Exchange only requires certain listed issuers to comply with designated corporate governance standards for Board and Board Committee composition including director independence, the director nominations process, and the process to determine executive compensation. SCE is exempt from these rules as a controlled company because over 50% of its voting power is held by its parent company, Edison International, and, because it has listed only preferred stock on the exchange.

**Q: How do the Edison International and SCE Boards determine which Directors are considered independent?**

A: Under the New York Stock Exchange listing standards, the Edison International Board is required to consist of at least a majority of independent Directors. Under the Companies' Corporate Governance Guidelines, both Companies' Boards are required to consist of at least a majority of independent Directors. Additionally, the Boards' Audit, Compensation and Executive Personnel, and Nominating/Corporate Governance Committees are required to be fully comprised of independent Directors. The Guidelines include categorical standards to assist in determining whether each Director has a material relationship with the Companies (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that would cause the Director not to be independent. Additionally, to be a member of a Board Committee required to be comprised of independent Directors, Directors may have to meet additional requirements contained in their Committee Charters to be considered independent. The Companies' Corporate Governance Guidelines and Board Committee Charters are posted on Edison International's Internet website at [www.edisoninvestor.com](http://www.edisoninvestor.com), under Corporate Governance, and are available in print upon request from the Edison International or SCE Corporate Secretary.

Under the Guidelines, no Director will be considered independent if he or she has a relationship with the Companies that would be deemed disqualifying under New York Stock Exchange listing standards for purposes of a determination of independence. Directors who are not so disqualified from being independent will be determined by the Boards to be independent unless a Director otherwise has a material relationship with Edison International, SCE, or any of their subsidiaries. The Boards have determined that the following relationships are not considered material for purposes of determining Directors' independence:

1. Discretionary charitable contributions by the Company to a non-profit entity (including an educational or other institution) with which the director or an immediate family member is currently or was since the beginning of the preceding calendar year affiliated as a director, officer, trustee, or employee, or otherwise, if (a) the Company's total contributions to the entity in the entity's preceding fiscal year were less than 1% of the entity's reported consolidated gross revenues for that fiscal year (the Company's matching of employee contributions shall not be included in the amount of the Company's contributions for this purpose), and (b) the contributions did not result in any direct financial benefit to the director or an immediate family member;
2. Payments made by the Company to an entity with which the director or an immediate family member is currently or was since the beginning of the preceding calendar year affiliated as a director, officer, trustee, or employee, or otherwise, or payments received by the Company from such an entity, for property or services, if (a) the total amount of the payments made or received in the entity's preceding fiscal year was less than 1% of the entity's reported consolidated gross revenues for that fiscal year, (b) the payments did not result in a direct financial benefit to the director or an immediate family member, and (c) the director and any immediate family members do not, and did not in the entity's preceding fiscal year, directly or indirectly own, in the aggregate, more than 10% of the entity;

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3. Other than ownership of debt securities which are covered by Standards 4 and 5 below, indebtedness of the Company owed to, or indebtedness owed to the Company by, an entity with which the director or an immediate family member is currently or was since the beginning of the preceding calendar year affiliated as a director, officer, trustee, or employee, or otherwise, if (a) the total amount of indebtedness in the entity's preceding fiscal year was less than 1% of the entity's reported consolidated gross assets at the end of the fiscal year, and (b) the indebtedness did not result in any direct financial benefit to the director or an immediate family member;
4. Direct or indirect current ownership or ownership since the beginning of the preceding calendar year by the director or an immediate family member (including ownership by an entity with which the director or an immediate family member is currently or was affiliated as a director, officer, trustee, or employee, or otherwise) of equity or debt securities of the Company, if the director or immediate family member has received no extra benefit not shared on a pro rata basis by other security holders;
5. Direct or indirect current ownership or ownership since the beginning of the preceding calendar year by the Company of equity or debt securities of an entity with which the director or an immediate family member is currently, or was at the time of ownership, affiliated as a director, officer, trustee, or employee, or otherwise, if (a) the total amount of the entity's equity or debt securities owned by the Company did not exceed 5% of the entity's outstanding equity or debt securities, respectively, at any time since the beginning of the preceding calendar year, and (b) the Company received no extra benefit not shared on a pro rata basis by other security holders;
6. Gifts, perquisites, and other similar transactions between the Company and the director or an immediate family member that did not provide an aggregate direct or indirect financial benefit or value of more than \$5,000 to the director and immediate family members in the preceding calendar year;
7. The Company's employment in any capacity of an immediate family member of the director, if the direct and indirect compensation paid to the director's immediate family member in the preceding calendar year was \$120,000 or less;
8. Payments made to the Company by an entity with which the director or an immediate family member is currently or was since the beginning of the preceding calendar year affiliated as a director, officer, trustee, or employee, or otherwise, if in the entity's preceding fiscal year, the payments involved the Company's rendering of services as a public utility at rates or charges fixed in conformity with law or governmental authority and were in an amount that did not exceed the greater of \$1,000,000 or 2% of that entity's consolidated gross revenues as reported by that entity for that fiscal year;
9. Equity or debt investments directly or indirectly currently held, or were held since the beginning of the preceding calendar year, by the director or an immediate family member in an entity with which an executive officer of the Company is currently, or since the beginning of the preceding calendar year was, affiliated as a director, officer, trustee or employee, or otherwise, if (a) the investments of the director and any immediate family member, and the executive officer of the Company, respectively, do not exceed 10% of the outstanding debt or equity securities, respectively, of the entity, (b) the executive officer of the Company is not an executive officer of the entity, and (c) the aggregate investments represent less than 10% of the net worth of each investor;
10. Service since the beginning of the preceding calendar year by an officer of the Company as a director or trustee (or similar position) of an entity where the director or an immediate family member serves as an executive officer, if the officer (a) is or was not an executive officer of the

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Company, and (b) does not or did not have his or her annual compensation approved by any compensation committee of the Company of which the director or immediate family member is or was a member;

11. The director's receipt of vested and non-forfeitable equity-based benefits and retirement benefits under qualified plans as a result of prior employment with the Company;
12. As to immediate family members, any relationship between the Company and another entity with which the immediate family member is or has been employed in a non-executive officer capacity; and
13. As to directors and immediate family members, any other relationship if the relationship has not existed or occurred since the beginning of the preceding calendar year.

For purposes of the categories of relationships described in the above paragraphs:

Company means Edison International, SCE, and their consolidated subsidiaries;

executive officer has the same meaning specified for the term officer in Rule 16a-1(f) under the Securities Exchange Act of 1934; and

immediate family member of a Director means his or her spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and anyone (other than domestic employees) who shares the Director's home; provided, that an individual shall not be deemed an immediate family member if the individual is no longer related to a Director as a result of legal separation, divorce, death, or incapacitation.

For relationships not prohibited by New York Stock Exchange rules and also not covered under the preceding categories of immaterial relationships, the determination of whether a relationship is material or not, and therefore whether a Director is independent or not, is made in good faith by the Directors, provided that the Director whose relationship is under consideration abstains from the vote regarding his or her independence.

**Q: Which Directors have the Edison International and SCE Boards determined are independent?**

A: The Boards have determined that Directors Córdova, Curtis, Freeman, Nogales, Schlosberg, Smith, and Sutton, and Director nominee Chang, have no material relationships with the Companies and, therefore, are independent. The Boards previously determined that Mr. Karatz, who resigned as a Director of Edison International and SCE on November 13, 2006, had no material relationships with the Companies and was independent. The relationships between the Companies, on the one hand, and their independent Directors, on the other hand, met the pre-established categories of immaterial relationships set by the Boards.

**Q: How many times did the Companies' Boards meet in 2006 and who is the Lead Director for executive sessions of the non-employee and independent Directors?**

A: During 2006, the Edison International Board met 8 times and the SCE Board met 7 times. During 2006, each current Director attended 75% or more of all Edison International and SCE Board and applicable Committees' and Subcommittees' meetings he or she was eligible to

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attend. The Edison International Board and the SCE Board also held 6 executive sessions of the non-employee Directors and one executive session of the independent Directors only. The Lead Director for these sessions, who must be independent, is designated by the non-employee Directors on an annual basis and when a vacancy occurs. Mr. Nogales was designated as the Lead Director in April 2006, and served as the Lead Director for all such sessions held in 2006. The Lead Director's name is posted on Edison International's Internet website at [www.edisoninvestor.com](http://www.edisoninvestor.com), under Corporate Governance.

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**Q: Do the Companies have a policy on attendance of Director nominees at annual shareholders meetings?**

A: Director nominees are expected to attend annual meetings of the Companies shareholders. All 2006 Director nominees of the respective Companies attended the 2006 annual meeting.

**Q: How may I communicate with the Boards?**

A: Shareholders and other interested parties may communicate their concerns, including concerns relating to accounting, internal accounting controls, auditing, ethics, fraud, or legal or regulatory compliance matters, to any individual Director, including the Lead Director, the Directors as a group, the Audit Committees, or any other group of Directors. Such parties may do so by calling the Companies independent helpline at 800-877-7089, the toll-free number posted on the Companies website, and asking the helpline provider to transmit the communication to the applicable Directors, or by sending the communication in writing, addressed to the applicable Directors, in care of the Corporate Secretary at the principal executive office of the Companies. If the communication is delivered via the helpline, it will be forwarded to the Chair of the Audit Committees, who will determine the method of communication to the applicable Directors. If the communication is delivered care of the Corporate Secretary, the Corporate Secretary will review it and will forward complaints or concerns about accounting, internal accounting controls, auditing, ethics, fraud, or legal or regulatory compliance matters to the Chair of the Audit Committees. The Corporate Secretary will forward any other communication that, in the opinion of the Corporate Secretary, deals with the functions of the Boards of Directors to the Director or group of Directors to whom it is addressed. The Corporate Secretary will not, however, forward communications unrelated to the functions of the Boards of Directors, such as individual customer complaints, mass mailings, new product or service suggestions, resumes and other forms of job inquiries, business solicitations, advertisements or surveys.

**Q: Does Edison International have a policy on shareholder rights plans?**

A: Yes. Edison International's previously existing shareholder rights plan expired by its terms on November 21, 2006. On February 26, 2004, the Edison International Board adopted the following policy on shareholder rights plans:

The Edison International Board would seek prior shareholder approval of the adoption of any new shareholder rights plan unless, due to timing constraints or other reasons consistent with the fiduciary duties of Edison International's Board of Directors, a committee consisting solely of independent Directors determines that it would be in the best interests of Edison International's shareholders to adopt the plan before obtaining shareholder approval. Any rights plan hereafter adopted by Edison International's Board of Directors without prior shareholder approval shall automatically terminate on the first anniversary of the adoption of the plan unless, prior to such anniversary, the plan shall have been approved by Edison International's shareholders.

**BOARD COMMITTEES AND SUBCOMMITTEES**

Edison International and SCE have standing Audit, Compensation and Executive Personnel, Executive, Finance, and Nominating/Corporate Governance Committees. Additionally, SCE has a Pricing Committee, and both Companies have subcommittees of the Compensation and Executive Personnel Committee. The Committees' charters are posted on Edison International's Internet website at [www.edisoninvestor.com](http://www.edisoninvestor.com), under Corporate Governance, and are available in print upon request from the Edison International or SCE Corporate Secretary. The following table describes the Boards' committees and subcommittees.

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COMMITTEE OR SUBCOMMITTEE NAME AND CURRENT MEMBERS	COMMITTEE AND SUBCOMMITTEE FUNCTIONS	NUMBER OF MEETINGS IN 2006
<b>Audit Committees<sup>(1)</sup></b> Thomas C. Sutton, Chair	Appoints the independent registered public accounting firm.	Edison International: 7
Bradford M. Freeman Luis G. Nogales Richard T. Schlosberg, III	Assists the Boards in their oversight of 1) the integrity of financial statements, 2) systems of disclosure and internal control regarding finance, accounting, legal compliance and ethics that management and the Boards have established, 3) compliance with legal and regulatory requirements, 4) the qualifications and independence of the independent registered public accounting firm retained for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and 5) the performance of the independent registered public accounting firm and of the internal audit function.  Meets regularly with management, the independent registered public accounting firm, and the internal auditors to make inquiries regarding the manner in which the responsibilities of each are being discharged.	SCE: 7
Robert H. Smith	Recommends to the Boards Audit Committee charter revisions and the inclusion of the year-end audited financial statements in the Annual Reports on Form 10-K.	
	Reviews with the independent registered public accounting firm the scope of audit and other engagements and the related fees, their independence, the adequacy of internal accounting controls, and the year-end audited financial statements.	
	Produces annually a report on certain committee actions for the proxy statement.	

<sup>(1)</sup> The respective Companies' Boards have determined that Mr. Sutton is a financial expert under SEC guidelines and is independent under the New York Stock Exchange listing standards.

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COMMITTEE OR SUBCOMMITTEE NAME AND CURRENT MEMBERS	COMMITTEE AND SUBCOMMITTEE FUNCTIONS	NUMBER OF MEETINGS IN 2006
<b>Compensation and Executive Personnel</b>	Reviews the performance and sets the compensation of designated elected officers, including the Executive Officers.	Edison International: 5
<b>Committees</b>		
Robert H. Smith, Chair	Reviews Director compensation for consideration and action by the Boards.	SCE: 5
Bradford M. Freeman		
Luis G. Nogales	Approves the design of executive and Director compensation programs, plans and arrangements.	
Richard T. Schlosberg, III		
Thomas C. Sutton	May elect designated officers and determine their compensation.	
	Produces annually a report on executive compensation for the proxy statement.	
<b>Executive Committees<sup>(2)</sup></b>		
<b><u>Edison International</u></b>	Has all the authority of the Boards between meetings except to the extent limited by the California General Corporation Law.	Edison International: 1
John E. Bryson, Chair		
Ronald L. Olson		SCE: 0
James M. Rosser		
Thomas C. Sutton		
<b><u>SCE</u></b>		
John E. Bryson, Chair		
Alan J. Fohrer		
Ronald L. Olson		
James M. Rosser		
Thomas C. Sutton		



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### Finance Committees<sup>(3)</sup>

	Regularly reviews the financial structure of their respective companies.	Edison International: 2
Luis G. Nogales, Chair		
France A. Córdova	The Edison International Finance Committee reviews the financing plans, capital structure, credit ratings and trust investments for Edison International and its nonutility subsidiaries, and approves certain investments.	
Charles B. Curtis		SCE: 2
Ronald L. Olson		
James M. Rosser	The SCE Finance Committee reviews and approves the annual capital budget, the five-year capital expenditure outlook, financing plans, capital structure, credit ratings and trust investments of SCE, and approves certain capital projects.	

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<sup>(2)</sup> Mr. Karatz served as a member of the Executive Committees until November 13, 2006.

<sup>(3)</sup> Mr. Freeman served as a member of the Finance Committees until October 25, 2006, when Mr. Karatz became a member until November 13, 2006.

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COMMITTEE OR SUBCOMMITTEE NAME AND CURRENT MEMBERS	COMMITTEE AND SUBCOMMITTEE FUNCTIONS	NUMBER OF MEETINGS IN 2006
<b>Nominating/Corporate Governance Committees<sup>(4)</sup></b>	Periodically consults with management, reviews shareholder recommendations for Director nominees, and identifies and makes recommendations regarding Board composition and selection of candidates for election.	Edison International: 5
Richard T. Schlosberg, III, Chair		
France A. Córdova	Periodically reviews and recommends updates to the Corporate Governance Guidelines applicable to their respective companies.	SCE: 5
Charles B. Curtis		
Bradford M. Freeman		
Robert H. Smith	Advises the Boards with respect to corporate governance matters.	
	Oversees the evaluation of the Boards and Committees.	
	Reviews certain related party transactions.	
<b>Pricing Committee<sup>(5)</sup></b>	Determines the final terms of any offering, issuance, or sale of Preferred Stock of SCE, in either a private placement or registered offering duly authorized and approved by the SCE Board.	SCE: 0; Took action only by unanimous written consent
John E. Bryson		
Alan J. Fohrer		
Luis G. Nogales (alternate member)		
<b>Compensation and Executive Personnel Subcommittees</b>	May elect designated officers and determine their compensation.	Edison International/ SCE: 0; Took action only by unanimous written consent
Robert H. Smith, Chair	May handle certain substantive and administrative tasks related to executive compensation.	
At least one Compensation and Executive Personnel		

Committee member

appointed by Committee

Chair

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(4) Mr. Karatz served as a member of the Nominating/Corporate Governance Committees until November 13, 2006.

(5) The Chair of the SCE Finance Committee serves as an alternate member.

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**COMPENSATION DISCUSSION AND ANALYSIS**

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to the principal executive officers, the principal financial officers, and the other three most highly compensated Executive Officers of Edison International and SCE. These individuals are referred to as the Named Officers in this Joint Proxy Statement.

The executive compensation programs are determined and approved by the Compensation and Executive Personnel Committees of the Companies Boards of Directors (each a Committee). None of the Executive Officers is a member of either Committee. Mr. Bryson provides the Committees with recommendations regarding the compensation of other Executive Officers, including his recommendations for the compensation of Messrs. Craver, Fielder, Fohrer and McDaniel, and the recommendations jointly developed by these officers and himself for the compensation of Mr. Noonan and the remaining Executive Officers. The Companies respective Committees review these recommendations and determine and approve final compensation. In executive session, the Edison International Committee determines and approves Mr. Bryson's compensation.

**Executive Compensation Program Objectives and Overview**

Edison International's and SCE's current executive compensation programs are intended to achieve three fundamental objectives: (1) attract and retain qualified executives, (2) focus executives' attention on specific strategic and operating objectives of the Companies, and (3) align executives' interests with the long-term interests of the Companies' shareholders and, for SCE, its ratepayers. The material elements of the Companies' current executive compensation programs for Named Officers include base salary, annual bonus, long-term incentives, retirement benefits, severance benefits, survivor and disability benefits, and perquisites. The Companies believe that each element of the executive compensation program is appropriately structured to help achieve one or more of the compensation objectives described above.

While some of the compensation program elements, such as base salary and annual bonus, are earned and payable on a short-term or current basis, other elements are earned and payable over a longer term or in some cases upon retirement or other termination of employment. Additionally some of the program elements are paid in cash while others are paid in the form of Edison International Common Stock. Some components of compensation are earned based on annual Company and individual performance, others on the long-term performance of the Edison International stock price and the Companies' total shareholder return performance compared to the Companies' peer group of companies, and some based on continued employment. It is believed that the carefully crafted mix of values and interests which make up the Companies' executive compensation program are conducive to meeting the three executive compensation objectives stated above.

The target value of the executive compensation package for each Named Officer is set at approximately the median level for that position among the Companies' respective peer group companies. All elements of executive compensation are regularly benchmarked against executive compensation in peer companies. Base salary, annual bonus, and long-term incentive compensation are benchmarked annually while other employee benefits and perquisites are benchmarked at least every three years.

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<sup>(1)</sup> For Edison International, the Named Officers for 2006 are John E. Bryson, Theodore F. Craver, Jr., John R. Fielder, Alan J. Fohrer and Thomas R. McDaniel. For SCE, the Named Officers for 2006 are John E. Bryson, John R. Fielder, Alan J. Fohrer, Thomas M. Noonan and Mahvash Yazdi.

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The Committees retain George B. Paulin, Chairman and CEO of Frederic W. Cook & Company, Inc. as their independent compensation consultant to identify industry trends and norms, to review and identify the appropriate peer group companies, and to evaluate relevant executive compensation data for these companies. The Committees selected the Philadelphia Utility Index minus AES Corporation plus Sempra Energy as Edison International's and SCE's peer group companies for 2006. This peer group is the same group of companies used last year. AES Corporation was excluded from the group because its mix of business revenues differs significantly from that of Edison International and the other companies in the group, and Sempra Energy was added due to its California nexus. Although the peer group differs from the Dow Jones U.S. Electricity Index (depicted in the Stock Performance Graph included as part of Edison International's 2006 Annual Report to Shareholders), all of the companies in the peer group are included in the index, and the Companies believe the constitution of the peer group provides relevant comparative compensation data for Edison International and SCE.

Because compensation provided under the executive compensation program is based on the Companies' and each Named Officer's performance and on the compensation awarded annually by peer group companies, amounts realized from prior compensation awarded to the Named Officers are not generally factored in.

### **Current Executive Compensation Program Elements**

#### **Base Salaries**

Like most companies, Edison International's and SCE's policy is to pay Named Officers' base salaries in cash. To accommodate any Named Officers who may prefer to receive a portion of their base salaries on a tax-advantaged deferred basis, the Companies offer Named Officers the choice to elect to defer the receipt of up to 75% of their base salaries under the Executive Deferred Compensation Plan described in the Non-Qualified Deferred Compensation section below.

Named Officers do not have a contractual right to receive a fixed base salary. Edison International and SCE annually review the base salary for each Named Officer to set base salaries for the upcoming twelve months. In prior years, this occurred at the end of each calendar year for the upcoming year. In 2006 this review was moved to February in order to consolidate the determination of salaries, long-term incentive awards and annual bonus awards.

The Companies' general policy is to set base salary guidelines for each position at approximately the median level for comparable executives at the Companies' peer group companies. Notwithstanding this general policy, the Committees have the ability to, and do, exercise discretion to increase or decrease a particular Named Officer's base salary for any year based on their judgment of the officer's individual performance in the prior year and the performance of Edison International and SCE. In determining the appropriate 2006 base salary for each Named Officer, the Committees considered the base salaries earned by comparable executives at the Companies' peer group companies, each Named Officer's individual performance during the prior fiscal year, and the performance of Edison International and SCE. The base salary that was paid to each Named Officer in 2006 is the amount reported for such officer in Column (c) of the Summary Compensation Table Fiscal 2006 below. Mr. Bryson's salary was 8% above the median for CEOs in the peer group, and Mr. Fohrer's salary was 4% above the median for utility heads in the peer group. The salaries awarded to them by the Committees reflected the outstanding performance of the Companies during the past several years and the Committees' assessment of the effectiveness of their leadership in attaining that performance.

#### **Annual Bonuses**

Edison International's and SCE's policy is to pay any annual bonuses earned by the Named Officers in cash. To accommodate any Named Officers who may prefer to receive any bonuses they may earn on a tax-advantaged deferred basis, the Companies offer Named Officers the choice to elect to defer up to 100% of their annual bonuses under the Executive Deferred Compensation Plan described in the Non-Qualified Deferred Compensation section below.

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Named Officers do not have a contractual right to receive a fixed bonus for any given fiscal year. Target and maximum potential bonus amounts for 2006 were set by the Committees in February 2006. In setting the potential targets and maximums, the Committees considered the target and actual amounts of bonuses awarded for past years to comparable executives at the Companies' peer group companies, in line with the Companies' policy of targeting Named Officers' compensation at approximately the median level of the Companies' peer group companies. The Committees determined the amount of each Named Officer's annual bonus earned for 2006 following the end of that fiscal year based on the results of Edison International's and SCE's performance and the performance of each Named Officer against specific objectives set at the beginning of the performance year. Some strategic objectives are not easily quantifiable, so the Committees did not use a formulaic approach or pre-assigned weightings when making their determination.

During 2006, eight general areas of focus and achievement were identified as the strategic goals for Edison International's Named Officers, each designed to implement and advance the Edison International strategic plan (initially outlined in Edison International's Business Overview and Strategy Report included as an exhibit to a current report on Form 8-K filed by Edison International with the SEC on October 13, 2004):

*(1) execute the SCE Capital Investment plan; (2) Execute EMG's plans for growth of its generation development and trading and marketing businesses; (3) develop and execute a plan for optimizing the value of EMG's generation portfolio, taking into account power and fuel market conditions, environmental costs and uncertainties, and trading and marketing opportunities; (4) advance a set of market rules that permit SCE to procure power efficiently and with minimal risk to Edison International shareholders; (5) achieve targeted core earnings, including specified per-share and baseline budget targets for SCE and EMG, respectively; (6) advance company-wide leadership and talent development programs to support the achievement of the Edison International strategic plan goals; (7) significantly enhance the effectiveness of the ethics and compliance program through employee training, communications programs, and compliance review processes; and (8) achieve 2006 safety, reliability, risk management, and other operational goals for SCE and EMG, with appropriate steps to ensure adherence to company values and accuracy in achievement measures.*

The 2006 strategic goals for SCE's Named Officers were grouped among six general areas focusing on *system reliability; energy resources; operational excellence and cost control; customer experience; leadership, talent and values; and meeting or exceeding investor expectations.*

Specific objectives within these areas included the following: (1) meeting construction schedules and planning and permitting targets for major transmission projects, executing the wires capital investment plan approved in the SCE General Rate Case and achieving a successful Federal Energy Regulatory Commission Rate Case outcome; (2) executing effective power procurement, securing reasonable long-term procurement rules, achieving prescribed energy efficiency savings levels and demand response capabilities, and meeting milestones for San Onofre Nuclear Generating Station (SONGS) steam generator replacement; (3) implementing selected process improvement initiatives, creating a solid foundation to enable industry-leading utilization of advanced metering infrastructure, achieving operational targets, meeting operational safety and regulatory performance goals for SONGS Units 2 and 3, enhancing SCE's safety performance through improved safety management practices and leadership training, and achieving a fair cost allocation for customers; (4) implementing programs and services to meet customer needs, thereby achieving increased levels of customer satisfaction; (5) advancing company-wide leadership and talent development goals supporting the achievement of SCE's 2006 goals and significantly enhancing the effectiveness of its ethics and compliance programs; and (6) achieving successful outcomes in the 2007 cost of capital proceeding and achieving targeted core earnings.

EMG's goals for 2006 included advancing company-wide leadership and talent development programs supportive of the Edison International strategic plan goals, addressing critical environmental issues, maintaining a disciplined growth strategy through execution of its California business plan and the development of renewable energy projects in accordance with its wind energy business plan, and developing hedging programs for 2006 and 2007 for its merchant plants consistent with its risk management policies.

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When the Committees met in February 2007 to evaluate the performance by each of the Companies and to determine 2006 annual incentive awards, the Committees reviewed the year's overall performance in light of the objectives identified at the beginning of the year as described above, and determined each Named Officer's annual bonus earned for 2006, which is the amount reported for such officer in Column (g) of the Summary Compensation Table Fiscal 2006 below. The Committees determined that as a result of actions taken and decisions made in 2006, SCE is positioned to increase its earnings base over the next five years beyond the original outlook in the 2004 strategic plan. Similarly, based on its 2006 performance, EMG is expected to surpass its core earnings per share forecast in the strategic plan. These substantial efforts toward favorable growth were complemented by programs and initiatives undertaken across the companies to develop a stronger, more productive corporate culture.

In 2006, SCE's implementation of its capital investment plan resulted in three transmission/substation projects being placed into service, eight major transmission projects proceeding in line with licensing and permitting phase targets, and recorded capital expenditures and work order closings exceeding planned levels. In the power procurement area, SCE executed 10 renewable energy contracts, including the nation's largest wind contract.

During 2006, EMG increased its wind energy growth prospects, including 342 MW of plants under construction, with other projects in development or under consideration. Execution of its California business plan was evidenced by the initiation of a landmark hydrogen project in Carson in collaboration with British Petroleum. In addition, with the emergence in 2006 of environmental concerns as significant drivers of costs and future prospects in the industry, the Illinois multi-pollutant settlement reached at year-end was a notable accomplishment.

The Edison International Committee approved a 2006 annual incentive award of \$1,936,000 for Mr. Bryson that was 80% of his maximum potential award. The SCE Committee approved a 2006 annual incentive award of \$684,000 for Mr. Fohrer that was 75% of his maximum potential award. In addition to evaluating Edison International's results, the Edison International Committee assessed Mr. Bryson's performance. Factors found to be particularly significant in 2006 for Mr. Bryson included his commitment to strengthening the corporate culture through culture change and ethics programs, his appreciation of the challenges and opportunities created by increasing environmental concerns, and his recognition of the critical importance of improving employee safety.

In addition to the successes mentioned above in the areas of capital investment and major construction projects, Mr. Fohrer's award reflected SCE's success in working toward securing reasonable long-term procurement rules. Although reluctantly concluding in June that it could not continue to pursue the resumed operation of its Mohave plant as an SCE asset, SCE was able to meet its goals for energy efficiency savings and demand response capability. Operational targets were met, important process improvement initiatives were advanced, and core earnings goals were achieved.

The 2006 annual incentive award for the other Named Officers averaged 70% of the maximum potential award at Edison International, 80% of the maximum potential award at SCE, and 75% of the maximum potential award at the other subsidiaries.

## **Long-Term Incentives**

Edison International's and SCE's policy is that the Named Officers' long-term incentives should be directly linked to the value provided to shareholders of Edison International Common Stock. Therefore, 100% of the Named Officers' long-term incentives is currently awarded in the form of equity instruments reflecting, or valued by reference to, Edison International's Common Stock. As in recent years, in 2006, 75% of each Named Officer's long-term incentive award value for 2006 was in the form of Edison International nonqualified stock options. The remaining portion of each Named Officer's long-term incentive award value for 2006 was in the

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form of Edison International performance shares. Named Officers have dividend equivalent rights with respect to stock options and performance shares awarded in 2006.

Grants of stock options and performance shares were made to the Named Officers in the first quarter of 2006. The target values of the long-term incentive awards for Named Officers were determined by the Committees based on the peer group median for long-term incentive awards and the officers' and Companies' performance. The grant dates of annual long-term incentive grants are always fixed in advance by the Edison International Committee; grant dates generally occur after the dates on which the Committee approves the values to be granted and the methodology for converting the values into the number of options and performance shares to be granted.

Edison International and SCE chose to award stock options in 2006 to ensure that Named Officers will realize value in this portion of their long-term award only if Edison International shareholders realize value on their shares and to ensure that the value realized by Named Officers will be commensurate with the value realized by shareholders from appreciation in the stock price and payment of dividends.

Performance shares were awarded in 2006 to ensure that Named Officers will realize value in this portion of their long-term award only if Edison International performs on a par with, or better than, the Companies' peer group companies. If Edison International performs below the 40<sup>th</sup> percentile of the peer group companies in total shareholder return over the three-year performance period, this portion of the award will have no value. Conversely, if Edison International performs above this level, the award will have value, increasing as the performance level increases.

The value of the options and performance shares earned in 2006 as determined under FAS 123R for purposes of the Companies' financial statements is shown in columns (e) and (f) of the Summary Compensation Table Fiscal 2006 below. The Grants of Plan-Based Awards in Fiscal 2006 table and related narrative Description of Plan-Based Awards section below provide additional detail regarding the performance shares and options granted to the Named Officers in 2006, including the estimated performance share payouts at different total shareholder return percentile rankings, and the vesting and other terms that apply to the performance shares and options.

## **Retirement Benefits**

Edison International and SCE provide retirement benefits to the Named Officers under the terms of qualified and non-qualified defined-benefit and defined-contribution retirement plans. The SCE Retirement Plan and 401(k) Plan are both tax-qualified retirement plans in which the Named Officers participate on substantially the same terms as the Companies' other participating employees. However, due to maximum limitations imposed by the Employee Retirement Income Security Act of 1974 ( ERISA ) and the Internal Revenue Code on the annual amount of a pension which may be paid under a qualified defined-benefit plan, on the maximum amount that may be contributed to a qualified defined-contribution plan, and on the maximum amount of salary that may be taken into consideration in calculating benefits under qualified plans, the benefits that would otherwise be payable to the Named Officers under the SCE Retirement Plan and the 401(k) Plan are limited. Because the Companies do not believe that it is appropriate for the Named Officers' retirement benefits to be reduced because of limits under ERISA and the Internal Revenue Code, the Companies have established non-qualified supplemental defined-benefit and defined-contribution retirement plans that permit the Named Officers to receive the full amount of benefits that would be paid under the Companies' qualified plans but for such limitations.

The Companies' non-qualified defined-benefit retirement plan is the Executive Retirement Plan. Named Officers' defined-benefit retirement values are calculated using their full salaries and annual bonuses. Their qualified plan benefits under the SCE Retirement Plan and under the profit sharing benefit feature of the 401(k) Plan and a portion of their Social Security benefits are then subtracted from their total retirement benefit values to arrive at the final benefits payable under the Executive Retirement Plan.



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The Executive Retirement Plan uses a formula for benefit calculation that involves a large reduction in value for termination prior to early retirement eligibility (age 55 with at least five years of service) and graded reductions for early retirement at ages prior to age 61. When SCE replaced such a formula with a cash balance approach for the qualified Retirement Plan, the Companies elected to keep the formula for executives because of this retention feature.

The Companies' non-qualified defined-contribution retirement plan is the Executive Deferred Compensation Plan. Under this plan, Named Officers are permitted to defer up to 75% of their base salaries and up to 100% of their annual bonuses, as well as long-term incentives otherwise payable in cash, including dividend equivalents and a portion of performance share awards. The Companies make a matching deferred contribution on the Named Officers' base salary deferrals in amounts that are intended to correspond to the matching contribution that would have been made under the 401(k) Plan and on the Named Officers' annual bonus deferrals at one-half the rate of matching contributions on salary. Some Named Officers previously were permitted to defer compensation under predecessor deferred compensation plans. Edison International and SCE believe that providing the Named Officers with deferred compensation opportunities is a cost-effective way to permit officers to receive the tax benefits associated with delaying income tax on the compensation deferred, even though the related deduction for the Companies is also deferred.

Amounts deferred under the non-qualified deferred compensation plans are credited with interest, as participants essentially are loaning to the Companies, as unsecured general creditors, the amounts they otherwise would have been paid in salary, bonuses or long-term incentive payouts. Interest credits under the Executive Deferred Compensation Plan, and for Mr. Bryson under the 1981A and 1985 Deferred Compensation Plans, are determined based on a Moody's corporate bond yield rate for public utility bonds for the previous 60 months. A portion of the interest credits on the Named Officers' deferrals under the plans is considered to be at above-market rates under SEC rules, and is therefore treated as additional compensation and reported in Column (h) of the Summary Compensation Table Fiscal 2006 below.

The Pension Benefits table and related narrative section Pension and Other Retirement Plans below describe Edison International's and SCE's qualified and non-qualified defined-benefit plans. The Non-Qualified Deferred Compensation table and related narrative section Non-Qualified Deferred Compensation Plans below describe Edison International's and SCE's non-qualified defined-contribution plans.

**Severance Benefits**

Edison International's and SCE's policy regarding severance protection for Named Officers stems from its importance in recruiting and retaining executives. In a competitive environment where executives are commonly being recruited from well-compensated positions in other companies or considering attractive opportunities with other companies, the Companies' plan providing one year's worth of compensation and other benefits if any officer is involuntarily severed without cause offers financial security to offset the risk of leaving another company or foregoing an opportunity with another company. Severance benefits are not generally offered for resignation for good reason or other constructive termination in the absence of a change in control. The Companies also provide severance protection for non-executive employees whose positions are eliminated.

The severance plan offers additional benefits in the event of a change of control of Edison International. The Companies believe that the occurrence, or potential occurrence, of a change-in-control transaction would create uncertainty regarding the continued employment of each Named Officer. This uncertainty would result from the fact that many change-in-control transactions result in significant organizational changes, particularly at the senior executive level. To encourage the Named Officers to remain employed with the Companies during a time when their prospects for continued employment following the transaction would be uncertain, and to permit them to remain focused on shareholders' and ratepayers' interests during the change in control, the Named Officers would be provided with enhanced severance benefits if their employment were actually or constructively

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terminated without cause in connection with a change in control. The change-in-control severance benefits for Messrs. Fielder and Noonan and Ms. Yazdi generally would be equivalent in value to two years' worth of salary, target bonus and benefits, while the change-in-control severance benefits for Messrs. Bryson, Craver, Fohrer, and McDaniel generally would be equivalent in value to three years' worth of salary, target bonus and benefits. The decision to provide certain Named Officers with potential severance benefits equivalent in value to two or three years' worth of target-level compensation was driven by the Companies' view that the most senior executives are the ones likely to face the most employment uncertainty in connection with a change in control transaction. Given that none of the Named Officers has an employment agreement that provides for fixed positions or duties, or for a fixed base salary or actual or target annual bonus, the Companies believe that a constructive termination severance trigger is needed to prevent potential acquirors from having an incentive to constructively terminate a Named Officer's employment to avoid paying any severance benefits at all. This is because without a constructive termination severance trigger, following a change in control, an acquiror could materially demote a Named Officer, materially reduce his or her salary and reduce or eliminate his or her annual bonus opportunity in order to force the Named Officer to terminate his or her own employment and thereby avoid paying severance.

As part of change-in-control severance benefits, Named Officers would be reimbursed for the full amount of any excise taxes imposed on their severance payments and any other payments under Section 4999 of the Internal Revenue Code and for all taxes due on the amount of that reimbursement. This excise tax gross-up provision is intended to preserve the level of change-in-control severance protections that the Companies have determined to be appropriate.

The Companies do not believe that Named Officers should be entitled to receive their cash severance benefits merely because a change-in-control transaction occurs. Therefore under the severance plan the payment of cash severance benefits would only be triggered by an actual or constructive termination of employment. However, if there were a liquidation, a sale of all or substantially all of the Companies' assets, or a merger or reorganization that resulted in a change in control where Edison International was not the surviving corporation, and following the transaction, outstanding equity awards would not be continued or assumed, then Named Officers would receive immediate vesting of their outstanding equity awards. Outstanding options would become immediately vested and exercisable, and the Named Officers' outstanding equity awards that had performance-based vesting conditions would become fully vested at target levels. Although this vesting would occur whether or not a Named Officer's employment terminated, the Companies believe it is appropriate to fully vest equity awards in change-in-control situations where the equity awards are not assumed, because such a transaction effectively ends the Named Officers' ability to realize any further value with respect to the equity awards.

### **Survivor and Disability Benefits**

The Companies would provide survivor benefits equivalent to two years' cash compensation (base salary plus bonus) to beneficiaries of participating Named Officers in the event of the officers' death during employment. The Executive Deferred Compensation Plan also provides a survivor benefit if a participant dies within ten years of becoming eligible to participate in the plan. The Executive Disability Plan provides for supplemental disability payments to maintain full salary for a disability period of up to one year.

These programs are designed to attract and retain executives by assuring a minimum level of income replacement in case of short-term disability and for survivors in the event of an executive's death. The Companies previously offered more generous pre- and post-retirement survivor benefits, supplemental retirement, and supplemental long-term disability benefits. One Named Officer retains these benefits and reimburses the company for the higher cost of these benefits by foregoing a portion of his base salary and retirement benefits, and one Named Officer retains a survivor benefit under the 1985 Deferred Compensation Plan.

The Potential Payments Upon Termination or Change in Control section below describes the payments that may be made to the Named Officers in connection with a termination of employment, death, disability or a change in control.

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### **Perquisites**

Edison International and SCE provide the Named Officers with certain perquisites, including estate and financial planning services, automobile-related benefits, and executive health services. In addition, club memberships, home security or spousal travel may be provided in some years to some Named Officers if deemed to serve a business purpose. Perquisites are benchmarked at least every three years and reviewed, revised and approved by the Committees.

The perquisites provided to each Named Officer in 2006 are reported in Column (i) of the Summary Compensation Table Fiscal 2006 below, and are further described in footnotes (5) and (6) to that table.

### **Subsequent Compensation Actions**

Under the terms of the Edison International Equity Compensation Plan, when the Named Officers received their 2006 long-term equity incentive awards, the exercise price for all nonqualified stock option grants was determined based on the average of the highest and lowest sales prices for Edison International Common Stock on the grant date. The Board amended the terms of that plan on October 26, 2006 to provide that the exercise price for all future option grants, commencing with grants made in 2007, will be equal to the closing price of a share of Edison International Common Stock on the grant date. This amendment aligns the Companies' practice with that endorsed by the new SEC disclosure rules.

In addition, if shareholders approve the Edison International 2007 Performance Incentive Plan, the Edison International Board has provided that no additional awards may be granted under the Equity Compensation Plan or under the 2000 Equity Plan after the Annual Meeting. The Option Gain Deferral Plan has also been terminated, and several changes were made to the long-term incentive program for the 2007 grants, including elimination of dividend equivalent rights from stock option grants and a cap of two times target on performance share payouts.

### **Stock Ownership Guidelines**

To underscore the importance of linking executive and shareholder interests, Edison International and SCE have adopted stock ownership guidelines that apply to all of the Named Officers. The guidelines require the Named Officers to own an amount ranging from two to five times their annual base salary in the form of Edison International Common Stock (or equivalents). The guideline for Mr. Bryson is five times his base salary, for Messrs. Craver, Fohrer and McDaniel three times their base salary, and for the remaining Named Officers two times their base salary. The Named Officers are expected to achieve their ownership targets within five years from the date they became subject to the guidelines. Edison International Common Stock owned outright and shares held in the 401(k) Plan are included in determining compliance with the guidelines. Shares that Named Officers have the right to acquire through the exercise of stock options are not included in the calculation of stock ownership for guideline purposes until such time as the options are actually exercised and the shares acquired.

### **Section 162(m) Policy**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to their chief executive officers and their other most highly compensated executive officers unless certain tests are met. Edison International's general intention is to design and administer its executive compensation programs to preserve the deductibility of compensation payments to Named Officers. Specifically, Edison International's current intention is to attempt to qualify any nonqualified stock options, performance shares and annual bonuses awarded to Named Officers in future years as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code, provided that the 2007 Performance Incentive Plan is approved by shareholders so that these awards may be made under a shareholder-approved plan. However, Edison International's goal of preserving the deductibility of compensation is secondary in importance to achievement of its compensation objectives.

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**COMPENSATION COMMITTEES**

**REPORT<sup>(1)</sup>**

The Edison International and SCE Compensation and Executive Personnel Committees have certain duties and powers as described in their charters. The Compensation and Executive Personnel Committees are currently composed of the five independent non-employee Directors named at the end of this report, each of whom is independent as defined by the New York Stock Exchange listing standards.

The Compensation and Executive Personnel Committees have reviewed and discussed with management the Compensation Discussion and Analysis section of this proxy statement. Based upon this review and the Committees' discussions, the Edison International and SCE Compensation and Executive Personnel Committees recommended to their respective Boards of Directors that the Compensation Discussion and Analysis section be included in the Edison International and SCE 2006 Annual Reports on Form 10-K.

**Compensation and Executive Personnel Committees of**

**the Edison International and SCE**

**Boards of Directors**

Robert H. Smith (Chair)	Richard T. Schlosberg, III
Bradford M. Freeman	Thomas C. Sutton
Luis G. Nogales	

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

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**COMPENSATION COMMITTEES**

**INTERLOCKS AND INSIDER PARTICIPATION**

Mr. Freeman became a Committee member on October 25, 2006 upon Mr. Karatz's resignation from the Committees. The other Committee members whose names appear on the Committees' Report above were Committee members during all of 2006. Under applicable SEC rules, there were no interlocks or insider participation on the Compensation and Executive Personnel Committees.

**PROCESSES AND PROCEDURES FOR CONSIDERATION AND DETERMINATION OF**

**EXECUTIVE AND DIRECTOR COMPENSATION**

The Edison International and SCE Compensation and Executive Personnel Committees have the authority to review and determine the compensation paid to the respective senior officers of Edison International and SCE, including the Companies' Chairmen of the Boards, Chief Executive Officers, Presidents, Chief Financial Officers, Vice Presidents, General Counsel, Controllers, Treasurers and Secretaries. The Compensation and Executive Personnel Committees generally determine each senior officer's compensation following an annual review of the officer's performance relative to the Companies' and individual goals and objectives. All of the Named Officers' compensation is reviewed and determined by the Compensation and Executive Personnel Committees. The Compensation and Executive Personnel Committees review and may make recommendations regarding the compensation paid to the respective non-employee Directors of Edison International and SCE. However, the compensation for these Directors of Edison International and SCE is determined by the respective Boards of Directors.

Each Board of Directors may delegate some or all of the Compensation and Executive Personnel Committees' authority to review and determine the compensation paid to the Companies' senior officers, except for the Companies' CEOs' compensation, to subcommittees consisting of at least two members of the Committees. However, neither Board of Directors has a current intention to delegate any of the Compensation and Executive Personnel Committees' authority with respect to determining Executive Officer compensation to any subcommittee other than certain compensation decisions with respect to Vice Presidents and less senior officers. As described above, Mr. Bryson provides recommendations to the Committees regarding the compensation of the other Executive Officers and of other officers with the rank of Vice President or higher, but the Committees make the final determination of compensation for Mr. Bryson and these other senior officers. In addition, under the Companies' Bylaws, the Chairman of the Board, and in the case of SCE also its Chief Executive Officer, may approve the salaries of non-senior officers of Edison International or SCE, as applicable (for example, Assistant Secretary).

The Compensation and Executive Personnel Committees have the sole authority to retain and terminate any compensation consultant engaged to assist in the evaluation of the compensation of the Companies' senior officers, including all of the Named Officers. The Compensation and Executive Personnel Committees have retained George B. Paulin, Chairman and CEO of Frederic W. Cook & Company, Inc. as the Committees' independent compensation consultant on all matters related to the Companies' executive compensation programs. The executive compensation consultant is responsible for ensuring that the Committees are aware of peer company norms and best practices for executive and Director compensation in order to make informed decisions that keep compensation in line with that at peer companies.

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The following table presents information regarding compensation of the Named Officers for service during 2006.

Name and Principal Position <sup>(1)</sup>	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)(6)</sup> (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
John E. Bryson, Chairman of the Board, President and CEO of Edison International and Chairman of the Board of SCE	2006	1,210,308		2,864,731	5,936,808	1,936,000	494,731	301,361	12,743,937
Alan J. Fohrer, CEO of SCE	2006	643,238		889,241	1,779,377	684,000	552,151	286,288	4,834,294
Thomas R. McDaniel, Executive Vice President, CFO and Treasurer of Edison International	2006	611,145		912,352	1,840,928	599,000	919,378	87,874	4,970,677
Theodore F. Craver, Jr., CEO of Edison Mission Group	2006	604,461		923,831	1,888,983	635,000	513,911	138,270	4,704,456
John R. Fielder, President of SCE	2006	408,015		317,313	707,172	425,000	569,227	72,000	2,498,726
Mahvash Yazdi, Senior Vice President and Chief Information Officer of Edison International and SCE	2006	364,247		300,669	605,182	301,000	245,239	62,511	1,878,848
Thomas M. Noonan, Senior Vice President and CFO of SCE	2006	291,002		167,170	368,463	272,000	218,132	69,130	1,385,897

<sup>(1)</sup> The principal positions shown are at December 31, 2006.

<sup>(2)</sup> Stock awards consist of performance shares granted under the Edison International Equity Compensation Plan. The performance share amounts shown in this Summary Compensation Table reflect the aggregate dollar amounts recognized in 2006 for financial statement reporting purposes with respect to awards granted in 2004, 2005 and 2006, disregarding any estimate of forfeitures related to service-based vesting conditions. For a discussion of the assumptions and methodologies used to calculate these amounts, see the discussion of performance shares contained in Note 5 (Compensation and Benefit Plans) to Edison International's Consolidated Financial Statements, included as part of Edison International's 2006 Annual Report to Shareholders filed on Form 10-K and incorporated herein by reference. No performance share awards were forfeited by any Named Officer in 2006. The table below shows the performance share amounts recognized in 2006 for financial statement reporting purposes by year of grant for each Named Officer.

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Name	Performance Shares Granted in 2004 (\$)	Performance Shares Granted in 2005 (\$)	Performance Shares Granted in 2006* (\$)	Total Value Recognized in 2006 (\$)
John E. Bryson	1,444,871	501,588	918,272	2,864,731
Alan J. Fohrer	479,591	140,626	269,024	889,241
Thomas R. McDaniel	448,989	210,882	252,481	912,352
Theodore F. Craver, Jr.	433,111	241,053	249,667	923,831
John R. Fielder	148,994	37,230	131,089	317,313
Mahvash Yazdi	163,718	39,138	97,813	300,669
Thomas M. Noonan	77,304	29,741	60,125	167,170

\* For all of the Named Officers, 100% of the value for the entire 2006 performance share grant was recognized in 2006, as they were retirement eligible by the end of the year and will be vested 100% in their grants upon retirement under the terms of those grants. Under the transition rules for FAS 123R, the additional amounts shown in the other two columns were recognized in 2006 for grants made in prior years.

(3) Option awards consist of nonqualified stock options granted under the Edison International Equity Compensation Plan. The option amounts shown in this Summary Compensation Table reflect the aggregate dollar amounts recognized in 2006 for financial statement reporting purposes with respect to awards granted in 2002, 2003, 2004, 2005 and 2006, disregarding any estimate of forfeitures related to service-based vesting conditions. For a discussion of the assumptions and methodologies used to calculate these amounts, see the discussion of options contained in Note 5 (Compensation and Benefit Plans) to Edison International's Consolidated Financial Statements, included as part of Edison International's 2006 Annual Report to Shareholders filed on Form 10-K and incorporated herein by reference. No option awards were forfeited by any Named Officer in 2006.

The table below shows the option amounts recognized in 2006 for financial statement reporting purposes by year of grant for each Named Officer.

Name	Nonqualified Stock Options Granted in 2002 (\$)	Nonqualified Stock Options Granted in 2003 (\$)	Nonqualified Stock Options Granted in 2004 (\$)	Nonqualified Stock Options Granted in 2005 (\$)	Nonqualified Stock Options Granted in 2006* (\$)	Total Value Recognized in 2006 (\$)
John E. Bryson	243,460	655,296	796,391	1,047,394	3,194,267	5,936,808
Alan J. Fohrer	82,629	202,958	264,343	293,629	935,818	1,779,377
Thomas R. McDaniel	69,349	202,958	247,480	442,870	878,271	1,840,928
Theodore F. Craver, Jr.	70,088	202,958	238,719	508,729	868,489	1,888,983
John R. Fielder	25,431	66,011	82,116	77,722	455,892	707,172
Mahvash Yazdi	29,476	63,582	90,239	81,710	340,175	605,182
Thomas M. Noonan	16,232	35,633	42,602	64,948	209,048	368,463

\* For all of the Named Officers, 100% of the grant date value for the entire 2006 option grant was recognized in 2006, as they were retirement eligible by the end of the year and will be vested 100% in their grants upon retirement under the terms of those grants. Under the transition rules for FAS 123R, the additional amounts shown in the other four columns were recognized in 2006 for grants made in prior years.

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(4) The reported amounts include interest on deferred compensation account balances considered under SEC rules to be at above-market rates in the following amounts: Mr. Bryson, \$315,351; Mr. Fohrer, \$104,671; Mr. McDaniel, \$33,752; Mr. Craver, \$124,587; Mr. Fielder, \$25,892; Ms. Yazdi, \$51,842; and Mr. Noonan, \$29,021. The remaining reported amounts consist of the aggregate change in the actuarial present value of each Named Officer's accumulated benefit under all of the Companies' defined benefit and actuarial pension plans during 2006. The amount for each Named Officer is as follows: Mr. Bryson, \$179,380; Mr. Fohrer, \$447,480; Mr. McDaniel, \$885,626; Mr. Craver, \$389,324; Mr. Fielder, \$543,335; Ms. Yazdi, \$193,397; and Mr. Noonan, \$189,111.

(5) Amounts reported include plan contributions (contributions to the 401(k) Plan and the non-qualified 401(k) equalization component of the Executive Deferred Compensation Plan), reimbursement of taxes owed on perquisites, and accruals for post-retirement survivor benefits, as indicated in the table below.

Name	Plan Contributions (\$)	Tax Reimbursements (\$)*	Survivor Benefits** (\$)
John E. Bryson	135,549	17,015	98,596
Alan J. Fohrer	60,910	5,787	183,889
Thomas R. McDaniel	36,636	15,028	
Theodore F. Craver, Jr.	80,001	21,127	
John R. Fielder	37,112	3,769	
Mahvash Yazdi	31,913	4,955	
Thomas M. Noonan	33,811	2,147	

\* Reimbursements were provided to Named Officers in 2006 for taxes incurred for the cost of perquisites. The Committees have determined that such reimbursements will not be provided in future years except in connection with automobile services temporarily provided to certain officers (currently four officers only) for business reasons.

\*\* Includes the cost of post-retirement survivor benefits under the 1985 Deferred Compensation Plan and under survivor income plans retained by one Named Officer. These plans are described in the Potential Payments upon Termination or Change in Control section below.

(6) Additionally, amounts reported include the following perquisites: estate and financial planning services, automobile-related benefits (car allowance or the use of a company car or car service) and executive health benefits, as well as miscellaneous items such as spousal travel where the spouse was expected to attend a business-related function, recognition gifts, home security, tickets to sports and entertainment events, and club memberships provided to some Named Officers where such provision was deemed to serve a business purpose. For Mr. Bryson, perquisites and miscellaneous items included \$20,600 for estate and financial planning, and \$15,879 for club membership; for Mr. Fohrer, \$7,845 for estate and financial planning, a \$12,000 car allowance, and \$15,168 for club membership; for Mr. McDaniel, \$5,000 for estate and financial planning, \$13,447 in imputed income for car service provided to enable him to work during his commute, \$8,576 for club membership, and \$7,048 for event tickets; for Mr. Craver, \$16,310 for estate and financial planning, \$10,787 in imputed income for car service provided to enable him to work during his commute, and \$9,793 for club membership; for Mr. Fielder, \$7,845 for estate and financial planning, a \$12,000 car allowance, and \$8,340 for club membership; for Ms. Yazdi, \$10,315 for estate and financial planning, a \$12,000 car allowance, and \$3,075 for club membership; and for Mr. Noonan, \$4,470 for estate and financial planning, a \$12,000 car allowance, \$7,769 for club membership, and \$6,036 for event tickets. Charitable matching gifts are also included. Mr. Bryson is a member of the Edison International and SCE Boards, and Mr. Fohrer is a member of the SCE Board. As employee-directors, these Named Officers do not



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receive additional compensation for their services as Directors. However, they are permitted to participate in the charitable matching gift program for Directors described in footnote (5) to the Director Compensation table in the Director Compensation section below. The amount reported for Mr. Bryson in column (i) includes company matching contributions of \$10,000.

### **Compensation of Named Officers**

The Summary Compensation Table Fiscal 2006 above quantifies the value of the different forms of compensation considered earned by or awarded to the Companies Named Officers in 2006. The primary elements of each Named Officer's total compensation reported in the table are base salary, a long-term equity incentive opportunity consisting of nonqualified stock options and performance shares, an annual bonus contingent on performance, an increase in accumulated retirement pension benefits and certain earnings on deferred compensation account balances. Named Officers also earned the other benefits listed in Column (i) of the Summary Compensation Table Fiscal 2006 above, as further described in footnotes (5) and (6) above.

The Summary Compensation Table should be read in connection with the tables and narrative descriptions that follow. A description of the material terms of each Named Officer's base salary is provided in the next section Description of Salary Amounts. The Grants of Plan-Based Awards in Fiscal 2006 table, and the description of the material terms of the nonqualified options, performance shares and bonuses granted in 2006 that follows it, provide information regarding the long-term equity incentives and annual performance bonuses awarded to Named Officers that are reported in the Summary Compensation Table Fiscal 2006. The Outstanding Equity Awards at Fiscal 2006 Year End and Option Exercises and Stock Vested in Fiscal 2006 tables provide further information on the Named Officers' potential realizable value and actual value realized with respect to their equity awards.

The Pension Benefits table and related description of the material terms of the Companies' pension plans describe each Named Officer's retirement benefits under the Companies' defined-benefit pension plans to provide context to the amounts listed in the Summary Compensation Table. Similarly, the Non-Qualified Deferred Compensation table and related description of the material terms of the Companies' non-qualified deferred compensation plans provide context to the deferred compensation earnings listed in the Summary Compensation Table Fiscal 2006, and also provide a more complete picture of the potential future payments due to the Companies' Named Officers. The discussion in the section Potential Payments Upon Termination or Change in Control explains the potential future payments that may become payable to the Companies' Named Officers.

### **Description of Salary Amounts**

Base salary amounts of Named Officers are not fixed by contract. Instead, prior to the beginning of each fiscal year, or early in the applicable fiscal year, the Edison International and SCE Compensation and Executive Personnel Committees, as applicable, establish the base salaries for each Named Officer for the subsequent twelve calendar months. In making their determination, the Committees consider the factors discussed in the Base Salaries section of the Compensation Discussion and Analysis section above.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN FISCAL 2006**

The following table presents information regarding the equity incentive plan awards granted to the Named Officers during 2006 under the Edison International Equity Compensation Plan and the potential target and maximum amount of performance-based annual bonuses payable for 2006 performance under the Edison International Executive Incentive Compensation Plan.

Name	Date of Committee Action	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Option Awards: Number of Securities Underlying Options <sup>(3)</sup>	Exercise or Base Price of Option Awards <sup>(4)</sup> (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(5)</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold Number of Shares of Stock or Units (#)	Target Number of Shares of Stock or Units (#)	Maximum Number of Shares of Stock or Units (#)			
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)	(k)	(l)
John E. Bryson	2/21/2006	3/1/2006							220,751	44.295	3,194,267
	2/21/2006	3/1/2006				6,037	24,146	72,438			1,285,533
	2/21/2006	2/21/2006	N/A	1,210,000	2,420,000						
Alan J. Fohrer	2/21/2006	3/1/2006							64,673	44.295	935,818
	2/21/2006	3/1/2006				1,769	7,074	21,222			376,620
	2/21/2006	2/21/2006	N/A	455,728	911,456						
Thomas R. McDaniel	2/21/2006	3/1/2006							60,696	44.295	878,271
	2/21/2006	3/1/2006				1,660	6,639	19,917			353,460
	2/21/2006	2/21/2006	N/A	427,700	855,400						
Theodore F. Craver, Jr.	2/21/2006	3/1/2006							60,020	44.295	868,489
	2/21/2006	3/1/2006				1,642	6,565	19,695			349,521
	2/21/2006	2/21/2006	N/A	422,940	845,880						
John R. Fielder	2/21/2006	3/1/2006							31,506	44.295	455,892
	2/21/2006	3/1/2006				862	3,447	10,341			183,518
	2/21/2006	2/21/2006	N/A	265,055	530,110						
Mahvash Yazdi	2/21/2006	3/1/2006							23,509	44.295	340,175
	2/21/2006	3/1/2006				643	2,572	7,716			136,933
	2/21/2006	2/21/2006	N/A	200,243	400,486						
Thomas M. Noonan		3/1/2006							14,447	44.295	209,048

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2/21/2006								
2/21/2006	3/1/2005				396	1,581	4,743	84,172
2/21/2006	2/21/2006	N/A	159,968	319,936				

Note that column (i) All Other Stock Awards has been omitted in accordance with SEC rules because no such compensation was awarded to, earned by, or paid to the Named Officers during 2006.

- (1) Under the Edison International Executive Incentive Compensation Plan, annual performance goals, bonus targets and maximums are determined by the Committees in the first quarter of each year. Amounts shown in the table are for target and maximum bonuses for 2006 performance; the actual amounts awarded by the Committees to each Named Officer for 2006 performance are shown in column (g) of the Summary Compensation Table Fiscal 2006 above.
- (2) Grants of performance shares pursuant to the Edison International Equity Compensation Plan. The values shown for the performance shares do not correspond to the amounts shown in the table in footnote (2) to the Summary Compensation Table. The values shown in the Grants of Plan-Based Awards in Fiscal 2006 table are the grant date fair values of the performance share grants. The values shown in that footnote reflect the expense accrued in 2006 for these grants, which differs from the grant date fair values for the portion of the performance shares payable in cash and therefore requiring valuation under FAS 123R in accordance with the rules for liability rather than equity.

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- (3) Grants of nonqualified stock options pursuant to the Edison International Equity Compensation Plan.
- (4) In accordance with the terms of the Edison International Equity Compensation Plan in effect at the time of grant, the exercise price for all nonqualified stock option grants made under the plan during 2006 was equal to the average of the highest and lowest sales prices for a share of Edison International Common Stock on the applicable grant date.
- (5) For a discussion of the assumptions and methodologies used to calculate the amounts reported, see the discussion of stock options and performance shares contained in Note 5 (Compensation and Benefit Plans) to Edison International's Consolidated Financial Statements, included as part of Edison International's 2006 Annual Report to Shareholders filed on Form 10-K and incorporated herein by reference.

**Description of Plan-Based Awards**

Seventy-five percent of each Named Officer's long-term incentive compensation opportunity for 2006 was awarded in the form of Edison International nonqualified stock options. The remaining portion of each Named Officer's long-term incentive compensation opportunity for 2006 was awarded in the form of Edison International performance shares. For each Named Officer, the Committees determined a target and maximum amount for the annual bonus that might be earned based on 2006 performance, with determination of the actual bonuses made by the Committees in February 2007.

**Options**

Each stock option granted in 2006 may be exercised to purchase one share of Edison International Common Stock at an exercise price equal to the fair market value of the underlying Common Stock on the grant date. For these purposes, and in accordance with the terms of the Edison International Equity Compensation Plan in effect on the grant date, fair market value was defined as the average of the highest and lowest sales prices for a share of Edison International Common Stock on the applicable grant date. Edison International converts awards to cash to the extent necessary to satisfy minimum tax withholding or any governmental levies.

Each Named Officer's stock option award is subject to a four-year vesting period. Subject to each Named Officer's continued employment, one-fourth of his or her stock option award will vest and become exercisable on each of January 2, 2007, January 2, 2008, January 2, 2009 and January 2, 2010. Each Named Officer's stock option award may also become vested depending on the circumstances of his or her termination of employment. If a Named Officer terminates employment after attaining age 65, after attaining age 55 with five years of service, or after such earlier date that qualifies him or her for retirement under any of the Companies' retirement plans, his or her stock option award will vest and continue to become exercisable as scheduled, subject to a pro-rated reduction for such retirements occurring within the calendar year of the grant date. If a Named Officer terminates employment because of death or permanent and total disability, his or her stock option award will immediately vest and become exercisable. If a Named Officer's employment is terminated involuntarily not for cause, one additional year of vesting credit will be applied. If a Named Officer's employment terminates for any other reason, the unvested portion of his or her stock option award will immediately terminate.

Once vested, each stock option will generally remain exercisable until a normal expiration date occurring on January 4, 2016. However, vested options may terminate earlier if the Named Officer's employment terminates. See the further discussion in footnote (2) to the table below entitled Outstanding Equity Awards at Fiscal 2006 Year-End.

If there were a change in control of Edison International wherein Edison International was not the successor company, the stock option awards would become fully vested and exercisable, unless the Edison International Compensation and Executive Personnel Committee determined that the vesting of the options should not be accelerated because it had provided for the substitution, assumption, exchange or other continuation of

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outstanding options. Any options that became vested in connection with a change in control generally would be exercised prior to the change in control or cashed-out in connection with the change-in-control transaction.

Each Named Officer is entitled to receive separate dividend equivalent rights with respect to his or her stock option award. Dividend equivalent rights entitle the Named Officer to receive an amount equal to the dividends that would have been paid on the number of shares of Common Stock covered by the stock option award, but only during the first five years of the stock option award's term. Dividend equivalents are credited to an account established on behalf of the Named Officer and accumulate without interest unless further deferred under the terms of the Executive Deferred Compensation Plan. Dividend equivalent rights generally become vested in the same manner as the related stock option award (including in connection with a termination of employment or change in control). Unless further deferred, vested dividend equivalents are paid in cash each January, although Edison International has discretion to pay dividend equivalents in shares of Edison International Common Stock. No further dividend equivalent rights will accrue as to any stock options once the stock options are exercised, expire or otherwise terminate.

Each Named Officer's stock option award contains a non-competition requirement. If the Named Officer renders any services for any organization in any business that competes with the Companies' business prior to or during the six-month period following any option exercise, Edison International may rescind such exercise. In connection with any rescission, the Named Officer is required to return any gain from the option exercise to Edison International.

Each Named Officer's 2006 stock option award was granted under, and is subject to the terms of, the Edison International Equity Compensation Plan. The plan is administered by the Edison International Board of Directors and the Compensation and Executive Personnel Committee of the Edison International Board of Directors. The Board and the Committee have the ability to interpret and make all required determinations under the plans. This authority includes making required proportionate adjustments to outstanding stock options and dividend equivalents to reflect any impact resulting from various corporate events such as reorganizations, mergers and stock splits, and making provision to ensure that participants satisfy any required withholding taxes.

Stock option awards are generally only transferable to a beneficiary of a Named Officer upon his or her death. However, stock option awards granted to Messrs. Bryson, Craver, Fohrer and McDaniel are transferable to a spouse, child or grandchild, or entities established for such persons benefit.

**Performance Shares**

The performance shares awarded to each Named Officer are stock-based units. Each unit is a contractual right to receive one share of Edison International Common Stock or its cash equivalent if performance and continued service vesting requirements are satisfied.

As long as each Named Officer continues to remain an employee, performance shares become earned and vested based on Edison International's comparative total shareholder return over a three-year performance period beginning on January 1, 2006 and ending on December 31, 2008. Edison International's comparative total shareholder return is determined based on the percentile ranking of Edison International total shareholder return for the performance period compared to the total shareholder return for the same period for each stock comprising the Philadelphia Utility Index at the end of the performance period, adjusted to delete AES Corporation and to add Sempra Energy.

Edison International's total shareholder return ranking must be at the 40th percentile to achieve the threshold payout number indicated in Column (f) of the Grants of Plan-Based Awards in Fiscal 2006 table above. For each Named Officer, the threshold payout number is approximately equal to 25% of the target payout number. The target number of shares shown in Column (g) above will be paid if Edison International's total shareholder return ranking is at the 50<sup>th</sup> percentile. If Edison International's total shareholder return ranking is at

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the 75<sup>th</sup> percentile, twice the target number of shares will be paid. If Edison International's total shareholder return ranking is at the 90<sup>th</sup> percentile or higher, a maximum award of three times the target number of shares will be paid. If Edison International achieves a total shareholder return ranking between any of the percentiles specified above, the number of shares paid out will be interpolated on a straight-line basis. The performance shares generally are paid half in Common Stock and half in cash having a value equal to the Common Stock that otherwise would have been delivered; however, Edison International has the discretion to pay out any performance shares that become earned and vested entirely in shares of Common Stock. Edison International will convert awards to cash for shares to the extent necessary to satisfy minimum tax withholding or any governmental levies.

If a Named Officer's employment terminates before the end of the performance period, all of the performance shares awarded to such officer generally will terminate for no value. However, Named Officers will retain all or a portion of their awarded performance shares if their employment terminates for certain specified reasons. If a Named Officer terminates employment after attaining age 65, after attaining age 55 with five years of service, or after such earlier date that qualifies him or her for retirement under any of the Companies' retirement plans, his or her performance shares will be retained, subject to pro-rated reduction for such retirements occurring within the calendar year of the grant date. If a Named Officer terminates employment because of death or permanent and total disability, his or her Performance Shares will be retained. If a Named Officer's employment is terminated involuntarily not for cause, one additional year of service credit will be applied. Any performance shares retained following termination under any of these provisions will become earned and payable based on Edison International's achievement of the total shareholder return rankings described above.

If there were a change in control of Edison International wherein Edison International was not the successor company, the performance period applicable to the performance shares would be deemed to end on the day before the change in control, and performance shares would become earned, if at all, based on Edison International's total shareholder return ranking during the shortened performance period. However, the performance period would not be shortened if the Edison International Compensation and Executive Personnel Committee provided for the substitution, assumption, exchange or other continuation or settlement of outstanding performance shares. Any performance shares that became earned during the shortened performance period associated with a change in control would be paid in cash within 30 days after the change in control, and any performance shares that did not become earned would terminate for no value on the date of the change in control.

The performance shares are not actual shares of Common Stock, but are instead contractual rights to receive shares of Common Stock and cash payments based on the Common Stock's value. Performance shares do not carry voting rights and they may not be transferred, except to a beneficiary of a Named Officer upon his or her death. Named Officers are granted separate dividend equivalent rights. These dividend equivalent rights entitle each Named Officer to receive an amount equal to the dividends that would have been paid on the number of shares of Common Stock covered by the number of performance shares that are actually earned based on Edison International's total shareholder return ranking (including dividend equivalents associated with any performance shares that are settled in cash). As such, dividend equivalents only become earned on any performance shares that become earned (including any performance shares that become earned in connection with a change in control). Dividend equivalents are credited to an account established on behalf of the Named Officer and accumulate without interest. Dividend equivalent generally are payable in cash within 30 days after the end of the performance period, although Edison International has discretion to pay dividend equivalents in shares of Edison International Common Stock.

Named Officers may elect to defer payment of dividend equivalents associated with performance shares and the portion of performance shares payable in cash, under the terms of the Executive Deferred Compensation Plan.

Each Named Officer's performance shares were granted under, and are subject to the terms of, the Edison International Equity Compensation Plan. The plan is administered by the Edison International Board of Directors

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and the Compensation and Executive Personnel Committee of the Edison International Board of Directors. The Board and the Committee have the ability to interpret and make all required determinations under the plan. This authority includes making required proportionate adjustments to outstanding performance shares and dividend equivalents to reflect any impact resulting from various corporate events such as reorganizations, mergers and stock splits, and making provision to ensure that participants satisfy any required withholding taxes.

**Bonuses**

In the first quarter of each year, the Compensation and Executive Personnel Committees determine the target and maximum amounts of the bonuses that may be earned for performance during that calendar year and the goals against which performance will be judged.

The final amount of each Named Officer's annual bonus is discretionary. The amount of each Named Officer's bonus for 2006 was determined by the applicable Committee following the end of the fiscal year based on the results of the Companies' performance and the performance of each Named Officer. When determining the amount of each Named Officer's bonus for 2006, the Committees considered the factors discussed in the Current Executive Compensation Program Elements Annual Bonuses section of the Compensation Discussion and Analysis section above.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL 2006 YEAR-END**

The following table presents information regarding the outstanding equity awards<sup>(1)</sup> held by each Named Officer at the end of 2006.

Name	Number of Securities Underlying Unexercised Options Exercisable <sup>(2)</sup> (#)	Option Awards		Option Exercise Price (\$)	Option Expiration Date <sup>(2)(3)</sup>	Stock Awards	
		Number of Securities Underlying Unexercised Options Unexercisable <sup>(2)(3)</sup> (#)	Option Exercise Price (\$)			Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)(4)</sup> (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)(4)</sup> (\$)
(a)	(b)	(c)	(e)	(f)	(i)	(j)	
John E. Bryson	160,000		27.2500	1/2/2008			
	227,800		28.1250	1/2/2009			
	265,291		18.7250	5/30/2012			
	247,593	82,531	12.2900	1/2/2013			
	193,769	193,769	21.8750	1/2/2014			
	89,751	269,253	31.9350	1/2/2015	69,924	3,180,144	
Alan J. Fohrer		220,751	44.2950	1/2/2016	48,292	2,196,320	
		25,561	12.2900	1/2/2013			
		64,317	21.8750	1/2/2014			
	25,161	75,483	31.9350	1/2/2015	19,604	891,590	
Thomas R. McDaniel		64,673	44.2950	1/2/2016	14,148	643,541	
	9,300		27.2500	1/2/2008			
	16,700		28.1250	1/2/2009			
	73,100		25.1875	1/3/2010			
	75,568		18.7250	5/30/2012			
	76,685	25,561	12.2900	1/2/2013			
	60,214	60,214	21.8750	1/2/2014			
	23,614	70,840	31.9350	1/2/2015			
14,000	42,000	32.7100	1/2/2015	29,398	1,337,021		
Theodore F. Craver, Jr.		60,696	44.2950	1/2/2016	13,278	603,883	
	25,000		27.2500	1/2/2008			
	53,000		28.1250	1/2/2009			
	76,372		18.7250	5/30/2012			
	76,685	25,561	12.2900	1/2/2013			
	58,083	58,082	21.8750	1/2/2014			
	25,161	75,483	31.9350	1/2/2015			
	18,000	54,000	32.7100	1/2/2015	33,604	1,528,310	
	60,020	44.2950	1/2/2016	13,130	597,152		



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Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable <sup>(2)</sup> (#)	Number of Securities Underlying Unexercised Options Unexercisable <sup>(2)(3)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date <sup>(2)(3)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)(4)</sup> (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)(4)</sup> (\$)
(a)	(b)	(c)	(e)	(f)	(i)	(j)
John R. Fielder	14,402		28.1250	1/2/2009		
	27,712		18.7250	5/30/2012		
	24,942	8,313	12.2900	1/2/2013		
	19,980	19,979	21.8750	1/2/2014		
	6,660	19,980	31.9350	1/2/2015	5,190	236,041
Mahvash Yazdi		31,506	44.2950	1/2/2016	6,894	313,539
	17,000		27.2500	1/2/2008		
	11,152		28.1250	1/2/2009		
	24,024	8,007	12.2900	1/2/2013		
	21,956	21,956	21.8750	1/2/2014		
Thomas M. Noonan	7,002	21,005	31.9350	1/2/2015	5,456	248,139
		23,509	44.2950	1/2/2016	5,144	233,949
		4,487	12.2900	1/2/2013		
		10,365	21.8750	1/2/2014		
		3,799	11,394	31.9350	1/2/2015	
	1,539	4,617	37.1450	1/2/2015	4,146	188,560
		14,447	44.2950	1/2/2016	3,162	143,808

Note that column (d) Equity Incentive Plan Awards, column (g) Number of Shares or Units of Stock That Have Not Vested and column (h) Market Value of Shares or Units of Stock That Have Not Vested have each been omitted in accordance with SEC rules because no such awards were outstanding at the end of 2006.

(1) Outstanding equity awards at fiscal year-end consist of nonqualified stock options and performance shares.

(2) Subject to each Named Officer's continued employment, each unvested stock option grant generally becomes vested in equal annual installments over a four-year vesting period. The vesting of stock options also may be accelerated in connection with any of the events described below. All exercisable options are currently vested. Exercisable options and any unexercisable options that subsequently become exercisable will generally expire earlier than the normal expiration date shown if the Named Officer's employment terminates. Unless exercised, exercisable stock options will generally terminate within 180 days after the date of termination of employment. However, exercisable stock options will generally remain exercisable until the normal expiration date if the termination of employment is due to retirement, death or total and permanent disability. In addition, exercisable options will generally remain exercisable for one year following any involuntary termination not for cause. The exercisable options, and any unexercisable options that may become vested in connection with a change in control of Edison International, may also terminate earlier than the normal expiration date if there is such a change in control.

(3) The unexercisable options are unvested, and will immediately terminate and be forfeited without any value if the Named Officer's employment terminates for reasons other than (i) retirement, (ii) death,

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(iii) permanent and total disability or (iv) involuntary termination not for cause. Depending on the timing and circumstances, a portion of each Named Officer's unexercisable options may also terminate upon a termination of employment due to retirement, death, permanent and total disability or an involuntary termination not for cause.

- (4) Subject to each Named Officer's continued employment, performance shares generally become earned and vested based on Edison International's comparative total shareholder return over a three-year performance period. Although outstanding performance shares are generally forfeited for no value if a Named Officer's employment terminates prior to the end of the performance period, a Named Officer will vest in all or a portion of his or her outstanding performance shares if his or her employment terminates for retirement, death, disability or involuntary severance not for cause. Outstanding performance shares may also become earned and vested in connection with a change in control. The number of performance shares shown for each Named Officer in column (i) of the Outstanding Equity Awards at Fiscal 2006 Year-End table above is the number of shares that may become earned if Edison International's total shareholder return is at the 75<sup>th</sup> percentile of the comparison group of companies. This share number is two times the target number of shares awarded to each Named Officer. The value shown in column (j) of the table is the number of shares shown in column (i) times the closing price of Edison International Common Stock on the last market day of 2006.

**OPTION EXERCISES AND STOCK VESTED IN FISCAL 2006**

The following table presents information regarding the exercise of stock options by Named Officers during 2006, and on the vesting during 2006 of performance shares granted in 2004 to the Named Officers and earned based on comparative shareholder returns performance.

Name	Option Awards		Stock Awards		
	Number of Shares Acquired on Exercise	Value Realized	Number of Shares Acquired on Vesting	Value Realized on Vesting <sup>(2)</sup>	
		on Exercise <sup>(1)</sup>			
(a)	(#) (b)	(\$) (c)	(#) (d)	(\$) (e)	
John E. Bryson	128,000	3,228,006	116,574	5,686,480	
Alan J. Fohrer	121,406	2,828,981	38,694	1,887,493	
Thomas R. McDaniel	9,000	221,884	36,225	1,767,056	
Theodore F. Craver, Jr.	20,000	450,800	34,944	1,704,568	
John R. Fielder	20,000	355,362	12,021	586,384	
Mahvash Yazdi	8,029	199,006	13,209	644,335	
Thomas M. Noonan	32,619	692,503	6,237	304,241	

(1) The amounts shown for value realized on exercise of stock options equal the differences between (i) the market price of Edison International Common Stock on the exercise date and (ii) the exercise price of those options.

(2) Only a portion of the performance shares was paid as shares of Edison International Common Stock, with the remaining portion paid as cash or deferred. The amounts shown for stock awards equal the product of (i) the number of performance shares actually becoming earned and vested based on Edison International's comparative total shareholder return for the three-year performance period ending on December 31, 2006 including both performance shares payable in shares of Edison International Common Stock and shares payable in cash, and (ii) the market price of Edison International Common Stock on December 29, 2006 plus \$3.17 in dividend equivalents per share. The following Named Officers elected to defer a portion of the cash proceeds from these performance shares under the Executive Deferred Compensation Plan: Mr. Fielder, \$312,268; Mr. Fohrer, \$1,005,077; Mr. Noonan, \$162,029; and Ms. Yazdi, \$343,127.

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The table does not include performance shares granted in 2003 that were vested and earned as of the end of 2005. Under the current disclosure rules, these are not reportable in this Joint Proxy Statement. They were not previously disclosed because under the prior disclosure rules they would have been disclosed in this year's Joint Proxy Statement; therefore they are listed here in the interest of complete disclosure. The number of shares payable to each Named Officer from the 2003 performance share grant, at a value of \$43.45 per share, was as follows: Mr. Bryson, 195,282; Mr. Fohrer, 60,483; Mr. McDaniel, 60,483; Mr. Craver, 60,483; Mr. Fielder, 19,674; Ms. Yazdi, 18,948; and Mr. Noonan, 10,620.

**PENSION BENEFITS**

The following table presents information regarding the present value of accumulated benefits that may become payable to the Named Officers under the Companies' qualified and nonqualified defined-benefit pension plans.

Name	Plan Name	Number of Years Credited Service <sup>(1)(2)</sup>	Present Value of Accumulated Benefit <sup>(1)</sup>
(a)	(b)	(#) (c)	(\$) (d)
John E. Bryson	SCE Retirement Plan	23	914,850
	SCE Executive Retirement Plan	23	14,451,535
	Edison International Retirement Plan for Directors	8	179,243
Alan J. Fohrer	SCE Retirement Plan	34	943,960
	SCE Executive Retirement Plan	34	5,345,284
Thomas R. McDaniel	SCE Retirement Plan	36	1,036,170
	SCE Executive Retirement Plan	36	11,842,409
Theodore F. Craver, Jr.	SCE Retirement Plan	10	277,447
	SCE Executive Retirement Plan	10	2,301,916
John R. Fielder	SCE Retirement Plan	38	1,329,335
	SCE Executive Retirement Plan	38	3,807,994
Mahvash Yazdi	SCE Retirement Plan	10	277,447
	SCE Executive Retirement Plan	10	986,411
Thomas M. Noonan	SCE Retirement Plan	29	791,502
	SCE Executive Retirement Plan	29	1,358,116

Note that column (e) Payments During Last Fiscal Year has been omitted in accordance with SEC rules because no such payments were made during 2006.

<sup>(1)</sup> The years of credited service and present value of accumulated benefits are presented as of December 31, 2006 assuming that each Named Officer retires at the later of that date or age 61, the youngest age at which an unreduced retirement benefit is available from the SCE Retirement Plan and the SCE Executive Retirement Plan and that benefits are paid out in accordance with the terms of each plan described below. For a description of the material assumptions used to calculate the present value of accumulated benefits shown above, please see Management's Discussion and Analysis of Financial Condition and Results of Operations' Pensions and Postretirement Benefits Other than Pensions and Note 5 (Compensation and Benefit Plans) to Edison International's Consolidated Financial Statements, each included as part of Edison International's 2006 Annual Report to Shareholders filed on Form 10-K and incorporated herein by reference.

<sup>(2)</sup> Mr. Bryson was credited with eight years of service as a Director under the Edison International Retirement Plan for Directors before benefit accruals for that plan were frozen in 1997.

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**Pension and Other Retirement Plans**

Edison International and SCE maintain two primary defined-benefit pension plans covering the Named Officers. The SCE Retirement Plan is the Companies' qualified defined-benefit employee retirement plan, and the Named Officers participate in this plan on the same general terms as the Companies' other eligible employees. However, due to maximum limitations imposed by ERISA and the Internal Revenue Code on the annual amount of a pension which may be paid under a funded defined benefit plan, the pension benefits that would otherwise be payable to the Named Officers under the SCE Retirement Plan's benefit formula are limited. The SCE Executive Retirement Plan is an unfunded benefit equalization plan of the type permitted by ERISA designed to allow Named Officers and other employees to receive the full amount of benefits that would be paid under the SCE Retirement Plan but for such limitations, as well as certain additional benefits. The material terms of the SCE Retirement Plan and the SCE Executive Retirement Plan are described below, as is the frozen Edison International Retirement Plan for Directors in which Mr. Bryson participated.

**SCE Retirement Plan**

The SCE Retirement Plan is a non-contributory defined-benefit pension plan subject to the provisions of ERISA. The Retirement Plan was a traditional final average pay plan with a Social Security offset until April 1, 1999, when for most participants a transition to cash balance features was adopted.

Upon separation from employment, eligible participants may elect a full lump sum distribution of their benefit. Alternatively, participants may elect to receive benefits in the form of a life annuity, a joint and survivor annuity (if married), or a contingent annuity. Participants also may choose to defer benefit payments until age 65. For married plan participants, payment in the form of a joint and 50% survivor annuity is the automatic form of benefit, absent alternative election. The Companies pay the full cost of the spousal survivor annuity benefit. For single plan participants the single life annuity option is likewise the automatic payment method.

Eligible employees have cash balance accounts that earn interest credited monthly, based on the average 30-year Treasury Bond Rate, as determined by the Internal Revenue Service, for the month of August preceding the plan year.

Eligible employees of participating companies also earn a monthly pay credit ranging from 3% to 9% of base pay, depending on the number of age plus service points the participant has earned. The pay credits are received as long as the participant is employed by the participating company. Effective January 1, 2006, an additional \$100 credit is applied each month to the cash balance account of each participant who is eligible to receive a pay credit for that month (unless the participant is a represented employee whose collective bargaining agreement does not provide for such an additional \$100 credit).

If an employee earned benefits under the Plan before the cash balance features were adopted, the employee may be eligible for certain transition benefits. Eligible participants earn transition credits each month ranging from 3% to 6% of pay (based on points), for up to eight years from the date the individual's cash balance account was established as long as the participant is employed by one of the Companies. If the eligible participant is grandfathered (at least age 50 or with 60 points as of the date the individual's cash balance account was established), the employee also accrues benefits under prior plan formulas. Upon separation, the grandfathered participant will be eligible to receive the greater of the benefit calculated under the prior plan formulas (offset by any profit sharing or gain sharing account balance in the 401(k) Plan and by a portion or his or her Social Security benefit) or the value of the new cash balance account.

Benefits vest at the rate of 20% per year of service with full vesting after five years. Benefits also vest immediately upon attainment of age 65 or upon death while in active service.

The plan formula for grandfathered employees includes benefit reductions for termination prior to age 55 or early retirement prior to age 61. Under the grandfathered formula, the benefit for an employee terminating prior

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to age 55 with at least five years of service is 53.6% of the normal age 65 benefit. At age 55 with at least five years of service, a grandfathered employee is eligible for a benefit that is 77% of the normal age 65 benefit, an early retirement reduction of 23%. Lesser early retirement reductions are applied for retirement at ages 56 through 60. An unreduced benefit is available to those age 61 and above. As of the end of 2006, all of the Named Officers were eligible for early retirement benefits under this plan, but only Messrs. Bryson (age 63) and Fielder (age 61) were eligible for an unreduced benefit.

**SCE Executive Retirement Plan**

Key employees of Edison International and SCE, including the Named Officers, are eligible to participate in the SCE Executive Retirement Plan. Annual benefits under the plan are equal to a percentage of each Named Officer's base salary and annual cash incentive bonus earned in the 36 months when the total of these payments was the highest (the 36 months need not be consecutive). The benefit percentage applied to the average base salary and cash incentive bonus amount described above is equal to 1<sup>3</sup>/<sub>4</sub>% per year for the first 30 years of service (52<sup>1</sup>/<sub>2</sub>% upon completion of 30 years of service) and 1% for each year in excess of 30. All Named Officers except Mr. Fohrer receive an additional service percentage of 3/<sub>4</sub>% per year for the first ten years of service (7<sup>1</sup>/<sub>2</sub>% upon completion of ten years of service). Mr. Fohrer agreed to forego this enhancement when he elected to retain supplemental benefits under prior plans. The actual benefit payable under the plan is reduced and offset by (i) all amounts payable under the SCE Retirement Plan described above, (ii) up to 40% of the executive's primary Social Security benefits and (iii) the value of profit sharing contributions, if any, made by the Companies to the officers' 401(k) Plan accounts.

Depending on the manner in which a Named Officer's employment terminates, Named Officers may receive additional years of service and age credits under the plan pursuant to the Executive Severance Plan described below under the heading Potential Payments Upon Termination or Change in Control.

Participants become vested in their benefits payable under the plan after completing five years of service, or upon their earlier death or permanent and total disability, or upon becoming eligible for executive severance benefits under the Executive Severance Plan. Upon a vested participant's retirement at or after age 55 or death, the normal form of benefit is a life annuity with a 50% spousal survivor benefit following the death of the participant that is paid monthly (if the surviving spouse is more than five years younger than the participant, the spousal benefit will be reduced to an amount less than 50% of the pre-death benefit to account for the longer projected payout period). The Company pays the full cost of this plan feature. A contingent annuity benefit for a survivor other than a spouse is also available, but without company subsidy. Participants may elect to receive an alternative form of benefit, such as a lump-sum payment or monthly payments over 60 or 120 months. The value of the alternative monthly installment payments will be calculated in such a way that equal monthly payments on the first day of each month for the remainder of the payout period would bring the participant's balance to zero by the end of the elected payout period. During the 60-month or 120-month payout period, the balance in the account earns interest at a rate equal to that credited to cash balance accounts in the SCE Retirement Plan. The basis for the rate in that plan is the 30-year Treasury Bond Rate. If the participant's employment terminates for any reason other than death, retirement, permanent and total disability, or involuntary severance not for cause, vested benefits will be paid out after the participant attains age 55 in an annuity only. If a participant's employment is terminated for cause, all of his or her benefits under the plan will be forfeited.

The formula for benefits under the Plan includes benefit reductions for termination prior to age 55 or early retirement prior to age 61. Under the formula, the benefit for an officer terminating prior to age 55 with at least five years of service is 53.6% of the normal age 65 benefit. At age 55 with at least five years of service, an officer is eligible for a benefit that is 77% of the normal age 65 benefit, an early retirement reduction of 23%. Lesser early retirement reductions are applied for retirement at ages 56 through 60. An unreduced benefit is available to those age 61 and above. As of December 2006, all of the Named Officers were eligible for early retirement benefits under the plan, but only Mr. Bryson and Mr. Fielder were eligible for an unreduced benefit.

**Table of Contents****Retirement Plan for Directors**

In addition to serving as Edison International's Chairman and Chief Executive Officer and SCE's Chairman, Mr. Bryson is one of the Companies Directors. As such, Mr. Bryson was eligible to participate in the Companies' Retirement Plan for Directors before benefit accruals under that plan were frozen at the end of 1997. In connection with amendments made to the plan in 2006 to bring it into compliance with certain new rules established under Section 409A of the Internal Revenue Code and in accordance with related transition relief afforded by the IRS, Mr. Bryson elected in 2006 to receive a distribution in 2007 of the present value of his accrued benefits under the plan. That distribution has occurred and he no longer has a benefit under the plan.

**NON-QUALIFIED DEFERRED COMPENSATION**

The following table presents information regarding the contributions to and earnings on the Named Officers' deferred compensation balances during 2006, and also shows the total deferred amounts for the Named Officers at the end of 2006.<sup>(1)</sup>

Name	Plan	Executive Contributions in Last FY <sup>(2)</sup>	Registrant Contributions in Last FY <sup>(2)</sup>	Aggregate Earnings in Last FY <sup>(3)</sup>	Aggregate Withdrawals/Distributions	Aggregate Balance at Last FYE
		(\$)	(\$)	(\$)	(\$)	(\$)
(a)		(b)	(c)	(d)	(e)	(f)
John E. Bryson	Executive Deferred Compensation Plan	580,247	122,349	694,129		10,794,854
	1985 Executive Deferred Compensation Plan			542,914		8,178,832
	1981A Deferred Compensation Plan			146,996		2,214,445
Alan J. Fohrer	Executive Deferred Compensation Plan	381,352	47,710	459,388		7,029,054
Thomas R. McDaniel	Executive Deferred Compensation Plan	1,022,641	23,436	61,863		1,265,823
	Affiliate Option Deferred Compensation Plan			86,273		1,464,435
Theodore F. Craver, Jr.	Executive Deferred Compensation Plan	814,812	47,076	546,799		8,469,781
John R. Fielder	Executive Deferred Compensation Plan	1,038,996	23,912	113,637		1,854,472
Mahvash Yazdi	Executive Deferred Compensation Plan	1,066,190	18,713	227,529		3,580,570
Thomas M. Noonan	Executive Deferred Compensation Plan	897,975	20,634	127,370		2,109,814

<sup>(1)</sup> The balances shown in this table represent compensation already reportable in the Summary Compensation Table Fiscal 2006 in this and prior proxy statements, except for the portion of interest not considered above-market under disclosure rules. Although the compensation was earned, the officers chose not to have the compensation paid out, but instead deferred it, essentially loaning it to the Companies as unsecured general creditors, in return for interest paid at a rate commensurate with the Companies' cost of capital.

<sup>(2)</sup> All of the amounts reported as executive and registrant contributions in 2006 are also included as compensation for each Named Officer in the appropriate columns of the Summary Compensation Table Fiscal 2006 above, or represent deferrals of dividend equivalents whose value was reportable as part of the grant date fair value of the options with which they are associated, or represent deferrals of performance

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share proceeds from performance shares granted in 2003 and described in the section Option Exercises and Stock Vested in Fiscal 2006.

- (3) Only the portion of earnings on deferred compensation that is considered to be at above-market rates under SEC rules is included as compensation for each Named Officer in Column (h) of the Summary Compensation Table Fiscal 2006 above. These amounts are listed in footnote (4) to the Summary Compensation Table Fiscal 2006 above.

**Non-Qualified Deferred Compensation Plans**

Edison International and SCE permit the Named Officers and other key employees to elect to receive a portion of their compensation on a deferred basis. Deferrals of compensation during the 2006 fiscal year and in recent years have been made under the Edison International Executive Deferred Compensation Plan. The deferred compensation balances shown in Column (f) above for Messrs. Bryson and McDaniel also include deferrals (and earnings thereon) that were made under predecessor deferred compensation plans. Certain material terms of the Executive Deferred Compensation Plan and the predecessor deferred compensation plans are discussed below.

**Executive Deferred Compensation Plan**

Under the plan, each Named Officer may elect to defer up to 75% of his or her base salary and up to 100% of any annual cash bonus he or she may earn. Edison International also has the discretion to permit Named Officers to elect to defer up to 100% of any special retention, recognition or severance award that may become payable. Dividend equivalents associated with stock options and the cash portion of performance share payouts also are subject to deferral at the election of the Named Officers.

To equalize benefits provided under the Companies' qualified defined-contribution 401(k) Plan that are lost due to limits under ERISA and the Internal Revenue Code, the Companies make a matching contribution in respect of certain deferrals under the plan. The maximum matching contribution is equal to a maximum of 3% of each Named Officer's annual bonus and 6% of the portion of each Named Officer's base salary that is deferred and 6% of the portion, if any, of non-deferred salary that exceeds Internal Revenue Code limits. Named Officers become vested in their matching contributions and earnings on these contributions after completing five years of service, or upon retirement, death or disability.

Amounts deferred under the plan (including earnings and matching contributions) accrue interest until paid out. The interest crediting rate on each Named Officer's account balance each year since 2003 has been equal to the average annual Moody's Corporate Bond Yield for Baa Public Utility Bonds over a sixty-month period ending in October of the prior year. Edison International established this interest rate for all participants in the plan, and has reserved the discretion to change the applicable interest on a prospective basis.

Amounts may be deferred until a specified date, retirement, death or termination of employment. At the participant's election, compensation deferred until retirement may be paid as a lump sum, in monthly installments over 60, 120, or 180 months, or in a combination of a partial lump sum and installments. Deferred compensation is paid as a single lump sum or in three annual installments upon any other termination of employment. Each Named Officer may elect at the time of deferral to receive payment of such deferral on a fixed date in accordance with procedures established under the plan, and deferred amounts may also be paid out in connection with a change in control of Edison International or SCE in certain circumstances. Certain deferred amounts under the plan that are grandfathered for purposes of Section 409A of the Internal Revenue Code may be withdrawn at any time upon the election of a Named Officer; however, any amounts withdrawn are subject to a 10% early withdrawal penalty. Emergency hardship withdrawals also may be permitted at the discretion of Edison International. Please see the discussion of the Executive Deferred Compensation Plan in the Potential Payments Upon Termination or Change in Control section below for a description of the survivor benefits available under this plan.

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All amounts payable under this plan are treated as obligations of the Edison International affiliate that employs the particular Named Officer.

**1981A and 1985 Deferred Compensation Plans**

One Named Officer, Mr. Bryson, was a participant in two prior plans, the 1981A and 1985 Deferred Compensation Plans. Account balances under the 1981A plan included a portion of amounts deferred during the period 1981 to 1985. Participants deferred compensation under the 1985 Deferred Compensation Plan during the period 1985 to 1990. Interest rates under these plans were previously set, respectively, with reference to SCE's composite cost of capital and the Moody's AAA Seasoned Corporate Bond Yield during the deferral period, but beginning in 2004, the interest rates and payment terms for Mr. Bryson's accounts under these two plans were changed to correspond to those for grandfathered accounts under the Executive Deferred Compensation Plan, under an agreement reached with Mr. Bryson in 2003. Additionally, the agreement provided that the survivor benefit under the 1985 Plan would be retained, and that payment of the accounts must commence no later than the month in which Mr. Bryson attains age 72. The amounts payable under this plan are treated as obligations of SCE. The survivor benefits under the 1985 Plan are described in the Potential Payments Upon Termination or Change in Control section below.

**Affiliate Option Deferred Compensation Plan**

Mr. McDaniel was a participant in the Affiliate Option Deferred Compensation Plan, under which he deferred proceeds from the exchange in 2000 of Edison Capital Affiliate Options for cash awards. Accounts under this plan are credited with interest at a rate based on 120% of the 120-month average of the 10-year Treasury Note yield as of October 15 preceding each calendar year. Payment terms are substantially the same as those for grandfathered accounts under the Executive Deferred Compensation Plan.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The following plans provide benefits that may become payable to certain Named Officers, depending on the circumstances surrounding their termination of employment with the Companies. When listing the potential payments to the Named Officers under the plans described below, it is assumed that the applicable triggering event (retirement or other termination of employment) occurs on December 31, 2006 and that the price per share of Edison International Common Stock is equal to the closing price on the final trading day of 2006, December 29.

**Executive Severance Plan**

Edison International provides severance benefits and change-in-control benefits to certain key employees, including all of the Named Officers, under the Edison International Executive Severance Plan.

**Severance Benefits - No Change in Control**

Under the Severance Plan, an eligible executive is generally entitled to severance benefits if his or her employment is terminated by his or her employer without cause and other than due to the executive's disability.

Severance benefits payable upon an involuntary termination without cause generally include: (1) cash severance benefits consisting of an amount equal to a year's base salary, an amount equal to the target bonus, and an amount equal to a pro rata portion of such target bonus for the portion of the calendar year employed prior to severance, (2) an additional year of health benefits, (3) full vesting and an additional year of service credit and an additional year of age credit for the purposes of calculating the executive's pension benefit under the Executive Retirement Plan described above, (4) an additional year's worth of vesting of stock options and dividend equivalents awarded in connection with the stock options, (5) an additional year's worth of vesting of any outstanding performance shares that become earned based on performance, (6) a period of one year to exercise



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any vested stock options, (7) reimbursement of up to \$10,000 for estate and financial planning services and up to \$1,500 for physical examination and preventive health care costs incurred within the year following termination of employment (although estate and financial planning reimbursement will continue for five years if the Named Officer is retirement eligible or becomes so with the additional year of service and age credits), (8) continued participation for one year in the Survivor Benefit Plan or the component parts of the Executive Supplemental Benefit Program described below, (9) reimbursement of up to \$20,000 for outplacement costs incurred within the two years following termination of employment, (10) reimbursement of up to \$10,000 for educational costs incurred within two years following termination, and (11) full vesting of any unvested amounts credited under the Executive Deferred Compensation Plan (except for deferred dividend equivalent amounts associated with options that remain unvested after the additional vesting under the plan). In addition, under the Executive Deferred Compensation Plan, the full range of payment options described above will be available.

Cash severance benefits would generally be paid in a lump sum within 30 days following termination of employment, although Edison International has the discretion to pay these amounts as substantially equal bi-weekly or monthly installment payments without interest generally over a one year period. The Edison International entity employing each Named Officer at the time of termination of employment would be responsible for making such payments under the plan. If there were a dispute concerning the amounts due under the plan, it would be settled by arbitration (including any disputes concerning the change-in-control severance benefits discussed below). Edison International would be responsible for paying each Named Officer's arbitration fees and expenses (including counsel fees), unless it were determined that the Named Officer did not initiate the arbitration in good faith or breached the confidential information and non-solicitation restrictions described below.

The following table lists the Named Officers that are potentially eligible to receive Severance Plan benefits, and the estimated amounts that might become payable upon their involuntary termination without cause. The benefits in the table were calculated for a hypothetical severance date of December 31, 2006.

Name	Estimated Total Value of Cash Payments (Base Salary and Annual Bonus Amounts)	Estimated Total Value of Health Coverage Continuation (\$)	Actuarial Present Value of Additional Age and Service Pension Credits (\$)	Estimated Total Value of Equity Acceleration* (\$)	Maximum Value of Reimbursable Expenses (Including Education Expenses) (\$)
John E. Bryson	3,660,000	15,104	562,680		31,500
Alan J. Fohrer	1,550,440	15,968	113,264		31,500
Thomas R. McDaniel	1,477,680	9,553	197,382		31,500
Theodore F. Craver, Jr.	1,466,640	13,164	179,964		31,500
John R. Fielder	950,360	9,008	77,924		31,500
Mahvash Yazdi	771,330	8,345	87,879		31,500
Thomas M. Noonan	616,770	15,104	65,253		31,500

\* All of the Named Officers were retirement-eligible as of December 31, 2006 and therefore would have been fully vested in all equity awards if they retired regardless of whether they were eligible to receive Severance Plan benefits.

**Severance Benefits - Change in Control**

The severance benefits described above would be enhanced if a Named Officer's employment were terminated for a qualifying reason during a period that started six months before and ended two years after a change in control of Edison International. Qualifying reasons are defined to include a termination of the Named

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Officer's employment by his or her employer for any reason other than cause or disability, the Named Officer's termination of his or her own employment for a good reason, a breach of the Severance Plan by Edison International or any successor, or the failure or refusal of any successor to assume Edison International's obligations under the Severance Plan.

As part of their enhanced severance benefits upon a qualifying termination in a change in control, all Named Officers would receive full vesting of their outstanding stock options, related dividend equivalents, and performance shares. Although performance shares and dividend equivalents would become fully vested, unless these awards were terminated under the circumstances described below, payment of these awards would remain subject to the satisfaction of the applicable performance or other conditions contained in the terms of the award. Named Officers would be entitled to exercise any vested stock options for a period of two or three years, as applicable based on the multiple described below. The Severance Plan provides for special rules that would apply if outstanding equity awards were not continued or assumed in connection with any liquidation, sale of all or substantially all of the assets, or merger or reorganization that resulted in a change in control of Edison International where Edison International was not the surviving corporation. Following such a transaction, and regardless of whether a Named Officer's employment were terminated, outstanding stock options and performance shares and related dividend equivalents would become fully vested. Performance shares and related dividend equivalents would be deemed earned at target levels, and would be paid out as soon as practicable following the transaction. Options would become immediately exercisable and might be cancelled without any value if not exercised in connection with the transaction.

For Messrs. Fielder and Noonan and Ms. Yazdi, the enhanced change-in-control severance benefits would be based on a 2x multiple twice the cash severance amount payable for involuntary termination absent a change in control (except that the prorated bonus for the year of termination would not be doubled), an extension of an additional year of eligibility for the benefits listed and corresponding increases in the amounts listed, and an additional year of age and service credit for purposes of the Executive Retirement Plan and Executive Deferred Compensation Plan.

For Messrs. Bryson, Craver, Fohrer and McDaniel, the enhanced change-in-control severance benefits would be based on a 3x multiple three times the cash severance amount payable for involuntary termination absent a change in control (except that the prorated bonus for the year of termination would not be trebled), an extension of two additional years of eligibility and corresponding increases in the amounts for the benefits listed (except that the maximum amount available for outplacement services would be \$50,000 rather than \$60,000), and two additional years of age and service credit for purposes of the Executive Retirement Plan and Executive Deferred Compensation Plan.

As part of each Named Officer's enhanced change-in-control severance benefits, the Severance Plan provides that if, following a change in control of Edison International, excise taxes under Section 4999 of the Internal Revenue Code applied to payments made under the Severance Plan or other plans or agreements, the executive would be entitled to receive an additional payment (net of income, employment and excise taxes) to compensate the executive for any excise tax imposed.

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The following table lists the estimated enhanced change-in-control severance benefits that might become payable to each Named Officer upon his or her qualifying termination in connection with a change in control. The benefits in the table were calculated for a hypothetical change-in-control severance date of December 31, 2006.

Name	Estimated Total Value of Cash Payments (Base Salary and Annual Bonus Amounts)	Estimated Total Value of Health Coverage Continuation	Actuarial Present Value of Additional Age and Service Pension Credits	Estimated Total Value of Equity Acceleration	Maximum Value of Reimbursable Expenses (Including Education Expenses)	Estimated Total Value of Excise Tax Gross-Up
	(\$)	(\$)	(\$)	(\$) <sup>(1)</sup>	(\$)	(\$) <sup>(2)</sup>
John E. Bryson	8,540,000	45,312	1,688,041		84,500	
Alan J. Fohrer	3,758,980	47,904	339,788		84,500	
Thomas R. McDaniel	3,571,060	28,659	592,147		84,500	
Theodore F. Craver, Jr.	3,544,380	39,492	539,895		84,500	
John R. Fielder	2,313,920	18,016	155,849		63,000	
Mahvash Yazdi	1,909,960	16,690	175,758		63,000	
Thomas M. Noonan	1,527,240	30,208	116,186		63,000	

<sup>(1)</sup> All of the Named Officers were retirement eligible as of December 31, 2006 and therefore would have been fully vested in all equity awards if they retired regardless of whether they were eligible to receive Severance Plan benefits.

<sup>(2)</sup> Severance benefits for a hypothetical severance as of December 31, 2006 would not have resulted in excise taxes for any Named Officer, given their incomes in the base years used for calculation of taxes under Section 4999 of the Internal Revenue Code.

**Restrictive Covenants**

In order to receive any severance benefits under the Severance Plan, each Named Officer would be required to agree to release Edison International and its affiliates from all claims arising out of the officer's employment relationship and agree to confidentiality and non-solicitation restrictions. The confidentiality restrictions generally would prohibit each Named Officer from ever disclosing confidential information and trade secrets relating to Edison International and its affiliates. The non-solicitation restrictions would require each Named Officer to refrain from soliciting the Companies' customers and the Companies' employees who make over \$25,000 annually for the benefit of any entity in competition with the business of Edison International and its affiliates. The non-solicitation restrictions would last for a period of two years following any termination of employment. The Companies have no present intention to waive any breach of the confidentiality or non-solicitation restrictions described above, and any waiver of a breach of these restrictions could only occur by the Companies' execution of a signed agreement expressly waiving such breach.

**Survivor Benefit Plan**

The Survivor Benefit Plan provides beneficiaries of participating Named Officers with income continuation benefits in the event of a Named Officer's death while employed. If a participating Named Officer died while employed, the after-tax benefit under the plan would be equal to two times the Named Officer's cash compensation (annual salary rate plus average annual bonus percentage). The normal form of payment for benefits under the plan would be a monthly annuity for 120 months. However, beneficiaries might elect to receive actuarially equivalent payments over a five year period or in a lump sum. All benefits under the plan would be paid by the company employing the officer at the time of death.

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The following table lists the Named Officers eligible for benefits under the Survivor Benefit Plan and the after-tax value of the amounts that would have become payable if they had died while employed on December 31, 2006. No benefits would be payable under the plan if a Named Officer died following termination of employment. The amounts listed below assume that all benefits would be paid in a lump-sum following death.

Name	Estimated Value of Payments if Death Occurred While Employed
	(\$)
John E. Bryson	6,634,000
Thomas R. McDaniel	5,086,000
Theodore F. Craver, Jr.	2,906,000
John R. Fielder	1,670,000
Mahvash Yazdi	1,444,000
Thomas M. Noonan	1,126,000

**Executive Supplemental Benefit Program**

One Named Officer, Mr. Fohrer, elected to retain benefits under a prior supplemental benefit program. To compensate the Companies for the added cost of these benefits, his salary is reduced by \$8,000 annually, he foregoes the additional 7.5% accrual in the Executive Retirement Plan, and he is not eligible for the Survivor Benefit Plan or the Executive Disability Plan. The supplemental benefits under the program he elected to retain include the following death benefits if he died prior to retirement: survivor income continuation benefit with an after-tax value equal to two times his base salary plus average bonus (average of the bonus percentages from the highest three years of the past five, applied to the final salary rate), doubled if the death were accidental (as of the end of 2006, the after-tax value of that benefit for non-accidental death would have been \$2,908,000); and supplemental survivor income benefit of a life annuity for a surviving spouse (10 years only if the survivor were not the spouse) with an annual benefit equal to 25% of his base salary plus average bonus (as of the end of 2006, the annual benefit for the survivor would have been \$363,500). If he died after retirement, the after-tax value of the survivor income continuation benefit would be half the pre-retirement death benefit, and the supplemental survivor income benefit would be an annuity in the same annual amount for 10 years only. With the consent of the CEO of Edison International, Mr. Fohrer may elect to forego the post-retirement supplemental survivor income benefit and instead receive a supplemental retirement income benefit in the annual amount of 10% of his base salary plus average bonus (as of the end of 2006, the annual benefit commencing at age 61 would have been \$145,400; to the extent Mr. Fohrer elected to take this benefit before age 61, the benefit would be reduced by a prescribed amount). The program also includes a supplemental long-term disability benefit which would provide a supplement to the regular employee long-term disability payment with an annual value equal to the average bonus (if he had become disabled as of the end of 2006, the annual amount of this disability benefit would have been \$486,075).

**Deferred Compensation Plans**

Upon a Named Officer's retirement or other termination of employment, the Named Officer will generally receive a payout of any non-qualified deferred compensation balances under the Edison International Executive Deferred Compensation Plan, 1985 Deferred Compensation Plan, 1981A Deferred Compensation Plan or Affiliate Option Deferred Compensation Plan. Please see the Non-qualified Deferred Compensation table above and the related discussion of the various deferred compensation plans for a description of these deferred compensation balances and payment terms.

The Executive Deferred Compensation Plan has an additional survivor benefit feature. If a participant died while employed or retired and within ten years of initial eligibility to participate in the plan, the account balance would be doubled and the account paid out on the same schedule previously elected by the participant. Only one Named Officer, Ms. Yazdi, was eligible for this benefit as of December 31, 2006, as the other Named Officers had all been participants in the plan for more than ten years.

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The 1985 Deferred Compensation Plan, in which only Mr. Bryson among the Named Officers has an account, also has a survivor benefit feature. If Mr. Bryson were to die while employed, his survivors would receive payout of his balance in the plan account, and would also receive an annual amount of \$337,500 for ten years following his death. If Mr. Bryson dies after retirement, his surviving spouse will receive a life annuity (but an annuity for other survivors of five years only, if the spouse dies before five years of these survivor payments) consisting of monthly payments equal to half the regular account payment amount, commencing upon the later of the completion of payout from the regular account or the month following his death. The actuarially estimated present value of his post-retirement survivor benefit is \$733,776.

**SCE Retirement Plan and SCE Executive Retirement Plan**

In connection with a Named Officer's termination of employment, the Named Officer will generally receive a payout of his or her vested retirement benefits under the SCE Retirement Plan and the SCE Executive Retirement Plan. In accordance with the terms of these plans, payments may be made in a lump sum immediately following termination of employment, in installments or in different forms of annuities. The Pension Benefits table and the related Pension and Other Retirement Plans section above describe these retirement payments and associated survivor benefits.

**DIRECTOR COMPENSATION**

The following table presents information regarding the compensation paid during 2006 to the Directors of Edison International and SCE who are not also the Companies' employees. The compensation paid to any Director who is also one of the Companies' employees is presented above in the Summary Compensation Table Fiscal 2006 and the related explanatory tables. Such employee Directors are generally not entitled to receive additional compensation for their services as Directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>(1)(2)</sup> (\$)	Option Awards <sup>(1)(2)(3)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non- qualified Deferred Compensation Earnings <sup>(4)</sup> (\$)	Director Matching Gift Program <sup>(5)</sup> (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
France A. Córdova	71,000	86,365	29,990		2,822	3,500	193,677
Charles B. Curtis	53,750	81,771	29,990		225		165,736
Bradford M. Freeman	91,000	89,924	29,990		5,879	10,000	226,793
Bruce Karatz <sup>(6)</sup>	77,000	87,166	29,990		5,146		199,302
Luis G. Nogales	93,625	89,649	29,990		12,090		225,354
Ronald L. Olson	65,000	89,649	29,990		18,993	10,000	213,632
James M. Rosser	67,000	86,792	29,990		50,167	10,000	233,949
Richard T. Schlosberg, III	100,000	89,924	29,990		6,010	10,000	235,924
Robert H. Smith	103,750	89,649	29,990		16,272	10,000	249,661
Thomas C. Sutton	93,000	89,649	29,990		20,260	10,000	242,899

(1) The amounts reported for stock and option awards reflect the aggregate dollar amounts recognized with respect to these awards for financial statement reporting purposes for fiscal 2006 (disregarding any estimate of forfeitures related to service-based vesting conditions). For a discussion of the assumptions and

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methodologies used to calculate the amounts reported, see Note 5 (Compensation and Benefit Plans) to Edison International's Consolidated Financial Statements, included as part of Edison International's 2006 Annual Report to Shareholders filed on Form 10-K and incorporated herein by reference.

- (2) As described below, the Companies granted each of the Companies' non-employee Directors an award of (i) 2,000 shares of Edison International Common Stock or deferred stock units and (ii) 2,500 non-qualified stock options upon election or re-election to the Boards in April 2006, and additional deferred stock units were granted on each ex-dividend date for dividends on Edison International Common Stock in fiscal 2006, under the provision for reinvestment of dividend equivalents earned on the deferred stock units. Additional deferred stock units granted on the ex-dividend dates, March 29, June 28, September 27, and December 27, 2006 had values of \$42.46, \$39.32, \$42.52 and \$45.81 per share, respectively. Each share or deferred stock unit award granted April 27, 2006 had a value of \$40.05 on the grant date. Each non-qualified option award had a value of \$11.996 on the grant date. See footnote (1) above for the assumptions used to value these awards.
- (3) As of December 31, 2006, the following number of non-qualified stock options were outstanding and held by each non-employee Director. All options are fully vested. There were no unvested stock awards granted to non-employee Directors that were outstanding as of December 31, 2006.

Director	Number of Options Outstanding
France A. Córdova	6,000
Charles B. Curtis	2,500
Bradford M. Freeman	8,000
Bruce C. Karatz	8,000
Luis G. Nogales	8,000
Ronald L. Olson	8,000
James M. Rosser	0
Richard T. Schlosberg, III	8,000
Robert H. Smith	8,000
Thomas C. Sutton	8,000

- (4) Amounts reported consist of interest on deferred compensation account balances considered under SEC rules to be at above-market rates and, for Messrs. Nogales, Olson, Smith and Sutton and Dr. Rosser, changes from January 1, 2006 to December 31, 2006 in the present value of benefits under the Retirement Plan for Directors. Benefit accruals under that plan were frozen at the end of 1997, but the present value of the frozen benefits can change over time. Because Messrs. Nogales, Olson and Sutton in 2006 became one year closer to the age at which they will be eligible to receive benefits under this plan, the present value of their benefits increased by \$11,374, \$5,781 and \$7,438, respectively. Interest on account balances under the Director Deferred Compensation Plan and 1985 Director Deferred Compensation Plan described below is credited at a rate equal to the average annual Moody's Corporate Bond Yield for Baa Public Utility Bonds over a 60-month period.
- (5) Edison International has a matching gift program that provides assistance to qualified public and private schools by matching dollar-for-dollar gifts of at least \$25 up to a prescribed maximum amount per calendar year for the Companies' employees and all Directors on the Boards of Edison International and SCE. Edison International matches aggregate Director contributions of up to \$10,000 per calendar year to qualified institutions. Edison International will match only up to \$10,000 per calendar year of gifts made by an Edison International Director who is also an SCE Director.
- (6) Mr. Karatz resigned as a Director on November 13, 2006.



**Table of Contents****Annual Retainer and Meeting Fees**

Compensation for Directors who were not also employees of Edison International or SCE during 2006 generally consisted of an annual retainer, fees for attending meetings, and an annual equity award. Directors were also offered the opportunity to receive all of their compensation (except stock options) on a deferred basis under the Companies' Director Deferred Compensation Plan.

The following table sets forth the schedule of meeting fees and annual retainers for each non-employee Director in effect during 2006:

<b>Type of Fee</b>	<b>Dollar Amount</b>
Annual Board Retainer	\$45,000
Additional Annual Retainer to Board Committee Chairs	\$5,000 (\$10,000 for Audit Committee Chair)
Additional Annual Retainer to each Director who serves as Lead Director of the non-employee and independent Director executive sessions	\$7,500
Fee for each Board meeting and each Board Committee and Subcommittee meeting attended, including adjourned meetings, or for any other business meeting attended as a Director	\$2,000

Non-employee Directors serve on both the Edison International Board and the SCE Board and on the same Committees and Subcommittees of each Board, except that Mr. Nogales serves as an alternate member of the Pricing Committee, which is only an SCE Board Committee. Non-employee Directors receive only one retainer and, if the meetings of the Boards or the same Committees and Subcommittees of each of the Companies are held concurrently or consecutively, they receive only one meeting fee. Additionally, if meetings of different Committees and Subcommittees of each of the Companies are held jointly, the non-employee Directors receive only one meeting fee. It is the usual practice of Edison International and SCE that meetings of the Edison International and SCE Boards are held together or consecutively and a single meeting fee is paid to each non-employee Director for each set of meetings. Edison International and SCE Committee and Subcommittee meetings are similarly managed.

All Directors are also reimbursed for out-of-pocket expenses they incur serving as Directors and are eligible to participate in the matching gift program described above under 'Director Compensation' in footnote (5) to the table showing the 2006 compensation of non-employee Directors.

**Annual Equity Awards**

Under the Companies' current Director compensation policy, non-employee Directors of Edison International and SCE are granted the following annual equity awards under the Edison International Equity Compensation Plan upon election or reelection to the Boards. Directors serving on both Boards receive only one award per year.

Upon initial election to the Boards:

2,000 Edison International deferred stock units, and

2,500 Edison International nonqualified stock options.

Upon reelection to the Boards:

2,000 shares of Edison International Common Stock or deferred stock units, and

2,500 Edison International nonqualified stock options.





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To give Directors the ability to receive a portion of their equity award on a deferred basis, Directors have the opportunity to elect in advance to receive the stock/deferred stock unit portion of the reelection award entirely in Edison International Common Stock, entirely in deferred stock units or in any combination of the two. The deferred stock units are contractual rights to receive the value of one share of Edison International Common Stock that are credited to the Director's deferred compensation plan account under the Director Deferred Compensation plan described below. The deferred stock units accrue dividend equivalents, if and when dividends are declared on Edison International Common Stock, that are converted to additional stock units under the plan. The deferred stock units cannot be voted or sold. The deferred stock units will be distributed in Edison International Common Stock in a lump sum upon the Director's retirement from the Boards, unless a request to receive distribution in the form of installments over 5, 10, or 15 years was previously submitted and approved. Resignation or other termination of Board service prior to retirement will result in a lump sum payout of deferred stock units in Edison International Common Stock. Upon the Director's death, any remaining deferred stock unit balance will be paid to the Director's beneficiary in a lump sum in Edison International Common Stock. Deferred stock units may also be paid out in connection with a change in control of Edison International or SCE in certain circumstances.

Each Edison International nonqualified stock option awarded to Directors in 2006 may be exercised to purchase one share of Edison International Common Stock at an exercise price equal to \$40.05, which was the fair market value of the underlying Common Stock on the grant date. For these purposes, and in accordance with the terms of the Edison International Equity Compensation Plan in effect on the grant date, fair market value was defined as the average of the highest and lowest sales prices for a share of Edison International Common Stock on the applicable grant date. The Director stock options were fully vested upon grant.

Director stock options have a normal (and maximum) term of ten years, although this term may be shortened if the Director's service terminates. Unless exercised, director stock options will generally terminate 180 days after the date of the Director's termination of service. However, the director stock options will continue to remain outstanding for their full normal term if the Director's termination of service occurs after attaining age 65 or because of death or permanent and total disability.

If there were a change in control of Edison International and the Edison International Common Stock would not remain outstanding following the change in control, outstanding Director options would be terminated and "cash-out" for their spread value existing at the time of the change in control. However, no cash-out and termination would occur if Edison International Common Stock remained outstanding following the change in control, or if the Director options were replaced with substantially equivalent options. In such a case, the Director options (or the replacement options) would remain outstanding following the change in control upon the same general terms and the Director would be entitled to exercise such options for a period of two years following any involuntary termination of service within a year of the change in control.

Each Director is entitled to receive separate cash dividend equivalent rights with respect to his or her stock options granted in 2006. Dividend equivalent rights entitle each Director to receive the dividends that would have been paid on the shares of Common Stock covered by the stock option award, but only during the first five years of the stock option award's term. Dividend equivalents are credited to an account established on behalf of each Director and accumulate without interest. Dividend equivalents are paid in cash on or as soon as administratively practical after each June 1 of the years 2007 through 2011, subject to prior deferral elections and Edison International's right to pay dividend equivalents in shares of Common Stock. No further dividend equivalents will accrue as to any corresponding Edison International stock option once such option is exercised, expires or otherwise terminates.

Each Director's stock option award was granted under, and is subject to the terms of, the Edison International Equity Compensation Plan. The Edison International Board administers the Equity Compensation Plan as to Director awards, and has the ability to interpret and make all required determinations under the plan, subject to plan limits. This authority includes making required proportionate adjustments to outstanding stock

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options and dividend equivalents to reflect any impact resulting from various corporate events such as reorganizations, mergers and stock splits.

The Director stock options and dividend equivalents are generally only transferable to a spouse, child or grandchild of the Director, entities established for their benefit, or to a beneficiary upon death.

### **Deferred Compensation Opportunities and Frozen Retirement Plan**

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

Non-employee Directors of Edison International and SCE are eligible to defer up to 100% of their Board compensation (other than Director stock options) under the Edison International Director Deferred Compensation Plan. This includes the annual retainers, meeting fees, the deferred stock unit portion of the annual equity award and dividend equivalents on Edison International stock options described above. Any portion of a Director's annual equity award that a Director defers by electing to receive deferred stock units is deferred under the plan pursuant to the terms of the deferred stock units described above. Amounts may be deferred until a specified date, retirement, death or discontinuance of service as a Director. Amounts deferred accrue interest until paid to the Director at the rate described above under Director Compensation in footnote (4) to the table showing the 2006 compensation of non-employee Directors. At the Director's election, compensation deferred until retirement or death may be paid as a lump sum, in monthly installments over 60, 120, or 180 months, or in a combination of a partial lump sum and installments. Deferred compensation is paid as a single lump sum or in three annual installments upon any other discontinuance of service as a Director. Directors may elect at the time of deferral to receive payment of such deferral on a fixed date in accordance with procedures established under the plan, and deferred amounts may also be paid out in connection with a change in control of Edison International or SCE in certain circumstances. If a Director dies within ten years of his or her initial participation date in the plan, the amount of the Director's remaining deferred compensation account balance that will be paid to his or her beneficiary will be doubled. All amounts payable under this plan are treated as obligations of Edison International.

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

One SCE non-employee Director, Dr. Rosser, participated in the 1985 Director Deferred Compensation Plan, under which he deferred retainers and fees during the period 1985 to 1990. The crediting rate for that plan was originally set with reference to Moody's AAA Seasoned Corporate Bond Yield average during the period. Commencing in 2004, the crediting rate and payment terms for Dr. Rosser's account were amended under an agreement with Dr. Rosser to correspond to those in effect for the Director Deferred Compensation Plan, except that the provision for survivor benefits under this plan, similar to those described above under the 1985 Executive Deferred Compensation Plan, remains in effect.

#### **Retirement Plan for Directors**

Six non-employee Directors, Messrs. Nogales, Olson, Smith and Sutton, and Dr. Rosser, participate in the Retirement Plan for Directors. Each Director participating in this plan is generally entitled to an annual payment, commencing following the Director's retirement, resignation or death, based on the amount of the annual retainer and regular Board meeting fees in effect at the time of such termination of service. The annual benefit for each Director will be payable in quarterly installments for a number of years equal to the number of years of the Director's service as a Director prior to 1998. No new Director after 1997 may participate in the plan, and years of service for benefit determination purposes under the plan were frozen at the end of 1997.

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**STOCK OWNERSHIP OF DIRECTORS, DIRECTOR NOMINEE,  
AND EXECUTIVE OFFICERS**

The following table shows the number of shares of Edison International Common Stock beneficially owned as of January 31, 2007, except as otherwise indicated, by the respective Directors and Director nominee of Edison International and SCE, the Edison International and SCE Named Officers, and all Directors, the Director nominee, and Executive Officers of each of Edison International and SCE as a group. Under SEC rules, none of the persons included in the table beneficially owns any other equity securities of Edison International or SCE, or any subsidiary of either of them. The table includes shares that can be acquired through April 1, 2007, through the payment of deferred stock units and the exercise of stock options.

Name of	Deferred Stock Units <sup>(1)</sup>	Stock Options <sup>(2)</sup>	Shares of Common Stock <sup>(3)</sup>	Total Shares Beneficially Owned <sup>(4)</sup>	Percent of Class
<b>Beneficial Owner</b>					
<b>Directors, Director nominee, and Executive Officers:</b>					
John E. Bryson <sup>(5)</sup>	0	1,950,508	432,709	2,383,217	*
Vanessa C.L. Chang	0	0	0	0	*
France A. Córdova	6,282	6,000	0	12,282	*
Charl					