



EDISON
INTERNATIONAL®

ALPHA **CHALLENGE**
Kenan-Flagler Business School
The University of North Carolina

December 4th, 2025

Team Number: 12

Student Names: Shreyam M., Lusine K., Kazuki I.

Long: Edison International (NYSE:EIX)

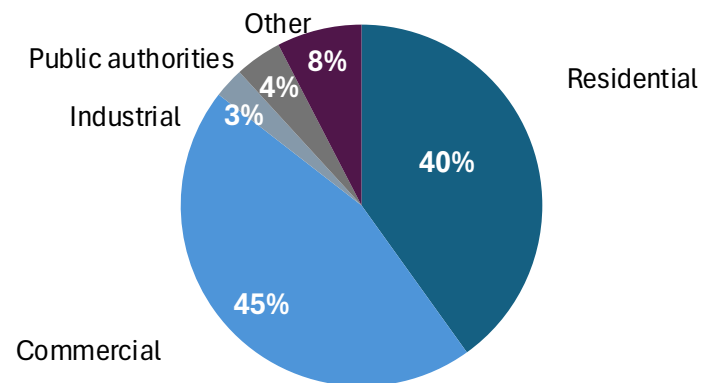
Current Price: \$58.6 (2025/11/23) | 1Y Price Target \$75.5 (28.9% Upside)

Company Overview

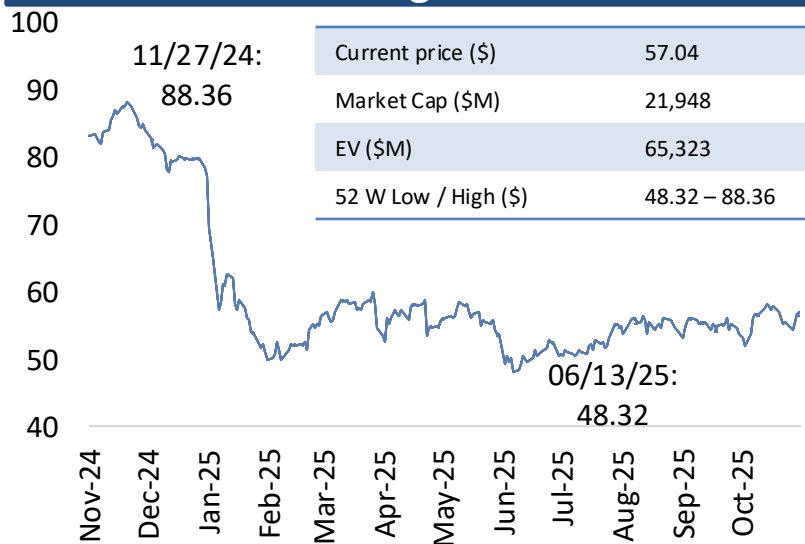
Business overview

- EIX is an investor-owned public utility that supplies to an approximately 50,000 square mile area across Southern, Central and Coastal California.
- EIX does not own significant generation facilities. It procures power from independent power producers and through long-term contracts to serve its customers
- Headquarters: Rosemead, California
- Founded: 1886

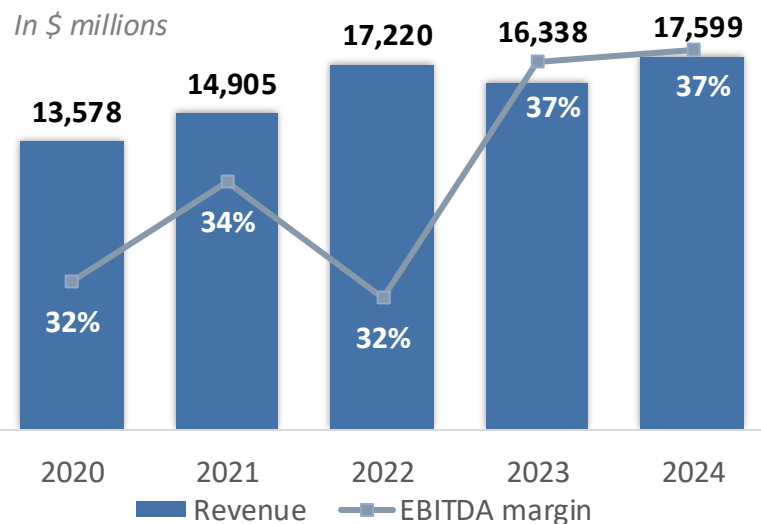
Revenue breakdown per end users



Trading data



Financial summary



1. Overreaction to the LA wildfires

~\$9.4 Billion

in market value wiped out
despite minimal true liability



2. Underreaction to positive regulatory developments

- \$18B State wildfire-fund increase; funded by customers & other utilities
- Wildfire Mitigation Plan approval makes proving negligence very difficult

3. Structural developments that improve long-run profitability have been overlooked

- California Public Utility Commission approved generous revenue requirement figures
- Rapidly growing electricity demand from datacentres has increased the likelihood that Edison beats future revenue estimates
- Progress on wildfire mitigation plan (which includes AI fault detection, underground cabling and covered conductors) has greatly reduced the chance of future wildfires

1. Overestimated LA Fire Liability

---> Palisades fire thought to be started by an individual (Edison should not be liable for any damages)

----> Eaton fire may have been started by Edison's equipment. But any costs Edison is held liable for will be eligible for payouts from the original California Wildfire Fund (which can currently pay out ~\$22bn net of other fire settlements)

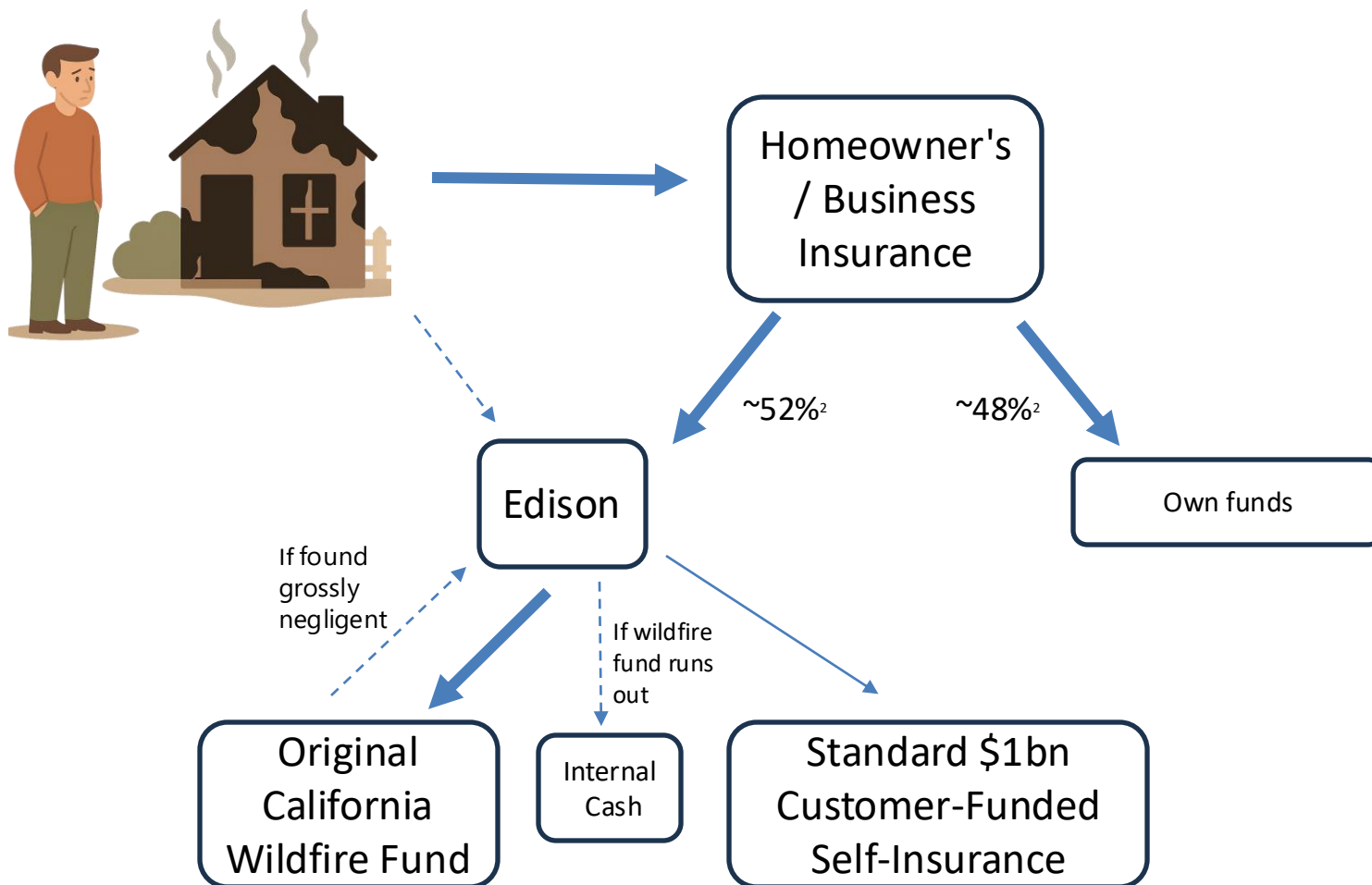
- Total insured damages from the Eaton fire are estimated at ~\$7-15bn
 - The first \$1bn will be covered by Edison's customer-funded insurance
 - This remainder should be **fully covered by the wildfire fund**



- Additionally, Edison has already settled with several insurance companies at 52 cents on the dollar, meaning Edison/the wildfire fund is only expected to pay out around \$4-5bn

-----> **Very limited true liability!**

Claims/Payout Process for California Wildfires¹



¹Likely caused by the equipment of one of the utilities participating in the Wildfire fund program (San Diego Gas & Electric Company, Edison, and PG&E). ²Estimate specific to the Eaton fire based on deals struck by Edison

Southern California Edison to tap state wildfire fund for Eaton Fire costs

State lawmakers reupped the wildfire liability fund by \$18 billion this year in anticipation that the utility would need it to cover costs from January's fire.



BY: CAMILLE VON KAENEL | 10/29/2025 08:37 PM EDT



The Eaton Fire sparked in January near Southern California Edison power equipment before tearing through Altadena. | Getty Images

SACRAMENTO, California — Southern California Edison will officially draw from California's wildfire liability fund to cover costs from January's Eaton Fire, according to state documents released Wednesday.

What happened: The California Earthquake Authority, which administers the fund, determined in September that Southern California Edison qualified for a payout to cover compensation claims related to the Eaton Fire that destroyed more than 9,000 buildings in Los Angeles County, according to [materials shared](#) ahead of a meeting Thursday.

Minimal News
Coverage:

[Article from PolitcoPro]

2. Underreaction to Regulatory Developments

- Wildfire fund topped up by \$18bn for future fires; this is critical from a risk-sharing perspective. Bill passed Sept. 2025 but very limited press coverage
- Edison is allowed to securitize \$6bn in wildfire mitigation-related capex
- Wildfire mitigation plan approval ensures that the likelihood of Edison being held "grossly negligent" in future wildfire outbreaks remains very low
 - Law states that a utility with an approved mitigation plan is "assumed prudent" unless interveners create serious doubt



6,800+ MILES
OF COVERED CONDUCTOR¹



2.5 MILLION+
TRIMS AND REMOVALS IN HFRA¹



1.5 MILLION+
HFRA INSPECTIONS¹



1,950+ WEATHER STATIONS¹ **~200 HD CAMERAS¹**



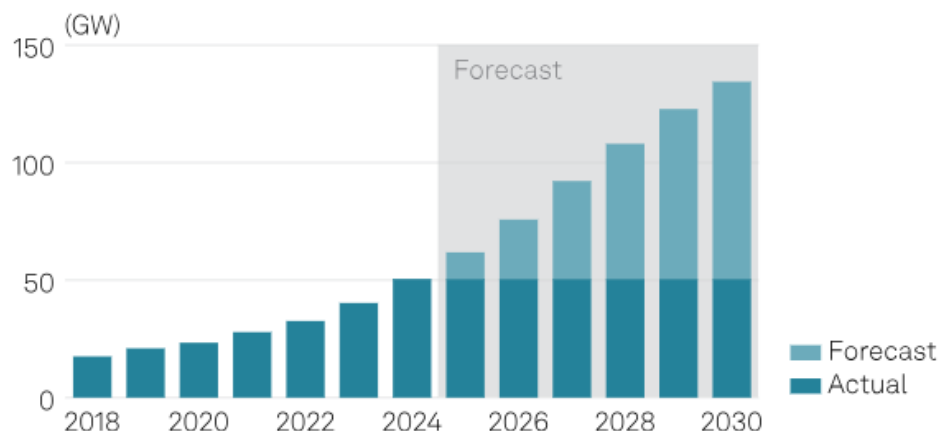
3. Structural Developments Improving Long-Run Profitability (1)

- **Sept 18, '25:** California Public Utility Commission's approved a ~12.6% higher revenue requirement vs 2024 and laid out a framework for 2026–28 that escalates with inflation, ensuring solid revenue growth over the next few years

Year	2024	2025	2026	2027	2028
Approved Base Revenues (USD Bn)	8.6	9.7	10.2	10.73	11.2
YoY Change	-	12.8%	5.2%	5.2%	4.4%

3. Structural Developments Improving Long-Run Profitability (2)

US power demand from data centers expected to more than double from current levels



Source: S&P

Data centers consumed ~4.4% of total U.S. electricity in 2023 and are expected to consume between **6.7 and 12% of total U.S. electricity by 2028**

Conservative load growth projections:

- ~2% annual projected sales/load growth in the near term (2025-2028)
- ~3.8% CAGR projected through 2035
- ~3.5% CAGR projected through 2045

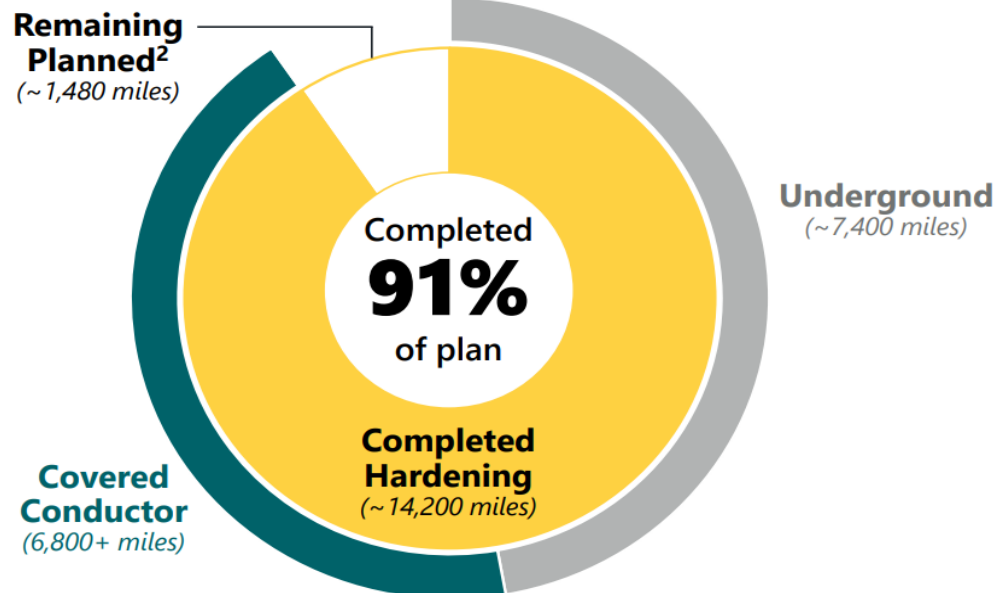
3. Structural Developments Improving Long-Run Profitability (3)

SCE has completed 91% of planned distribution line hardening in high fire risk area (HFRA)

By end of 2025, expect to be approaching 90% of total distribution lines in high fire risk area hardened¹

Status of Currently Planned Grid Hardening in HFRA¹

Distribution circuit miles, As of September 30, 2025



¹ Refers to circuit miles of distribution infrastructure in SCE's high fire risk areas (HFRA)
² Includes covered conductor and undergrounding

Key Assumptions on DCF (Wildfires Related Loss)

1. Base Case

Year	2025	2026	2027	2028	2029	2030
Existing Wildfire Fund Expense	146	146	146	146	146	0
New Wildfire Fund Expense	0	0	0	0	144	144
Eaton Fire losses not covered by the fund	0	165	165	0	0	0
Future Fire losses not covered by the fund	0	0	300	300	300	300
Total Extraordinary Loss Related to Wildfires	146	311	611	446	590	444

2. Upside Case

Year	2025	2026	2027	2028	2029	2030
Existing Wildfire Fund Expense	146	146	146	146	146	0
New Wildfire Fund Expense	0	0	0	0	144	144
Eaton Fire losses not covered by the fund	0	0	0	0	0	0
Future Fire losses not covered by the fund	0	0	100	100	100	100
Total Extraordinary Loss Related to Wildfires	146	146	246	246	390	244

3. Downside Case

Year	2025	2026	2027	2028	2029	2030
Existing Wildfire Fund Expense	146	146	146	146	146	0
New Wildfire Fund Expense	0	0	0	0	144	144
Eaton Fire losses not covered by the fund	0	1,950	1,950	0	0	0
Future Fire losses not covered by the fund	0	0	750	750	750	750
Total Extraordinary Loss Related to Wildfires	146	2,096	2,846	896	1,040	894

Additional Eaton Fire loss

- In the Base Case, assumed remaining cost related to Eaton Fire, like investigation, and repairing costs
- In the Downside Case, assumed Edison faces further legal action due to alleged management failures

Future Fire loss

- In the Base and Upside Cases, assumed that current investments reduce both the scale and likelihood of future wildfires
- In the Downside Case, assumed future fire losses increase compared to the past 10 years.

Valuation Summary

Valuation Summary

	1. Base Case	2. Upside Case	3. Downside Case	Weighted Average
Probability	80%	10%	10%	100%
DCF				
Value per Share	\$75.4	\$100.3	\$23.4	\$72.7
Upside or Downside	28.7%	71.2%	-60.0%	
Multiple				
Value per Share	\$106.3	\$120.3	\$42.1	\$101.2
Upside or Downside	81.4%	105.4%	-28.1%	
	Average		Weight	
DCF	\$72.7	×	90%	= \$65.4
Multiple	\$101.2	×	10%	= \$10.1
Weighted Average of Methods				\$75.5
Stock Price (\$)				\$58.6
Concluded Upside				28.9%

EBITDA Multiples

	1. Base Case	2. Upside Case	3. Downside Case
EBITDA (FY 2027)	8,704	8,888	8,441
-) Extraordinary Loss Related to Wildfires	611	246	2,846
EBITDA Adjusted (FY 2027)	8,093	8,642	5,595
Multiple	9.9x	9.9x	9.9x
Enterprise Value	79,957	85,381	55,270
+) Cash	364	364	364
-) Debts	39,437	39,437	39,437
Equity Value	40,884	46,308	16,197
# of Shares in millions	385	385	385
Equity Value per share (\$)	106.3	120.3	42.1
Stock Price	58.58	58.58	58.58
Upside or Downside	81.4%	105.4%	-28.1%

Valuation Methodology

- **EBITDA Multiples** and **DCF** approaches were applied
- Because peer-group multiples do not fully capture Edison's unique risk profile, we allocated:
 - **10% weight to the Multiples approach**
 - **90% weight to the DCF approach**

Scenario Probabilities

- Assigned the following probabilities across valuation cases:
 - **Base Case — 80%**
 - **Upside Case — 10%**
 - **Downside Case — 10%**

DCF (1. Base Case)

	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Operating Income (EBIT)	4,695	4,642	4,977	5,057	5,335	4,590
% EBIT Margin	25.6%	24.3%	25.1%	24.5%	24.9%	20.9%
-) Extraordinary Loss Related to Wildfires	146	311	611	446	590	444
EBIT Inc. Unusual Items	4,549	4,331	4,366	4,611	4,745	4,146
Free Cash Flows	379	-274	-154	488	625	3,437
Terminal Value						85,918
Present Value Factor @6.5%	0.99	0.95	0.90	0.84	0.79	
PV of Free Cash Flows	94	-261	-138	411	493	67,846
EBITDA	8,222	8,014	8,704	9,045	9,600	9,840
% EBITDA margin	44.8%	42.0%	43.9%	43.8%	44.7%	44.7%
Total Enterprise Value	68,445					
+) Cash	364					
-) Debts & Leases	39,437					
-) Debt Like Items	370					
Equity Value	29,002					
# of Shares in millions	385					
Equity Value per share (\$)	75.4	28.7% Upside				

1. Future Fires Caused by Faulty Power Equipment

- Climate change is increasing the intensity and frequency of wildfires, and this risk is hard to fully eliminate

Mitigation:

- Investments in wildfire mitigation technologies; Explicit contracts specifying pass-through liability to equipment suppliers in the event of faults

2. Unexpected Negligence/Liability Finding for Eaton fire

- If Edison found to have not taken reasonable precautions, the company could be forced to pay back up to **~\$4 billion**
 - "A utility that held a valid safety certification at the time of the relevant wildfire, like SCE did at the time of the Eaton Fire, will be presumed to have acted prudently unless a party in the proceeding creates "serious doubt" as to the reasonableness of the utility's conduct"
- > This is fully accounted for in our downside case

3. Stringent Datacentre/Bitcoin mining-related regulations impacting energy demand

- We believe this is a very low likelihood scenario given current administration's attitudes towards the space. Edison is also currently diversified enough to withstand such shocks.

Thank You!

Appendix Slides

LA Wildfires

January 7th, 2025: Eaton & Palisades fires start

January 9th, 2025: JPMorgan estimates the insured losses from the fires to exceed \$20 billion

January 13th, 2025: 4 lawsuits filed against Edison

Judge Laura Seigle warned that the first trial might not happen until **late 2026**, because California's state fire agency (Cal Fire) may need up to 18 months to finish its official report.

January 31st, 2025: Fires put out

October 8th, 2025: a 29-year-old man was arrested for allegedly starting the Palisades Fire

Eaton Fire

Death toll: 19

Structures damaged: 9,400+



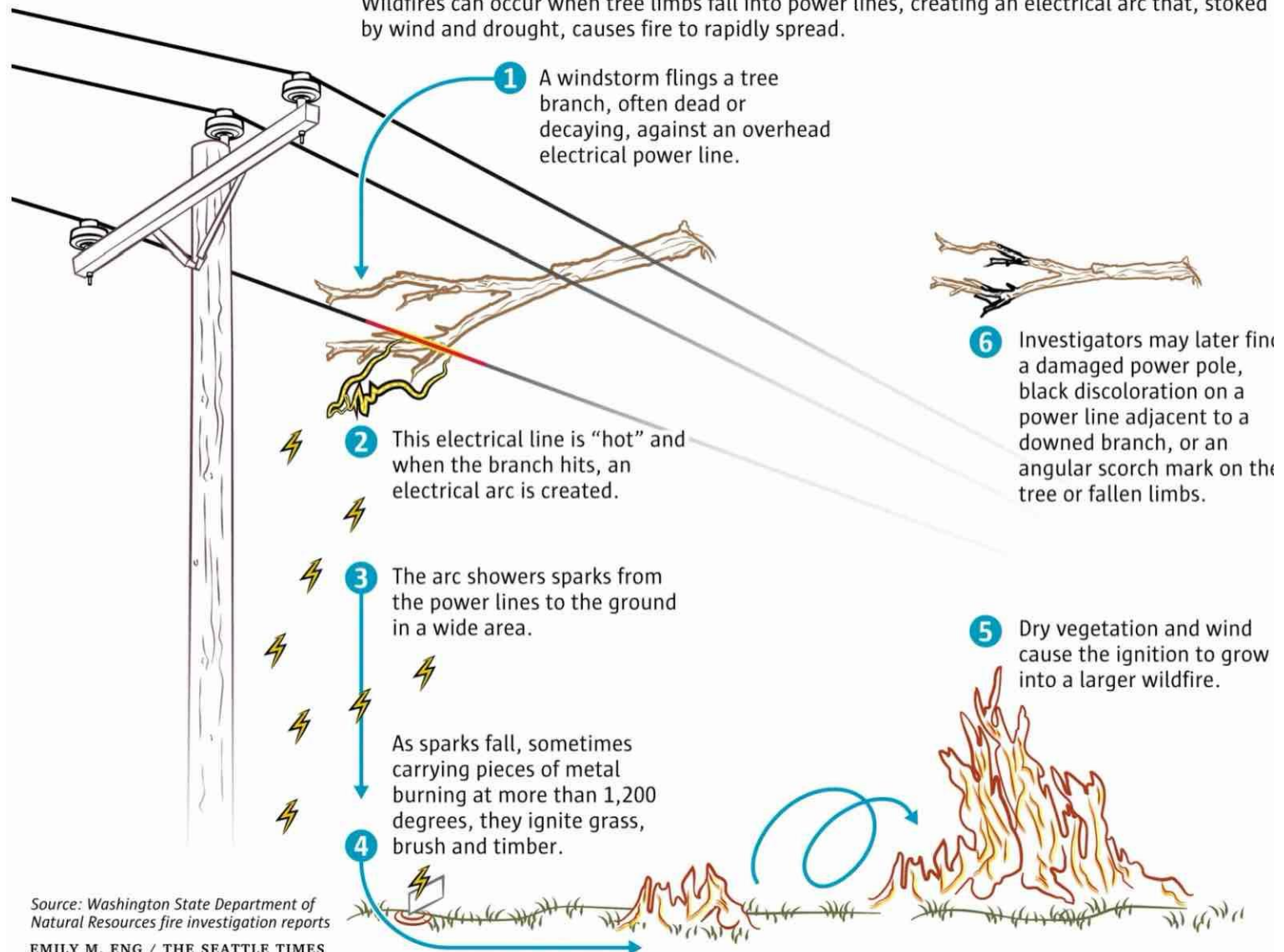
Palisades Fire

Death toll: 12

Structures damaged: 6,800+

How do Power Lines Cause Fires?

Wildfires can occur when tree limbs fall into power lines, creating an electrical arc that, stoked by wind and drought, causes fire to rapidly spread.



Source: Washington State Department of Natural Resources fire investigation reports
EMILY M. ENG / THE SEATTLE TIMES

Liability Investigations

Edison conducted preliminary analysis of electrical circuit information for the four energized transmission lines in the Eaton Canyon area. That analysis shows no interruptions or operational/electrical anomalies in the 12 hours prior to the fire's reported start time until more than one hour after the reported start time of the fire

Palisades: In the arrest of the alleged arsonist (Jonathan Rinderknecht) , authorities cited digital evidence, including an image allegedly generated using ChatGPT of a burning forest, and repeatedly listening to a rap song, whose music video included objects being lit on fire. Other evidence includes iPhone videos he took of the growing fire, his cell phone's geolocation data showing that he was the only person in the area where the fire started, and admission related to bringing a lighter when walking around where the fire was started.

Downside Cases

1. If Edison is found to be negligent, it may need to refund the Wildfire fund up to ~\$4bn

2. If Edison equipment is found to have played a role in starting both Eaton and Palisade fires:
 - Total damages are estimated at \$25.5-27.7 billion
 - As long as Edison can settle below 85c per dollar of insured damages, the Wildfire fund should still be able to cover all damages. We think this is extremely likely given historical precedent + shared liability with other parties including:
 - Los Angeles Department of Water and Power:** A broken LADWP power pole is also thought to have ignited the Eaton fire. LADWP also left crucial water reservoirs empty for nearly a year due to deferred maintenance, severely hampering firefighting efforts

Recent Wildfire Settlements

Fire Event	Year	Utility Affected	Total Paid Out (Net of Reimbursements, USD MM)	% of Total Damage (Estimated)	Payment Timeline
North Bay/Camp	2017-2018	PG&E	2550	85%	1.5-2 years
Woolsey	2018	Edison	2200	88%	2 years
Kincade/Dixie	2019, 2021	PG&E	175	15%	2-3 years
Zogg	2020	PG&E	200	33%	2-3 years
Thomas	2017	Edison	230	10%	1-3 years
Bobcat	2020	Edison	82.5	21%	5 years+
Average				42%	

Eaton Deals Struck:

Item 8.01 Other Events

On September 11, 2025, SCE entered into an agreement (the "Subrogation Settlement") with an insurance claimant in the 2025 Eaton Fire litigation (the "Subrogation Claimant"). Under the Subrogation Settlement, SCE agreed to pay the Subrogation Claimant \$0.52 for each dollar in claims paid or to be paid by the Subrogation Claimant to its policy holders, up to an agreed upon cap. The Subrogation Claimant had paid its policy holders an aggregate of approximately \$500 million as of July 31, 2025. No admission of wrongdoing or liability was made in reaching the Subrogation Settlement, and the Subrogation Claimant agreed to release SCE and Edison International from all claims and potential claims related to or arising from the Eaton Fire.

SCE has advised the administrator of the Wildfire Insurance Fund that SCE believes the Eaton Fire is a "covered wildfire" for purposes of accessing the fund and that it anticipates that future resolution of eligible claims arising from the Eaton Fire will require seeking reimbursement from the fund.

Eaton/Palisades Fire Damage Estimates

Estimating Party	Eaton		Palisades		Combined	
	Lower	Upper	Lower	Upper	Lower	Upper
Moody's	-	-	-	-	20	30
Property Claims Services	15.2	15.2	18.7	18.7	33.9	33.9
Verisk	8	10	20	25	28	35
Cal Dept. Insurance	7.1		13.5		20.6	0
Milliman	-	-	-	-	25.2	39.4
Michael Wara (Stanford)	8	9.0	-	-	-	-
Average	9.6	11.4	17.4	21.9	25.5	27.7

SB 254 is a key action that demonstrates support for IOU financial stability and its importance for customer affordability...



Creates \$18Bn fund with no upfront contribution¹

Funded 50/50 by customers and IOUs

- IOUs: \$300MM/year for 2029–2045
- *plus* \$3.9Bn over 5 years if need determined by administrator²
- Customers: \$900MM/year for 2036–2045

SCE share: 47.85% (~\$145MM/year starting 2029)

New fund available only for wildfires ignited after Sept. 19, 2025 (SB 254's effective date); initial fund available only for wildfires ignited before effective date^{1,3}



Enhances framework for liability cap, claims, and financing

Liability **cap** now based on year of ignition—improving certainty of amount—rather than year of disallowance

If **Wildfire Fund¹** exhausted, IOU may issue securitized bonds to fund claims payments for covered wildfires ignited between Jan. 1, 2025, and Sept. 19, 2025⁴

If required to reimburse new fund, IOU may **reduce reimbursement by amount of contributions paid**

Gives IOUs right of first refusal for subrogation claim sales for wildfires ignited after SB 254's effective date

Constructive for potential Eaton Fire losses

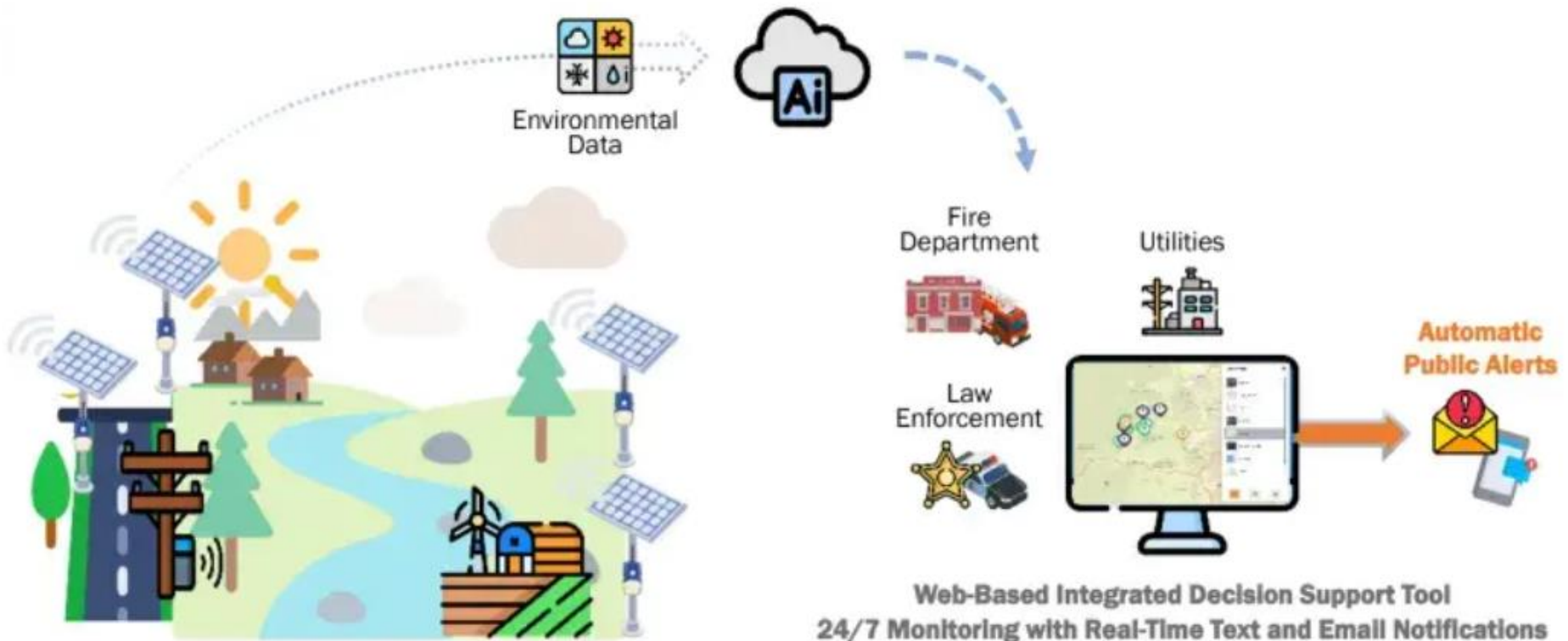


Excludes \$6Bn in wildfire capex from rate base

IOUs to securitize \$6Bn of wildfire mitigation capital spending (SCE share: ~\$2.9Bn)⁵

CA's New Firefighting Technology

WILDFIRE SENSOR DETECTION AND ALERTING



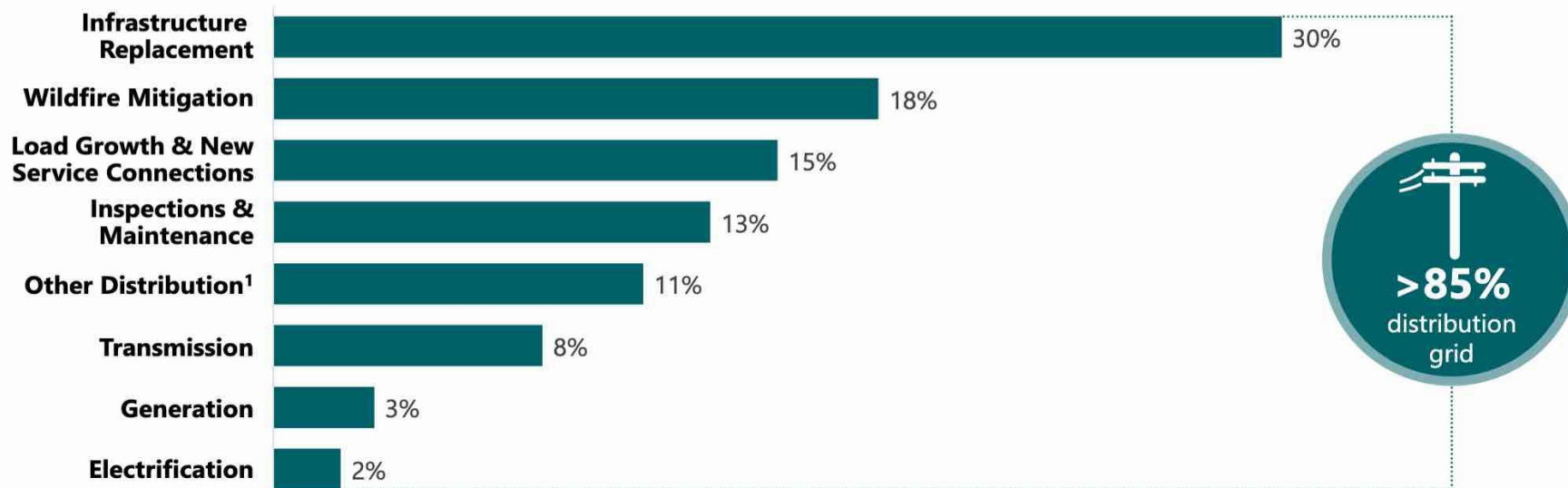
Breakdown of Capex

- U.S. utilities typically receive a **guaranteed rate of return of around 11%** on the investments they make in their grids. Edison forecasts a **7-8% rate base CAGR** from now until 2028

Over 85% of SCE's capital investments are in its distribution grid and essential to reliability, resiliency, and readiness objectives

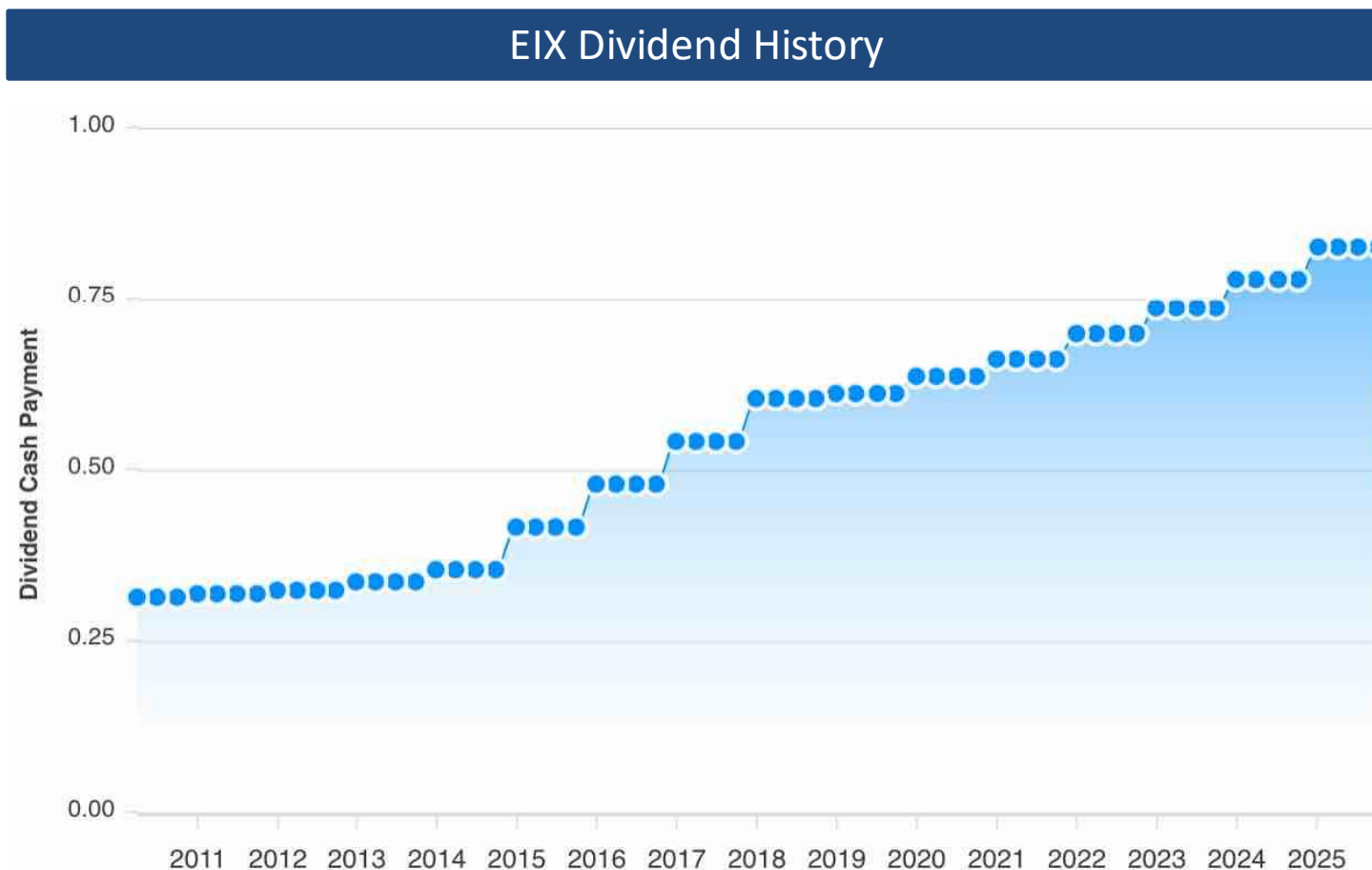
SCE forecasts investing \$38–43 billion from 2023 to 2028 to support SCE's wildfire mitigation strategy and clean energy transformation in California

Percentage of 2023–2028 capital plan



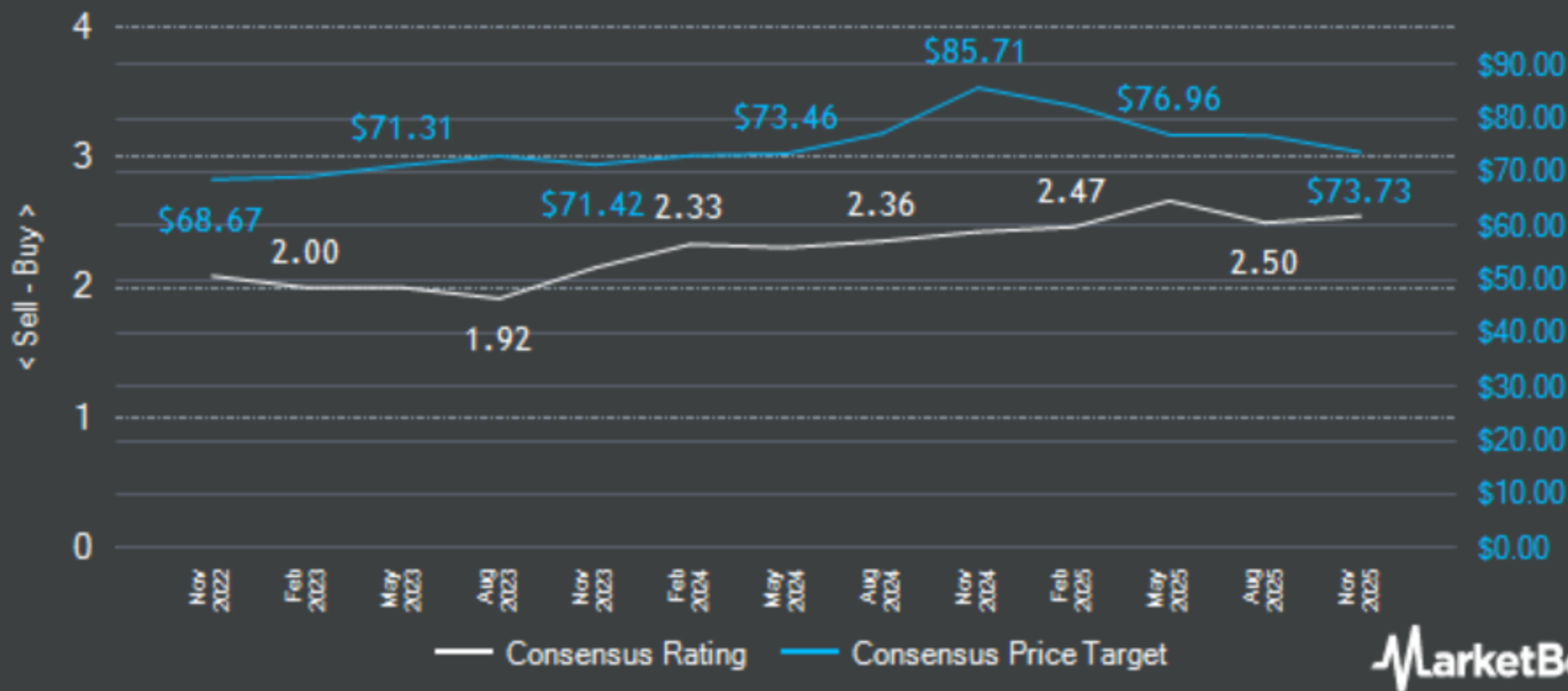
Dividend Payments

- 21 consecutive years of dividend growth
- Latest business update confirmed the target dividend payout of 45–55% of Edison's core earnings



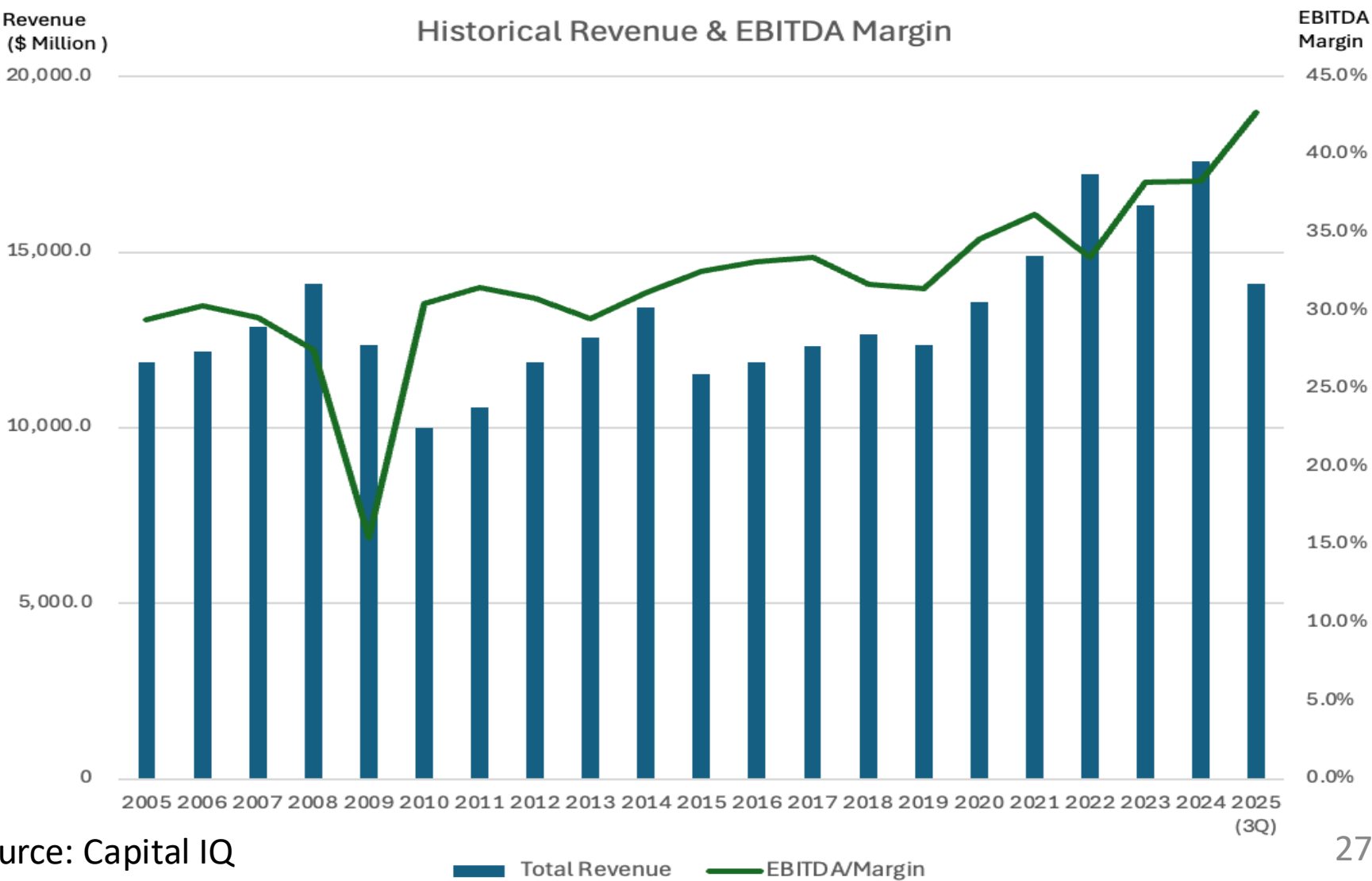
Historical Consensus Rating and Price Target

Consensus Recommendation for Edison International



Historical Revenue and EBITDA Margin

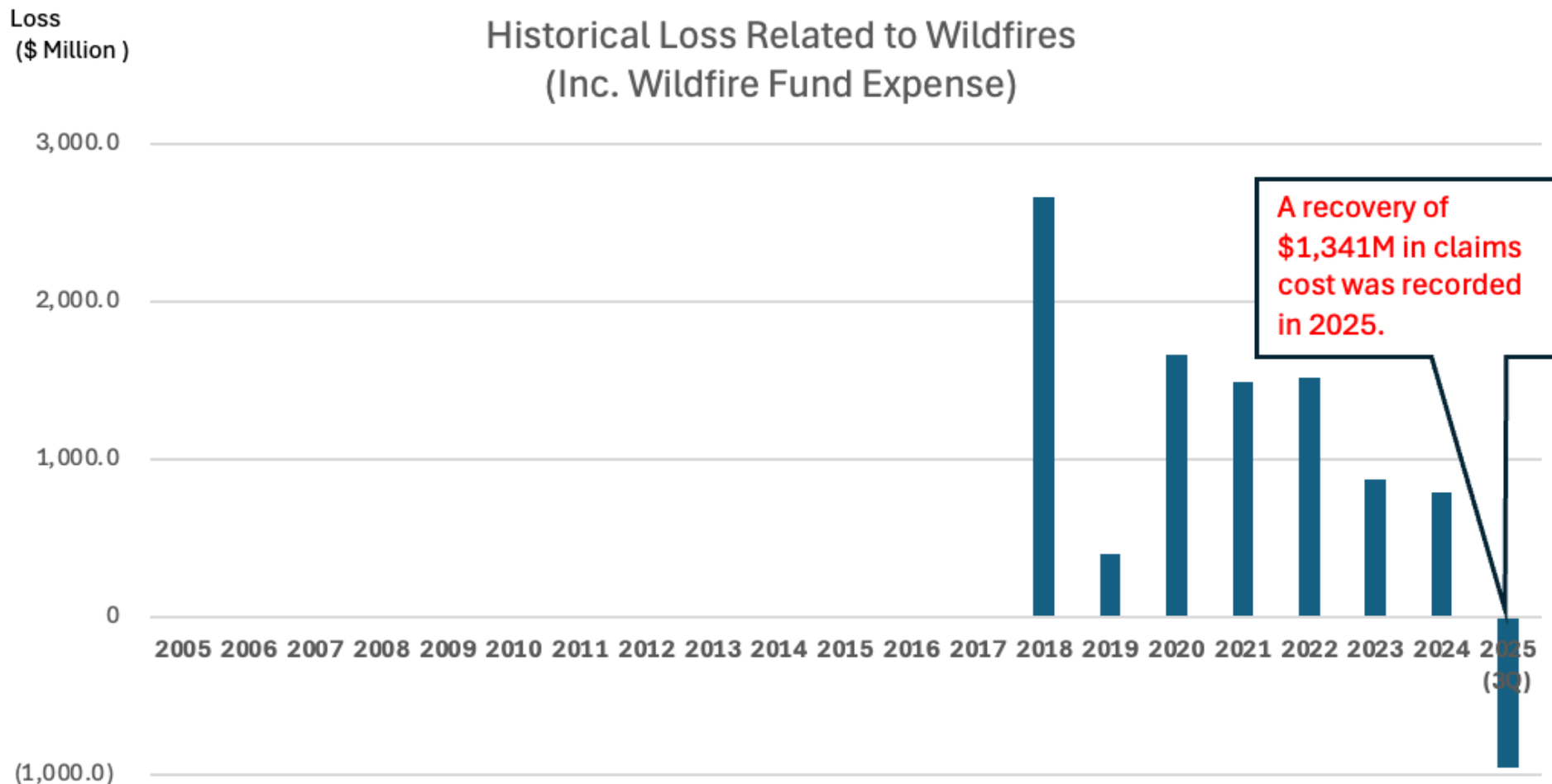
Edison International has shown strong and stable performance over the past 20 years.



Source: Capital IQ

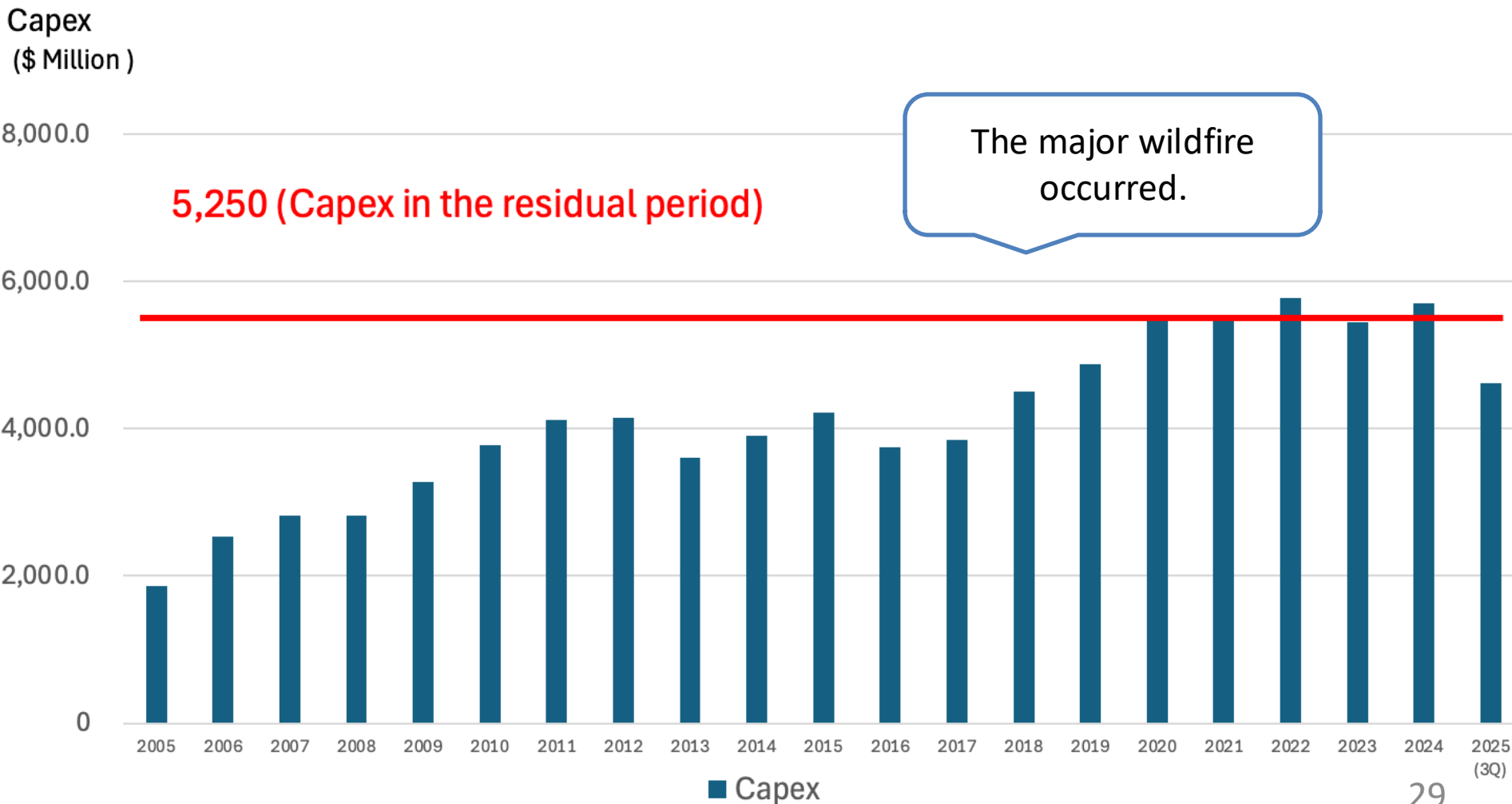
Historical Extraordinary Loss

Edison International first recognized its Extraordinary Loss in 2018, which has decreased over time. (Total Loss = Wildfire-related Claims + Insurance Fund Expense)



Historical Capex

After the wildfire in 2018, Edison International temporarily boosted its Capex to mitigate the risk of future wildfires.



Key Assumptions on DCF (Revenue Growth, EBITDA)

Metric/Scenario	Financial Year	Consensus Estimate (Analysts)	Our Estimate		
			Downside	Base	Upside
YoY Revenue Growth Rate	2025	4.2%	4.2%	4.2%	4.2%
	2026	2.9%	3.0%	4.0%	4.5%
	2027	2.8%	3.0%	4.0%	4.5%
	2028	6.1%	3.0%	4.0%	4.5%
	2029	3.4%	3.0%	4.0%	4.5%
EBITDA Margin	2025	44.8%	44.8%	44.8%	44.8%
	2026	42.0%	41.5%	42.0%	42.5%
	2027	43.9%	43.4%	43.9%	44.4%
	2028	43.8%	43.3%	43.8%	44.3%
	2029	44.7%	43.2%	43.7%	45.2%

DCF (1. Base Case)

Assumptions													
Valuation Date	2025/9/30												
Discount Rate	6.5%												
Perpetual Growth Rate	2.5% Long Term Inflation Rate from FRED												
Unit	Million USD												
1. Base Case													
DCF Method	Actual						LTM	Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2024/10/1-2025/9/30		2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Revenue	13,578	14,905	17,220	16,338	17,599	18,088		18,346	19,080	19,843	20,637	21,462	21,999
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a		4.2%	4.0%	4.0%	4.0%	4.0%	2.5%
-) COGS	2,856	2,551	3,082	2,650	3,330	3,095							
-) Operating. and maintenance Exp.	3,580	3,606	4,682	4,092	5,062	4,805							
-) SG&A	2,076	2,989	3,293	2,836	1,879	1,879							
-) D&A	1,967	2,218	2,561	2,635	2,866	3,158		3,527	3,372	3,727	3,988	4,265	5,250
-) Other Operating Exp.	367	373	407	517	590	608							
Operating Income (EBIT)	2,732	3,168	3,195	3,608	3,872	4,543		4,695	4,642	4,977	5,057	5,335	4,590
% EBIT Margin	20.1%	21.3%	18.6%	22.1%	22.0%	25.1%		25.6%	24.3%	25.1%	24.5%	24.9%	20.9%
-) Extraordinary Loss Related to Wildfires	1,664	1,491	1,519	878	793	-829		146	311	611	446	590	444
EBIT Inc. Unusual Items	1,068	1,677	1,676	2,730	3,079	5,372		4,549	4,331	4,366	4,611	4,745	4,146
-) Tax Expense								745	640	654	735	757	661
% Effective Tax Rate (After Property-Related Deduction)								16.4%	14.8%	15.0%	16.0%	16.0%	16.0%
NOPAT								3,804	3,692	3,713	3,875	3,988	3,485
-) Increase in NWC								93	66	68	71	74	48
+) D&A								3,527	3,372	3,727	3,988	4,265	5,250
-) Capex								6,859	7,271	7,525	7,304	7,555	5,250
Free Cash Flows								379	-274	-154	488	625	3,437
Terminal Value													85,918
Partial Period								0.25	1.00	1.00	1.00	1.00	
Mid-Year Convention								0.125	0.75	1.75	2.75	3.75	
Present Value Factor @6.5%								0.992	0.954	0.896	0.841	0.790	
PV of Free Cash Flows								94	-261	-138	411	493	67,846
EBITDA	4,699	5,386	5,756	6,243	6,738	7,701		8,222	8,014	8,704	9,045	9,600	9,840
% EBITDA margin	34.6%	36.1%	33.4%	38.2%	38.3%	42.6%		44.8%	42.0%	43.9%	43.8%	44.7%	44.7%

Total Enterprise Value	68,445
+) Cash	364
-) Debts & Leases	39,437
-) Debt Like Items	370
Equity Value	29,002
# of Shares in millions	385
Equity Value per share	75.4
Stock Price	58.6
Upside or Downside	28.7%

Sensitivity Analysis					
(Vertical: Long Term Growth Rate, Horizontal: Discount Rate)					
	6.00%	6.25%	6.50%	6.75%	7.00%
2.00%	76.9	65.0	54.4	44.9	36.4
2.25%	89.7	76.2	64.3	53.7	44.3
2.50%	104.2	88.8	75.4	63.5	53.0
2.75%	120.9	103.3	88.0	74.6	62.8
3.00%	140.5	120.0	102.4	87.1	73.8

Balance Sheet (1. Base Case)

1. Base Case												
Balance Sheet	Actual						LTM					
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Revenue	13,578	14,905	17,220	16,338	17,599	18,088	18,346	19,080	19,843	20,637	21,462	21,999
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a	1.4%	4.0%	4.0%	4.0%	4.0%	2.5%
Cash & Cash Equivalents	87	390	914	345	193	364	544	728	902	1,605	2,313	2,332
Accounts Receivables	2,359	2,192	2,336	2,758	3,017	3,443	3,492	3,632	3,777	3,928	4,085	4,187
Inventory	405	420	474	527	538	524	531	553	575	598	622	637
Other Current Assets	2,210	2,489	3,346	3,181	3,407	3,397	3,397	3,397	3,397	3,397	3,397	3,397
Current Assets	5,061	5,491	7,070	6,811	7,155	7,728	7,965	8,310	8,651	9,528	10,417	10,553
Net PP&E	48,796	52,509	54,806	57,183	60,310	62,968	63,801	67,701	71,499	74,815	78,105	78,105
Net Nuclear Fuel	131	123	122	122	124	0	0	0	0	0	0	0
Regulatory Assets	7,120	7,660	8,181	8,897	8,886	10,686	10,686	10,686	10,686	10,686	10,686	10,686
Long-term Investments	53	51	55	54	57	70	70	70	70	70	70	70
Other Long-Term Assets	8,211	8,911	7,807	8,691	9,047	9,037	9,037	9,037	9,037	9,037	9,037	9,037
Non-Current Assets	64,311	69,254	70,971	74,947	78,424	82,761	83,594	87,494	91,292	94,608	97,898	97,898
Total Assets	69,372	74,745	78,041	81,758	85,579	90,489	91,559	95,804	99,943	104,137	108,314	108,451
Accounts Payable	1,980	2,002	2,359	1,983	2,000	2,346	2,379	2,475	2,574	2,677	2,784	2,853
Accrued Exp.	0	0	0	390	422	436	436	436	436	436	436	436
Short-term Borrowings	2,398	2,354	2,015	1,077	998	1,879	1,879	1,879	1,879	1,879	1,879	1,879
Curr. Port. of LT Debt	1,029	1,077	2,614	2,697	2,049	1,899	1,899	1,899	1,899	1,899	1,899	1,899
Curr. Port. of Leases	215	582	506	120	124	120	120	120	120	120	120	120
Unearned Revenue, Current	0	0	0	0	13	0	0	0	0	0	0	0
Other Current Liabilities	4,655	2,594	2,853	2,331	2,833	2,739	2,739	2,739	2,739	2,739	2,739	2,739
Current Liabilities	10,277	8,609	10,347	8,598	8,439	9,419	9,452	9,548	9,647	9,750	9,857	9,926
Long-Term Debt	19,632	24,170	27,025	30,316	33,534	34,479	35,354	38,854	42,354	45,854	49,354	49,354
Long-Term Leases	873	1,350	936	1,101	1,056	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Unearned Revenue, Non-Current	0	0	0	0	341	0	0	0	0	0	0	0
Pension & Other Post-Retire. Benefits	1,234	1,777	1,429	2,079	2,074	370	370	370	370	370	370	370
Def. Tax Liability, Non-Curr.	7,651	8,055	8,399	8,883	9,343	8,433	8,433	8,433	8,433	8,433	8,433	8,433
Other Non-Current Liab., Total	13,756	12,995	12,383	12,837	13,052	17,398	17,398	17,398	17,398	17,398	17,398	17,398
Non-Current Liabilities	43,146	48,347	50,172	55,216	59,400	61,740	62,615	66,115	69,615	73,115	76,615	76,615
Total Liabilities	53,423	56,956	60,519	63,814	67,839	71,159	72,067	75,663	79,262	82,865	86,472	86,541
Common Stock	5,962	6,071	6,200	6,338	6,353	6,343	6,343	6,343	6,343	6,343	6,343	6,343
Preferred Stock	0	1,977	1,978	1,673	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645
Retained Earnings	8,155	7,894	7,454	7,499	7,567	9,165	9,396	10,046	10,586	11,177	11,747	11,814
Comprehensive Inc. and Other	-69	-54	-11	-9	0	2	2	2	2	2	2	2
Total Common Equity	14,048	15,888	15,621	15,501	15,565	17,155	17,386	18,036	18,576	19,167	19,737	19,804
Minority Interest	1,901	1,901	1,901	2,443	2,175	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Total Equity	15,949	17,789	17,522	17,944	17,740	19,330	19,561	20,211	20,751	21,342	21,912	21,979
Total Liabilities and Equity	69,372	74,745	78,041	81,758	85,579	90,489	91,628	95,873	100,013	104,206	108,384	108,520

Cashflow Statement (1. Base Case)

(in Million USD)

1. Base Case

Cashflow Statement	Actual						Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Net Income	739	759	612	1,197	1,284	2,611	606	2,150	2,041	2,090	2,070	1,567
D&A	1,967	2,218	2,561	2,635	2,866	2,430	882	3,372	3,727	3,988	4,265	5,250
Change in NWC	-126	-384	75	-811	-282	220	-93	-66	-68	-71	-74	-48
Other Operating Activities	-1,317	-2,582	-32	380	1,146	-1,033	0	0	0	0	0	0
CFO	1,263	11	3,216	3,401	5,014	4,228	1,395	5,456	5,699	6,007	6,262	6,769
Capex	-5,484	-5,505	-5,778	-5,448	-5,707	-4,624	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Other Investing Activities	513	354	204	215	171	131	0	0	0	0	0	0
CFI	-4,971	-5,151	-5,574	-5,233	-5,536	-4,493	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Total Net Debt Issued	4,169	4,563	4,088	2,448	2,506	1,700	875	3,500	3,500	3,500	3,500	0
Issuance and Repurchase	912	2,009	0	-289	-856	-32	0	0	0	0	0	0
Total Dividends Paid	-928	-1,023	-1,149	-1,220	-1,286	-1,042	-375	-1,500	-1,500	-1,500	-1,500	-1,500
Other Financing Activities	-426	-104	-58	508	310	-148	0	0	0	0	0	0
CFF	3,727	5,445	2,881	1,447	674	478	500	2,000	2,000	2,000	2,000	-1,500
Change in Cash	19	305	523	-385	152	213	180	184	174	703	707	19

DCF (2. Upside Case)

Assumptions													
Valuation Date	2025/9/30												
Discount Rate	6.5%												
Perpetual Growth Rate	2.5% Long Term Inflation Rate from FRED												
Unit	Million USD												
2. Upside Case													
DCF Method	Actual						LTM	Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2024/10/1-2025/9/30		2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31
Revenue	13,578	14,905	17,220	16,338	17,599	18,088		18,346	19,172	20,034	20,936	21,878	22,425
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a		4.2%	4.5%	4.5%	4.5%	4.5%	2.5%
-) COGS	2,856	2,551	3,082	2,650	3,330	3,095							
-) Operating, and maintenance Exp.	3,580	3,606	4,682	4,092	5,062	4,805							
-) SG&A	2,076	2,989	3,293	2,836	1,879	1,879							
-) D&A	1,967	2,218	2,561	2,635	2,866	3,158		3,527	3,372	3,727	3,988	4,265	5,250
-) Other Operating Exp.	367	373	407	517	590	608							
Operating Income (EBIT)	2,732	3,168	3,195	3,608	3,872	4,543		4,695	4,777	5,161	5,293	5,630	4,893
% EBIT Margin	20.1%	21.3%	18.6%	22.1%	22.0%	25.1%		25.6%	24.9%	25.8%	25.3%	25.7%	21.8%
-) Extraordinary Loss Related to Wildfires	1,664	1,491	1,519	878	793	-829		146	146	246	246	390	244
EBIT Inc. Unusual Items	1,068	1,677	1,676	2,730	3,079	5,372		4,549	4,631	4,915	5,047	5,240	4,649
-) Tax Expense								745	684	736	805	836	741
% Effective Tax Rate (After Property-Related Deduction)								16.4%	14.8%	15.0%	16.0%	16.0%	16.0%
NOPAT								3,804	3,947	4,180	4,242	4,404	3,907
-) Increase in NWC								93	74	77	81	84	49
+) D&A								3,527	3,372	3,727	3,988	4,265	5,250
-) Capex								6,859	7,271	7,525	7,304	7,555	5,250
Free Cash Flows								379	-27	304	845	1,031	3,858
Terminal Value													96,459
Partial Period								0.25	1.00	1.00	1.00	1.00	
Mid-Year Convention								0.125	0.75	1.75	2.75	3.75	
Present Value Factor @6.5%								0.992	0.954	0.896	0.841	0.790	
PV of Free Cash Flows								94	-26	272	711	814	76,169
EBITDA	4,699	5,386	5,756	6,243	6,738	7,701		8,222	8,148	8,888	9,280	9,895	10,143
% EBITDA margin	34.6%	36.1%	33.4%	38.2%	38.3%	42.6%		44.8%	42.5%	44.4%	44.3%	45.2%	45.2%
Total Enterprise Value	78,034												
+) Cash	364												
-) Debts & Leases	39,437												
-) Debt Like Items	370												
Equity Value	38,591												
# of Shares in millions	385												
Equity Value per share	100.3												
Stock Price	58.6												
Upside or Downside	71.2%												
Sensitivity Analysis													
(Vertical: Long Term Growth Rate, Horizontal: Discount Rate)													
	6.00%	6.25%	6.50%	6.75%	7.00%								
2.00%	102.2	88.8	76.8	66.2	56.6								
2.25%	116.4	101.3	87.9	76.0	65.4								
2.50%	132.7	115.4	100.3	87.0	75.2								
2.75%	151.4	131.5	114.4	99.3	86.1								
3.00%	173.3	150.2	130.4	113.3	98.4								

Balance Sheet (2. Upside Case)

2. Upside Case												
Balance Sheet	Actual					LTM	Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Revenue	13,578	14,905	17,220	16,338	17,599	18,088	18,346	19,172	20,034	20,936	21,878	22,425
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a	1.4%	4.5%	4.5%	4.5%	4.5%	2.5%
Cash & Cash Equivalents	87	390	914	345	193	364	420	375	550	1,172	1,865	2,386
Accounts Receivables	2,359	2,192	2,336	2,758	3,017	3,443	3,492	3,649	3,814	3,985	4,164	4,269
Inventory	405	420	474	527	538	524	531	555	580	607	634	650
Other Current Assets	2,210	2,489	3,346	3,181	3,407	3,397	3,397	3,397	3,397	3,397	3,397	3,397
Current Assets	5,061	5,491	7,070	6,811	7,155	7,728	7,841	7,977	8,341	9,160	10,060	10,701
Net PP&E	48,796	52,509	54,806	57,183	60,310	62,968	63,801	67,701	71,499	74,815	78,105	78,105
Net Nuclear Fuel	131	123	122	122	124	0	0	0	0	0	0	0
Regulatory Assets	7,120	7,660	8,181	8,897	8,886	10,686	10,686	10,686	10,686	10,686	10,686	10,686
Long-term Investments	53	51	55	54	57	70	70	70	70	70	70	70
Other Long-Term Assets	8,211	8,911	7,807	8,691	9,047	9,037	9,037	9,037	9,037	9,037	9,037	9,037
Non-Current Assets	64,311	69,254	70,971	74,947	78,424	82,761	83,594	87,494	91,292	94,608	97,898	97,898
Total Assets	69,372	74,745	78,041	81,758	85,579	90,489	91,435	95,471	99,634	103,768	107,958	108,599
Accounts Payable	1,980	2,002	2,359	1,983	2,000	2,346	2,379	2,487	2,598	2,715	2,838	2,909
Accrued Exp.	0	0	0	390	422	436	436	436	436	436	436	436
Short-term Borrowings	2,398	2,354	2,015	1,077	998	1,879	1,879	1,879	1,879	1,879	1,879	1,879
Curr. Port. of LT Debt	1,029	1,077	2,614	2,697	2,049	1,899	1,899	1,899	1,899	1,899	1,899	1,899
Curr. Port. of Leases	215	582	506	120	124	120	120	120	120	120	120	120
Unearned Revenue, Current	0	0	0	0	13	0	0	0	0	0	0	0
Other Current Liabilities	4,655	2,594	2,853	2,331	2,833	2,739	2,739	2,739	2,739	2,739	2,739	2,739
Current Liabilities	10,277	8,609	10,347	8,598	8,439	9,419	9,452	9,560	9,671	9,788	9,911	9,982
Long-Term Debt	19,632	24,170	27,025	30,316	33,534	34,479	35,229	38,229	41,229	44,229	47,229	47,229
Long-Term Leases	873	1,350	936	1,101	1,056	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Unearned Revenue, Non-Current	0	0	0	0	341	0	0	0	0	0	0	0
Pension & Other Post-Retire. Benefits	1,234	1,777	1,429	2,079	2,074	370	370	370	370	370	370	370
Def. Tax Liability, Non-Curr.	7,651	8,055	8,399	8,883	9,343	8,433	8,433	8,433	8,433	8,433	8,433	8,433
Other Non-Current Liab., Total	13,756	12,995	12,383	12,837	13,052	17,398	17,398	17,398	17,398	17,398	17,398	17,398
Non-Current Liabilities	43,146	48,347	50,172	55,216	59,400	61,740	62,490	65,490	68,490	71,490	74,490	74,490
Total Liabilities	53,423	56,956	60,519	63,814	67,839	71,159	71,942	75,050	78,161	81,278	84,401	84,472
Common Stock	5,962	6,071	6,200	6,338	6,353	6,343	6,343	6,343	6,343	6,343	6,343	6,343
Preferred Stock	0	1,977	1,978	1,673	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645
Retained Earnings	8,155	7,894	7,454	7,499	7,567	9,165	9,397	10,326	11,376	12,394	13,462	14,032
Comprehensive Inc. and Other	-69	-54	-11	-9	0	2	2	2	2	2	2	2
Total Common Equity	14,048	15,888	15,621	15,501	15,565	17,155	17,387	18,316	19,366	20,384	21,452	22,022
Minority Interest	1,901	1,901	1,901	2,443	2,175	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Total Equity	15,949	17,789	17,522	17,944	17,740	19,330	19,562	20,491	21,541	22,559	23,627	24,197
Total Liabilities and Equity	69,372	74,745	78,041	81,758	85,579	90,489	91,504	95,541	99,703	103,838	108,027	108,668

Cashflow Statement (2. Upside Case)

(in Million USD)

2. Upside Case												
Cashflow Statement	Actual						Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Net Income	739	759	612	1,197	1,284	2,611	607	2,429	2,550	2,518	2,567	2,070
D&A	1,967	2,218	2,561	2,635	2,866	2,430	882	3,372	3,727	3,988	4,265	5,250
Change in NWC	-126	-384	75	-811	-282	220	-93	-74	-77	-81	-84	-49
Other Operating Activities	-1,317	-2,582	-32	380	1,146	-1,033	0	0	0	0	0	0
CFO	1,263	11	3,216	3,401	5,014	4,228	1,396	5,727	6,200	6,425	6,748	7,271
Capex	-5,484	-5,505	-5,778	-5,448	-5,707	-4,624	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Other Investing Activities	513	354	204	215	171	131	0	0	0	0	0	0
CFI	-4,971	-5,151	-5,574	-5,233	-5,536	-4,493	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Total Net Debt Issued	4,169	4,563	4,088	2,448	2,506	1,700	750	3,000	3,000	3,000	3,000	0
Issuance and Repurchase	912	2,009	0	-289	-856	-32	0	0	0	0	0	0
Total Dividends Paid	-928	-1,023	-1,149	-1,220	-1,286	-1,042	-375	-1,500	-1,500	-1,500	-1,500	-1,500
Other Financing Activities	-426	-104	-58	508	310	-148	0	0	0	0	0	0
CFF	3,727	5,445	2,881	1,447	674	478	375	1,500	1,500	1,500	1,500	-1,500
Change in Cash	19	305	523	-385	152	213	56	-45	175	621	693	521

DCF (3. Downside Case)

Assumptions

Valuation Date	2025/9/30
Discount Rate	6.5%
Perpetual Growth Rate	2.5% Long Term Inflation Rate from FRED
Unit	Million USD

3. Downside Case

DCF Method	Actual						LTM	Forecast						Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/12/31	2024/10/1-2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~	
Revenue	13,578	14,905	17,220	16,338	17,599	18,088	n/a	18,346	18,897	19,463	20,047	20,649	21,165	
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a		4.2%	3.0%	3.0%	3.0%	3.0%	2.5%	
-) COGS	2,856	2,551	3,082	2,650	3,330	3,095								
-) Operating. and maintenance Exp.	3,580	3,606	4,682	4,092	5,062	4,805								
-) SG&A	2,076	2,989	3,293	2,836	1,879	1,879								
-) D&A	1,967	2,218	2,561	2,635	2,866	3,158		3,527	3,372	3,727	3,988	4,265	5,250	
-) Other Operating Exp.	367	373	407	517	590	608								
Operating Income (EBIT)	2,732	3,168	3,195	3,608	3,872	4,543		4,695	4,471	4,713	4,698	4,868	4,111	
% EBIT Margin	20.1%	21.3%	18.6%	22.1%	22.0%	25.1%		25.6%	23.7%	24.2%	23.4%	23.6%	19.4%	
-) Extraordinary Loss Related to Wildfires	1,664	1,491	1,519	878	793	-829		146	2,096	2,846	896	1,040	894	
EBIT Inc. Unusual Items	1,068	1,677	1,676	2,730	3,079	5,372		4,549	2,375	1,867	3,802	3,828	3,217	
-) Tax Expense								745	351	280	606	611	513	
% Effective Tax Rate (After Property-Related Deduction)								16.4%	14.8%	15.0%	16.0%	16.0%	16.0%	
NOPAT								3,804	2,024	1,588	3,196	3,217	2,704	
-) Increase in NWC								93	49	51	52	54	46	
+) D&A								3,527	3,372	3,727	3,988	4,265	5,250	
-) Capex								6,859	7,271	7,525	7,304	7,555	5,250	
Free Cash Flows								379	-1,925	-2,261	-172	-126	2,658	
Terminal Value													66,446	
Partial Period								0.25	1.00	1.00	1.00	1.00		
Mid-Year Convention								0.125	0.75	1.75	2.75	3.75		
Present Value Factor @6.5%								0.992	0.954	0.896	0.841	0.790		
PV of Free Cash Flows								94	-1,836	-2,025	-145	-100	52,470	
EBITDA	4,699	5,386	5,756	6,243	6,738	7,701		8,222	7,843	8,441	8,686	9,133	9,361	
% EBITDA margin	34.6%	36.1%	33.4%	38.2%	38.3%	42.6%		44.8%	41.5%	43.4%	43.3%	44.2%	44.2%	

Total Enterprise Value	48,458
+) Cash	364
-) Debts & Leases	39,437
-) Debt Like Items	370
Equity Value	9,015
# of Shares in millions	385
Equity Value per share	23.4
Stock Price	58.6
Upside or Downside	-60.0%

Sensitivity Analysis					
(Vertical: Long Term Growth Rate, Horizontal: Discount Rate)					
	6.00%	6.25%	6.50%	6.75%	7.00%
2.00%	24.3	15.1	6.9	-0.3	-6.8
2.25%	34.2	23.8	14.7	6.6	-0.7
2.50%	45.6	33.8	23.4	14.3	6.2
2.75%	58.7	45.1	33.3	23.0	13.9
3.00%	74.1	58.2	44.6	32.9	22.6

Balance Sheet

(3. Downside Case)

3. Downside Case													
Balance Sheet	Actual						LTM	Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~	
Revenue	13,578	14,905	17,220	16,338	17,599	18,088	18,346	18,897	19,463	20,047	20,649	21,165	
%Growth Rate	n/a	9.8%	15.5%	-5.1%	7.7%	n/a	1.4%	3.0%	3.0%	3.0%	3.0%	2.5%	
Cash & Cash Equivalents	87	390	914	345	193	364	979	1,214	945	2,614	4,160	3,989	
Accounts Receivables	2,359	2,192	2,336	2,758	3,017	3,443	3,492	3,597	3,705	3,816	3,930	4,029	
Inventory	405	420	474	527	538	524	531	547	564	581	598	613	
Other Current Assets	2,210	2,489	3,346	3,181	3,407	3,397	3,397	3,397	3,397	3,397	3,397	3,397	
Current Assets	5,061	5,491	7,070	6,811	7,155	7,728	8,400	8,756	8,611	10,408	12,086	12,028	
Net PP&E	48,796	52,509	54,806	57,183	60,310	62,968	63,801	67,701	71,499	74,815	78,105	78,105	
Net Nuclear Fuel	131	123	122	122	124	0	0	0	0	0	0	0	
Regulatory Assets	7,120	7,660	8,181	8,897	8,886	10,686	10,686	10,686	10,686	10,686	10,686	10,686	
Long-term Investments	53	51	55	54	57	70	70	70	70	70	70	70	
Other Long-Term Assets	8,211	8,911	7,807	8,691	9,047	9,037	9,037	9,037	9,037	9,037	9,037	9,037	
Non-Current Assets	64,311	69,254	70,971	74,947	78,424	82,761	83,594	87,494	91,292	94,608	97,898	97,898	
Total Assets	69,372	74,745	78,041	81,758	85,579	90,489	91,994	96,250	99,903	105,016	109,983	109,926	
Accounts Payable	1,980	2,002	2,359	1,983	2,000	2,346	2,379	2,451	2,524	2,600	2,678	2,745	
Accrued Exp.	0	0	0	390	422	436	436	436	436	436	436	436	
Short-term Borrowings	2,398	2,354	2,015	1,077	998	1,879	1,879	1,879	1,879	1,879	1,879	1,879	
Curr. Port. of LT Debt	1,029	1,077	2,614	2,697	2,049	1,899	1,899	1,899	1,899	1,899	1,899	1,899	
Curr. Port. of Leases	215	582	506	120	124	120	120	120	120	120	120	120	
Unearned Revenue, Current	0	0	0	0	13	0	0	0	0	0	0	0	
Other Current Liabilities	4,655	2,594	2,853	2,331	2,833	2,739	2,739	2,739	2,739	2,739	2,739	2,739	
Current Liabilities	10,277	8,609	10,347	8,598	8,439	9,419	9,452	9,524	9,597	9,673	9,751	9,818	
Long-Term Debt	19,632	24,170	27,025	30,316	33,534	34,479	35,604	40,104	44,604	49,104	53,604	53,604	
Long-Term Leases	873	1,350	936	1,101	1,056	1,060	1,060	1,060	1,060	1,060	1,060	1,060	
Unearned Revenue, Non-Current	0	0	0	0	341	0	0	0	0	0	0	0	
Pension & Other Post-Retire. Benefits	1,234	1,777	1,429	2,079	2,074	370	370	370	370	370	370	370	
Def. Tax Liability, Non-Curr.	7,651	8,055	8,399	8,883	9,343	8,433	8,433	8,433	8,433	8,433	8,433	8,433	
Other Non-Current Liab., Total	13,756	12,995	12,383	12,837	13,052	17,398	17,398	17,398	17,398	17,398	17,398	17,398	
Non-Current Liabilities	43,146	48,347	50,172	55,216	59,400	61,740	62,865	67,365	71,865	76,365	80,865	80,865	
Total Liabilities	53,423	56,956	60,519	63,814	67,839	71,159	72,317	76,889	81,462	86,038	90,616	90,683	
Common Stock	5,962	6,071	6,200	6,338	6,353	6,343	6,343	6,343	6,343	6,343	6,343	6,343	
Preferred Stock	0	1,977	1,978	1,673	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645	
Retained Earnings	8,155	7,894	7,454	7,499	7,567	9,165	9,581	9,265	8,345	8,883	9,271	9,147	
Comprehensive Inc. and Other	-69	-54	-11	-9	0	2	2	2	2	2	2	2	
Total Common Equity	14,048	15,888	15,621	15,501	15,565	17,155	17,571	17,255	16,335	16,873	17,261	17,137	
Minority Interest	1,901	1,901	1,901	2,443	2,175	2,175	2,175	2,175	2,175	2,175	2,175	2,175	
Total Equity	15,949	17,789	17,522	17,944	17,740	19,330	19,746	19,430	18,510	19,048	19,436	19,312	
Total Liabilities and Equity	69,372	74,745	78,041	81,758	85,579	90,489	92,063	96,319	99,972	105,086	110,053	109,995	

Cashflow Statement (3. Downside Case)

(in Million USD)

3. Downside Case												
Cashflow Statement	Actual						Forecast					Residual
	2020/12/31	2021/12/31	2022/12/31	2023/12/31	2024/12/31	2025/9/30	2025/12/31	2026/12/31	2027/12/31	2028/12/31	2029/12/31	2030/12/31~
Net Income	739	759	612	1,197	1,284	2,611	603	434	-170	1,288	1,139	626
D&A	1,967	2,218	2,561	2,635	2,866	2,430	882	3,372	3,727	3,988	4,265	5,250
Change in NWC	-126	-384	75	-811	-282	220	-93	-49	-51	-52	-54	-46
Other Operating Activities	-1,317	-2,582	-32	380	1,146	-1,033	0	0	0	0	0	0
CFO	1,263	11	3,216	3,401	5,014	4,228	1,393	3,757	3,506	5,223	5,350	5,830
Capex	-5,484	-5,505	-5,778	-5,448	-5,707	-4,624	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Other Investing Activities	513	354	204	215	171	131	0	0	0	0	0	0
CFI	-4,971	-5,151	-5,574	-5,233	-5,536	-4,493	-1,715	-7,271	-7,525	-7,304	-7,555	-5,250
Total Net Debt Issued	4,169	4,563	4,088	2,448	2,506	1,700	1,125	4,500	4,500	4,500	4,500	0
Issuance and Repurchase	912	2,009	0	-289	-856	-32	0	0	0	0	0	0
Total Dividends Paid	-928	-1,023	-1,149	-1,220	-1,286	-1,042	-188	-750	-750	-750	-750	-750
Other Financing Activities	-426	-104	-58	508	310	-148	0	0	0	0	0	0
CFF	3,727	5,445	2,881	1,447	674	478	938	3,750	3,750	3,750	3,750	-750
Change in Cash	19	305	523	-385	152	213	615	235	-269	1,669	1,546	-170

Weighted Average Cost of Capital

		Selection Criteria
Market Data Reference Date	2025/11/21	Companies categorized into the same group as EIX on Capital IQ. Mainly offered the similar services like generation and distribution of electricity.

Comparable Company Analysis										(Million USD)
Comparable Companies	Ticker	Market Cap	Minority interest	Total Equity	Total Debt	Cash	Net Debt	Enterprise Value	Equity/Capital	Beta (5Y historical)
Entergy Corporation	NYSE:ETR	42,380	314	42,694	30,448	1,517	28,931	71,625	59.6%	0.61
FirstEnergy Corp.,	NYSE:FE	27,087	1,386	28,473	27,470	1,404	26,066	54,539	52.2%	0.50
Eversource Energy	NYSE:ES	24,219	156	24,375	29,836	259	29,577	53,951	45.2%	0.68
Evergy, Inc.	NasdaqGS:EVRG	17,462	43	17,505	14,719	28	14,691	32,196	54.4%	0.55
PG&E Corporation	NYSE:PCG	34,441	252	34,693	59,793	404	59,389	94,082	36.9%	0.37
Portland General Electric Company	NYSE:POR	5,576	0	5,576	5,023	137	4,886	10,462	53.3%	0.64
Median									52.8%	0.58

Cost of Debt	
Pretax Rate on Debt (i)	6.2% Spot BBB-Rated 20-years Corporate Bond
Effective Tax Rate (t)	21.0% General Corporate Tax Rate
Cost of Debt	4.9%

Cost of Equity	
Risk-Free Rate (Rf)	4.7% Spot 20-years Government Bond
Equity Risk Premium	6.0%
Beta	0.58
Cost of Equity	8.2%

WACC					
	Cost		Weighting (Industry Median)		
Debt	4.9%	x	47.2%	=	2.3%
Equity	8.2%	x	52.8%	=	4.3%
WACC (Rounded)					6.5%

Multiples of Comparable Companies

Market Data Reference Date **2025/11/21**

Multiple Calculation						(Million USD)
Comparable Companies	Ticker	Enterprise Value	Revenue (FY+2)	EBITDA (FY+2)	EBITDA Multiple	EBITDA Margin
Entergy Corporation	NYSE:ETR	71,625	14,739	7,309	9.8x	49.6%
FirstEnergy Corp.,	NYSE:FE	54,539	15,469	5,443	10.0x	35.2%
Eversource Energy	NYSE:ES	53,951	13,882	5,417	10.0x	39.0%
Evergy, Inc.	NasdaqGS:EVRG	32,196	6,608	3,188	10.1x	48.2%
PG&E Corporation	NYSE:PCG	94,082	27,322	12,497	7.5x	45.7%
Portland General Electric Company	NYSE:POR	10,462	3,912	1,361	7.7x	34.8%
Median					9.9x	42.4%

Major Shareholders (> 1.0% in shares)

Holder	Common Stock Equivalent Held	% Of CSO
The Vanguard Group, Inc.	51,739,673	13.446
BlackRock, Inc. (NYSE:BLK)	50,418,049	13.103
State Street Global Advisors, Inc.	32,187,404	8.365
Geode Capital Management, LLC	12,631,474	3.283
AQR Capital Management, LLC	10,441,740	2.714
UBS Asset Management AG	7,095,760	1.844
Canada Pension Plan Investment Board	5,491,219	1.427
Northern Trust Global Investments	5,407,847	1.405
Norges Bank Investment Management	5,209,315	1.354
Legal & General Investment Management Limited	4,561,255	1.185
Invesco Capital Management LLC	4,338,521	1.128
ATLAS Infrastructure Partners (UK) Ltd	4,294,744	1.116
Massachusetts Financial Services Company	4,125,416	1.072
Franklin Resources, Inc. (NYSE:BEN)	4,117,504	1.07

How does the Wildfire Fund work?

AB 1054 Wildfire Fund (Initial Account) Mechanics¹

IOUs contribute \$10.5 billion

PG&E: \$4.8Bn initial + \$193MM annually through 2028
SCE: \$2.4Bn initial + \$95MM annually through 2028
SDG&E: \$0.3Bn initial + \$13MM annually through 2028

Customers contribute non-bypassable charge

Customers contribute \$0.9Bn annually through 2035. May be directly contributed to Fund or used to support issuance of bonds by California DWR

Wildfire Insurance Fund

- Covers claims payments resulting from wildfires ignited on or after July 12, 2019, either (a) caused by PG&E, SCE, or SDG&E, as determined by the governmental agency responsible for determining causation, or (b) asserted to have been caused by PG&E, SCE, or SDG&E, and results in a court-approved dismissal resulting from settlement of third-party damage claims, in excess of annual utility insurance (\$1 billion)²
- Claim-paying capacity of \$21+ billion. Fund can securitize future contributions if necessary to capitalize the fund
- Fund reimbursed if imprudent (see below right), but does not have a separate replenishment mechanism

Fund payment of "eligible claims"²

- Pay out claims to claimants subject to fund administrator approval
- Subrogation claims settled at ≤40% approved unless exceptional facts and circumstances; higher amounts may be approved by fund administrator

CPUC
prudence
determination
(serious doubt
standard if
utility holds
safety cert.)

If found imprudent, IOU reimburses Wildfire Fund up to 3-year rolling cap

- Liability cap of 20% of T&D Equity Rate Base (~\$4.2Bn for SCE for 2025)³ unless found to have acted with conscious or willful disregard of the rights and safety of others
- Liability cap lapses when fund exhausted; prudence standard remains

If found prudent, IOU does not reimburse Wildfire Fund

Financial Players Taking Interest: Blackrock, Blackstone have recently taken majority stakes in electricity companies

- The Minnesota Department of Commerce initially opposed BlackRock's purchase of Minnesota Power, a division of Allete. But the department said in a filing on Friday that it had reached an agreement with BlackRock that it said would protect residents. The agreement forbids BlackRock to pass acquisition costs on to utility customers, and requires assurances that programs such as those for low-income consumers would remain in place.

Bobcat lawsuit vs the state settled May '25 for \$82.5mm, much smaller than expected

AB 1054¹ provides a strong regulatory construct for determining wildfire liability and cost recovery

Established safety certification process and additional safety oversight

Under AB 1054, SCE can obtain an annual safety certification following submission of required safety information, including an approved wildfire mitigation plan

Safety certifications valid for 12 months and remain valid until Office of Energy Infrastructure Safety acts on SCE's request for a new safety certification

Codified prudence standard and assumes utility prudence unless serious doubt created

Provided a utility is "safety certified," establishes a prudence standard that assumes utility is prudent, unless intervenors create serious doubt

Prudence based on reasonable utility conduct with potential for full or partial recovery, considering factors within and beyond a utility's control (e.g., humidity, temperature, winds)

Standard survives even if Wildfire Insurance Fund is depleted

Established \$21+ billion Wildfire Fund to enhance liquidity

Reimburses utility for eligible claims payments above \$1 billion required insurance coverage²

Currently ~\$13.5 billion of assets, invested ~80% Treasury/Agency and ~20% corporate securities³

Administrator recently estimated \$22 billion capacity after anticipated eligible claims from PG&E's two covered wildfires

Caps utility liability if found imprudent (SCE 2025 cap: ~\$4.2 Bn⁵)

If found prudent, no requirement to reimburse fund for claims covered by fund

If found imprudent or partially imprudent, shareholders reimburse fund up to cap

Reimbursement capped if utility has valid safety certification.⁴ The cap covers trailing three-year period and limits reimbursement to 20% of electric T&D equity rate base at time of ignition⁵

1. California Assembly Bill 1054, enacted by the assembly of California on July 12, 2019

Source: Financial Results Presentation

Federal Government Support: The White House's proposed 2026 budget blueprint would create a new, unified federal wildland fire service under the Department of Interior.

Debt maturities and credit ratings

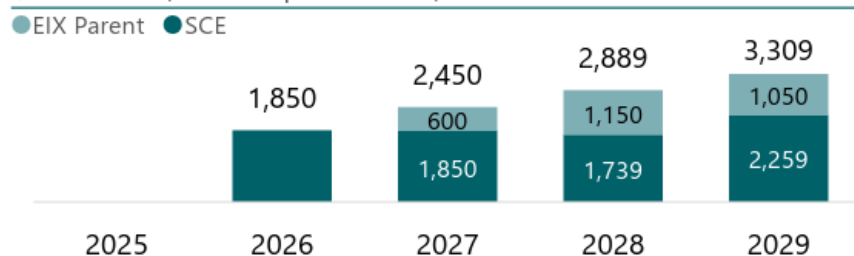
Investment grade ratings at SCE and EIX

Long-term Issuer Rating and Outlook as of October 27, 2025

	SCE	EIX
Moody's	Baa1 Stable	Baa2 Stable
S&P	BBB- Negative	BBB- Negative
Fitch	BBB Stable	BBB Stable

Long-term Debt Maturities¹

\$ in Millions, as of September 30, 2025



1. Excludes amortization of securitized bonds related to SCE's AB 1054 Excluded Capital Expenditures and short-term debt
2. Based on S&P's methodology

Targeting EIX long-term FFO-to-Debt ratio of 15–17%²

Manageable long-term debt maturities

~14% of total \$35 billion debt portfolio at parent

Credit strengths include:

- Stable, regulated T&D operations
- Extensive cost recovery mechanisms
- Credit supportive measures under AB 1054 and SB 254
- Wildfire mitigation investments