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14 **UNITED STATES BANKRUPTCY COURT**  
 15 **NORTHERN DISTRICT OF CALIFORNIA**  
 16 **SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- Affects PG&E Corporation
- Affects Pacific Gas and Electric Company
- Affects both Debtors

*\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM)*

Bankruptcy Case  
 No. 19-30088 (DM)  
 Chapter 11  
 (Lead Case)  
 (Jointly Administered)

**DISCLOSURE STATEMENT FOR  
DEBTORS' AND SHAREHOLDER  
PROONENTS' JOINT CHAPTER 11  
PLAN OF REORGANIZATION**

Dated: San Francisco, California  
March 17, 2020

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## TABLE OF CONTENTS

		<u>Page</u>
1		
2		
3	I. Introduction .....	1
4	A. Notice to Creditors .....	3
5	II. Overview of the Chapter 11 Cases .....	5
6	A. Commencement of Chapter 11 Cases.....	5
7	B. Certain Significant Events During the Chapter 11 Cases.....	5
8	C. Related Pending Proceedings.....	11
9	III. Postpetition Legislative and Regulatory Matters.....	13
10	A. Wildfire Legislation .....	13
11	B. Governor’s Letter Regarding Compliance with the Wildfire Legislation.....	15
12	C. CPUC Approvals.....	15
13	D. Other Federal Regulatory Matters.....	17
14	IV. Background and Overview of the Plan .....	18
15	A. Plan Background .....	18
16	B. Classification and Treatment of Claims and Interests.....	19
17	C. Treatment and Satisfaction of Fire Claims .....	24
18	D. Treatment and Satisfaction of All Other Prepetition Claims and Interests .....	30
19	E. Equity Financing .....	31
20	F. Debt Financing.....	33
21	G. Injunction, Exculpation, Release, and Related Provisions .....	34
22	H. Certain Preference Actions .....	39
23	V. Voting Procedures and Requirements.....	39
24	A. Holders of Claims and Interests Entitled to Vote.....	39
25	B. Voting Deadline .....	40
26	C. Voting Procedures .....	40
27	VI. Conditions Precedent to Confirmation of the Plan and Effective Date .....	41
28	VII. Confirmation of the Plan .....	41
	A. Acceptance of the Plan .....	41
	B. Best Interest Test.....	43
	C. Feasibility.....	44
	D. Alternatives to the Plan.....	44
	E. Notices and Confirmation Hearing .....	45
	VIII. Factors to Consider Before Voting .....	47
	A. Business Risk Factors to Be Considered .....	47
	B. General Risks Associated with the Bankruptcy Process .....	47
	C. General Risks Associated with the State Legislative and Regulatory Process.....	48
	D. Certain Securities Laws Matters .....	50
	E. Certain Tax Consequences of the Plan.....	50
	IX. Conclusion.....	51

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
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19  
20  
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22  
23  
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**EXHIBITS**

EXHIBIT A Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization  
EXHIBIT B Financial Projections

## I. INTRODUCTION

On March 16, 2020, PG&E Corporation (“**PG&E Corp.**” or “**HoldCo**”) and Pacific Gas and Electric Company (the “**Utility**” and together with PG&E Corp., “**PG&E**” or the “**Debtors**”), and certain funds and accounts managed or advised by Abrams Capital Management, LP and certain funds and accounts managed or advised by Knighthead Capital Management, LLP (the “**Shareholder Proponents**” and, together with the Debtors, the “**Plan Proponents**”) filed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated March 16, 2020* [Docket No. 6320] (as it may be amended, modified or supplemented, and together with any exhibits or schedules thereto, the “**Plan**”). This disclosure statement (as it may be amended, modified or supplemented, and together with any exhibits or schedules hereto, the “**Disclosure Statement**”) is being provided to you in connection with the solicitation of votes to accept or reject the Plan. A copy of the Plan is annexed to this Disclosure Statement as **Exhibit A**. Unless otherwise defined herein, capitalized terms used in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

The Plan is supported by the following parties:

1. The Debtors;
2. The Ad Hoc Committee of Senior Unsecured Noteholders of Pacific Gas and Electric Company, consisting of major holders of the Utility’s outstanding prepetition funded debt claims (the “**Ad Hoc Noteholders Committee**”);
3. The Ad Hoc Group of Subrogation Claim Holders, consisting of major holders of claims arising from insurance payments made to victims in connection with the wildfires (the “**Ad Hoc Subrogation Group**”);
4. Several Public Entities in the areas in which the wildfires occurred (the “**Public Entities**”); and
5. Certain major shareholders of PG&E Corp.

**THESE PARTIES BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS THE FASTEST WAY FOR FIRE VICTIMS AND OTHER CLAIMANTS TO RECEIVE PAYMENTS ON THEIR CLAIMS, AND THAT IF THE PLAN IS NOT APPROVED THOSE PAYMENTS WILL BE SIGNIFICANTLY DELAYED AND FIRE VICTIMS AND OTHER CLAIMANTS MAY RECEIVE SIGNIFICANTLY LESS THAN WHAT THEY WOULD RECEIVE UNDER THE PLAN.**

It is important to note that (as described in more detail below) under the Plan, aggregate consideration of \$13.5 billion will be transferred to a trust to satisfy Fire Victim Claims (the “**Fire Victim Trust**”) as follows:

1. \$5.4 billion in Cash on the Effective Date of the Plan;
2. An additional \$1.35 billion in Cash, consisting of (i) \$650 million to be paid in Cash on or before January 15, 2021 pursuant to a Tax Benefits Payment Agreement, and (ii) \$700 million to be paid in Cash on or before January 15, 2022 pursuant to a Tax Benefits Payment Agreement;

- 1 3. \$6.75 billion in common stock of Reorganized PG&E Corp. (using equity valued  
2 using a multiple equal to 14.9 multiplied by the Normalized Estimated Net Income  
3 as of a date to be agreed upon among the parties to the Tort Claimants RSA (as  
4 defined below)), representing not less than 20.9% of the outstanding common stock  
5 of Reorganized PG&E Corp. as of the Effective Date;

6 **THE \$6.75 BILLION VALUE OF THE COMMON STOCK OF**  
7 **REORGANIZED PG&E CORP. IS BASED ON A FORMULA SET FORTH**  
8 **IN THE TORT CLAIMANTS RSA AND INCORPORATED IN THE PLAN.**  
9 **THE \$6.75 BILLION VALUE DOES NOT NECESSARILY REFLECT THE**  
10 **ACTUAL VALUE OF THE STOCK TO BE HELD BY THE FIRE VICTIM**  
11 **TRUST ON THE EFFECTIVE DATE AND THEREAFTER. THE ACTUAL**  
12 **VALUE OF THE STOCK ON THE EFFECTIVE DATE AND**  
13 **THEREAFTER COULD BE GREATER OR LESS THAN \$6.75 BILLION**  
14 **BASED ON THE FUTURE TRADING VALUE OF THE COMMON STOCK**  
15 **OF REORGANIZED PG&E CORP.;**

- 16 4. The assignment to the Fire Victim Trust of certain claims that the Fire Victim Trust  
17 may pursue for the benefit of holders of Fire Victim Claims; and
- 18 5. The assignment of rights under the 2015 Insurance Policies to resolve any Claims  
19 related to Fires in those policy years, other than the rights of the Debtors to be  
20 reimbursed under the 2015 Insurance Policies for claims submitted to and paid by  
21 the Debtors prior to the Petition Date.

22 Pursuant to the Plan, all Allowed Fire Victim Claims will be paid from the assets described above  
23 that will be transferred to the Fire Victim Trust. All Fire Victim Claims will be resolved and satisfied  
24 by the Fire Victim Trust pursuant to claims resolution procedures to be adopted by the Fire Victim Trust.  
25 **Although common stock of Reorganized PG&E Corp. is to be transferred to the Fire Victim Trust**  
26 **pursuant to the Plan, NOTHING IN THE PLAN OR THE FIRE VICTIM TRUST AGREEMENT**  
27 **REQUIRES A FIRE VICTIM TO RECEIVE PAYMENT IN STOCK.**

28 The aggregate consideration of \$13.5 billion described above to be contributed to the Fire Victim  
Trust (plus the assigned claims) was determined by a settlement among the Debtors, the Shareholder  
Proponents, the Official Committee of Tort Claimants (the “**Tort Claimants Committee**”) that has a  
fiduciary duty to represent the interests of all holders of Fire Victim Claims, other than the interests of  
Governmental Units in the Chapter 11 Cases, and the law firms (the “**Consenting Fire Claimant**  
**Professional Group**”) that represent Fire Victims holding over 70% of the in excess of 70,000 fire  
claims that have been filed. The sole source of recovery for holders of Fire Victim Claims is the Fire  
Victim Trust. Holders of Fire Victim Claims will not be able to otherwise pursue their claims against  
the Debtors, Reorganized PG&E, or their respective assets or properties.

**IF YOU ARE A FIRE VICTIM, PLEASE SEE THE ENCLOSED “FIRE VICTIM**  
**CLAIM PLAN TREATMENT SUMMARY” FOR ADDITIONAL INFORMATION.**

It is also important to note that the Plan Proponents believe that the Plan will enable the Debtors  
to support California’s clean energy goals and ensure that PG&E has access to sufficient resources to  
aggressively invest in capital improvements and wildfire mitigation and to provide safe and reliable  
service to its customers and communities.

1 Finally, the Plan Proponents believe that upon implementation of the Plan, PG&E will be able  
2 to participate in the recently authorized Go-Forward Wildfire Fund, which is designed to support the  
3 creditworthiness of California electrical corporations and provide a mechanism to attract capital for  
4 investment in safe, clean, and reliable power for California at a reasonable cost to ratepayers.

5 **THE DEBTORS, THE AD HOC NOTEHOLDERS COMMITTEE, THE AD HOC  
6 SUBROGATION GROUP, THE PUBLIC ENTITIES, AND THE SHAREHOLDER  
7 PROPONENTS RECOMMEND THAT HOLDERS OF CLAIMS AND INTERESTS  
8 ENTITLED TO VOTE, VOTE TO ACCEPT THE PLAN AND RETURN THEIR BALLOTS BY  
9 THE VOTING DEADLINE (AS DEFINED BELOW) FOLLOWING THE METHODS SET  
10 FORTH BELOW.**

11 **A. Notice to Creditors**

12 The purpose of this Disclosure Statement is to set forth information that (i) summarizes the  
13 treatment of Claims and Interests under the Plan, including the treatment of Claims held by Fire Victims,  
14 (ii) advises holders of Claims and Interests of their rights under the Plan, (iii) assists parties entitled to  
15 vote on the Plan in making informed decisions as to whether they should vote to accept or reject the  
16 Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions  
17 of chapter 11 of the Bankruptcy Code and should be confirmed. The Bankruptcy Court previously set  
18 certain dates and deadlines with respect to approval of the Disclosure Statement and confirmation of the  
19 Plan by Order, dated February 11, 2020 [Docket No. 5732] (the “**Scheduling Order**”).

20 **IT IS THE OPINION OF THE PLAN PROPONENTS, THE AD HOC SUBROGATION  
21 GROUP, AND THE PUBLIC ENTITIES THAT CONFIRMATION AND IMPLEMENTATION  
22 OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS’ ESTATES, CREDITORS  
23 (INCLUDING ALL FIRE VICTIMS), AND SHAREHOLDERS.**

24 **THEREFORE, THE DEBTORS, THE AD HOC NOTEHOLDERS COMMITTEE, THE  
25 AD HOC SUBROGATION GROUP, THE PUBLIC ENTITIES, AND THE SHAREHOLDER  
26 PROPONENTS RECOMMEND THAT ALL CLAIMANTS AND SHAREHOLDERS, WHO  
27 ARE ENTITLED TO VOTE, VOTE TO ACCEPT THE PLAN.**

28 **BALLOTS FOR VOTING TO ACCEPT OR REJECT THE PLAN MUST BE  
RECEIVED BY MAY 15, 2020 AT 4:00 P.M. (PREVAILING PACIFIC TIME) (THE “VOTING  
DEADLINE”). THE RECORD DATE FOR DETERMINING WHICH HOLDERS OF CLAIMS  
AND INTERESTS MAY VOTE ON THE PLAN IS MARCH 3, 2020 (THE “RECORD DATE”).**

**THE HEARING TO CONSIDER CONFIRMATION OF THE PLAN  
(THE “CONFIRMATION HEARING”) WILL BE HELD BEFORE THE HONORABLE  
DENNIS MONTALI, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES  
BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA,  
COURTROOM 17, 16TH FLOOR, 450 GOLDEN GATE AVENUE, SAN FRANCISCO, CA  
94102 ON MAY 27, 2020 AT 10:00 A.M. (PREVAILING PACIFIC TIME), OR AS SOON  
THEREAFTER AS COUNSEL MAY BE HEARD.**

**THE BANKRUPTCY COURT HAS DIRECTED THAT ANY OBJECTIONS TO  
CONFIRMATION OF THE PLAN BE SERVED AND FILED ON OR BEFORE MAY 15, 2020  
AT 4:00 P.M. (PREVAILING PACIFIC TIME) (THE “CONFIRMATION OBJECTION”**

1 **DEADLINE”). PURSUANT TO THE SCHEDULING ORDER, PRINCIPAL COUNSEL**  
2 **REPRESENTING A PARTY, OR ANY PRO SE PARTY, OBJECTING TO CONFIRMATION**  
3 **OF THE PLAN MUST APPEAR IN PERSON AT A PRE-CONFIRMATION SCHEDULING**  
4 **CONFERENCE ON MAY 19, 2020 AT 10:00 A.M. (PREVAILING PACIFIC TIME) TO**  
5 **DISCUSS SCHEDULING ANY EVIDENTIARY MATTERS TO BE DEALT WITH IN**  
6 **CONNECTION WITH THE CONFIRMATION HEARING AND SCHEDULING FOR**  
7 **BRIEFING OF CONTESTED LEGAL ISSUES. FAILURE TO APPEAR MAY RESULT IN**  
8 **THE OBJECTION BEING STRICKEN.**

9 **PLEASE READ THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS**  
10 **ENTIRETY. THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE**  
11 **PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY,**  
12 **IF THERE ARE ANY INCONSISTENCIES BETWEEN THE PLAN AND THIS DISCLOSURE**  
13 **STATEMENT, THE TERMS OF THE PLAN WILL CONTROL.**

14 The draft Fire Victim Trust Agreement and the draft Fire Victim Claims Resolution Procedures  
15 describing the establishment and administration of the Fire Victim Trust have been filed with the  
16 Bankruptcy Court, as has the substantially final form of Subrogation Wildfire Trust Agreement  
17 describing the establishment and administration of the Subrogation Wildfire Trust. Certain documents  
18 necessary to the effectuation of the Plan will be filed with the Bankruptcy Court no later than 14 days  
19 before the Confirmation Objection Deadline. These documents are referred to collectively as the Plan  
20 Supplement and will include, but not be limited to: (i) the Schedule of Rejected Contracts; (ii) the New  
21 Organizational Documents; (iii) to the extent known, information required to be disclosed in accordance  
22 with section 1129(a)(5) of the Bankruptcy Code as to the officers and directors of the Reorganized  
23 Debtors on the Effective Date of the Plan; (iv) the Exit Financing Term Sheets; (v) the Schedule of  
24 Assigned Rights and Causes of Action; (vi) the Tax Benefits Payment Agreement; (vii) the Fire Victim  
25 Trust Agreement; and (viii) the Fire Victim Claims Resolution Procedures. Such documents will be  
26 consistent with the terms of the Plan, *provided*, that, through the Effective Date, the Plan Proponents  
27 will have the right to amend documents contained in, and exhibits to, the Plan Supplement in accordance  
28 with the terms of the Plan.

18 **WHERE TO FIND ADDITIONAL INFORMATION:** The Debtors currently file annual,  
19 quarterly and current reports with, and furnish other information to, the Securities and Exchange  
20 Commission (the “SEC”). Copies of any document filed with the SEC may be obtained by visiting the  
21 SEC website at <http://www.sec.gov> and performing a search under the “Company Filings” link or by  
22 visiting <http://investor.pgecorp.com/financials/sec-filings/default.aspx>. Further information can be  
23 found in the following filings (but later information filed with the SEC that updates information in the  
24 filings incorporated by reference will update and supersede that information):

- 25 • Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February  
26 18, 2020 (the “**2019 Form 10-K**”); and
- 27 • Form 8-Ks filed with the SEC during the pendency of these Chapter 11 Cases.

## 1 II. OVERVIEW OF THE CHAPTER 11 CASES

### 2 A. Commencement of Chapter 11 Cases

3 On January 29, 2019, the Debtors commenced the Chapter 11 Cases. The Debtors continue to  
4 operate their business and manage their properties as debtors in possession pursuant to sections 1107(a)  
and 1108 of the Bankruptcy Code.

5 The principal objectives of the Chapter 11 Cases are:

- 6 • First, to establish a process for PG&E to fully address and resolve its liabilities resulting  
7 from the 2017 and 2018 Northern California wildfires and to provide compensation to  
8 those entitled to compensation from the Debtors fairly and expeditiously – more quickly  
9 and more equitably than those liabilities could be addressed and resolved in the state  
10 court system;
- 11 • Second, to restore PG&E's financial stability and assure that PG&E has access to the  
12 capital and resources necessary to sustain and support its ongoing operations and to  
13 enable PG&E to continue investing in its systems infrastructure and critical safety and  
14 wildfire prevention initiatives, including investing in PG&E's Community Wildfire  
Safety Program (a program to further reduce wildfire risks and help keep the customers  
15 and communities PG&E serves safe through enhanced real-time monitoring and  
16 intelligence, safety measures, and electrical system equipment);
- 17 • Third, to work collaboratively and constructively with State regulators and policy makers  
18 to (i) address safety, operational and structural reforms; (ii) determine the most effective  
19 way for PG&E to provide safe and reliable electric and natural gas service to its  
20 customers and communities for the long term; and (iii) address the significant increase  
in wildfire risk in an environment that continues to be challenged by climate change and  
its ongoing and future impact on California, including on PG&E and its operations; and
- 21 • Fourth, to enable PG&E to continue its extensive restoration and rebuilding efforts to  
22 assist the communities affected by the 2017 and 2018 Northern California wildfires.

23 For further information regarding the commencement of the Chapter 11 Cases, please refer to  
24 the Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 28, 2019  
25 and the *Amended Declaration of Jason P. Wells in Support of First Day Motions and Related Relief*  
26 [Docket No. 263].

### 27 B. Certain Significant Events During the Chapter 11 Cases

28 The following sections briefly summarize certain significant events occurring during the Chapter  
11 Cases.

## 1. Estimation of Aggregate Wildfire Liabilities

On July 18, 2019, the Debtors filed a motion in the Bankruptcy Court to establish procedures for the estimation of PG&E's aggregate liability for claims arising out of the 2015 Butte Fire and the 2017 and 2018 Northern California wildfires for Plan confirmation purposes [Docket No. 3091] (the "**Estimation Motion**").

On August 21, 2019, the Bankruptcy Court issued a recommendation to the United States District Court for the Northern District of California (the "**District Court**") requesting the District Court withdraw its reference in part so that the District Court – and not the Bankruptcy Court – would decide key questions relating to the estimation process. On August 22, 2019, the District Court accepted the Bankruptcy Court's recommendation and assigned the matter to United States District Judge James Donato.

These estimation proceedings are currently pending as Case No. 19-cv-05257-JD in the District Court (the "**Estimation Proceedings**") but, as further discussed below, have been stayed in light of the settlement approved in connection with the Tort Claimants RSA (as defined below).

## 2. Bankruptcy Court Lifts Automatic Stay to Allow Tubbs Cases to Proceed in State Court

The Tort Claimants Committee and the Ad Hoc Subrogation Group, on July 2 and 3, 2019, respectively, filed motions (the "**Tubbs Lift Stay Motions**") seeking relief from the automatic stay to allow certain elderly or infirm individuals (collectively, with certain indispensable parties, the "**Tubbs Preference Claimants**") to pursue state court litigation relating to the 2017 Tubbs fire (the "**Tubbs Cases**"). The Bankruptcy Court considered the Tubbs Lift Stay Motions at the hearing on August 14, 2019. On August 21, 2019, the Bankruptcy Court entered an order granting the Tubbs Lift Stay Motions, allowing the Tubbs Cases to proceed to trial in Superior Court for the State of California (the "**Superior Court**").

In light of the Tort Claimants RSA, the Superior Court entered an order vacating the existing trial dates for the Tubbs Cases and setting a hearing for March 2, 2020, to show cause regarding dismissal of the Tubbs Cases. Upon entry into and pursuant to the Tort Claimants RSA, the Debtors promptly entered into settlement discussions with the Tubbs Preference Claimants to resolve the Tubbs Cases. On January 6, 2020, the Debtors filed a motion (the "**Tubbs Settlement Motion**") seeking approval of settlement agreements settling and liquidating the claims of the Tubbs Preference Claimants for payment by the Fire Victim Trust, as provided in the Tort Claimants RSA. On January 30, 2020, the Bankruptcy Court entered an order [Docket No. 5571] granting the relief requested in the Tubbs Settlement Motion.

## 3. Debtors Settle Plan Treatment of Public Entities Wildfire Claims and Enter Into Public Entities Plan Support Agreements

On June 18, 2019, the Debtors and the Public Entities<sup>1</sup> entered into those certain *Plan Support Agreements as to Plan Treatment of Public Entities' Wildfire Claims* (the "**Public Entities Plan**

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<sup>1</sup> The "**Public Entities**" include the City of Clearlake, the City of Napa, the City of Santa Rosa, the County of Lake, the Lake County Sanitation District, the County of Mendocino, Napa County, the

1 **Support Agreements**)”). Pursuant to the Public Entities Plan Support Agreements, the Public Entities  
2 agreed to support and vote in favor of a chapter 11 plan proposed by the Debtors that provides that,  
3 among other things, the Public Entities Wildfire Claims will be satisfied with \$1 billion in Cash, to be  
4 distributed from a trust account in accordance with the “Public Entities Settlement Distribution  
5 Protocol,” and the Reorganized Debtors will establish a \$10 million segregated defense fund for the  
6 benefit of the Public Entities.

7 The Public Entities Plan Support Agreements provide that each may be terminated by the  
8 applicable Public Entity under certain circumstances, including (i) if the Federal Emergency  
9 Management Agency (“**FEMA**”) or the California Governor’s Office of Emergency Services (“**Cal**  
10 **OES**”) fails to agree that no reimbursement is required from the Public Entities on account of assistance  
11 rendered by either agency in connection with the Fires, and (ii) by any individual Public Entity, if a  
12 material amount of Public Entities Third Party Claims is filed against such Public Entity and such Public  
13 Entity and such Public Entities Third Party Claims are not released pursuant to the Plan.

#### 9 **4. Debtors Settle Subrogation Wildfire Claims and Enter Into Subrogation** 10 **Claims RSA**

11 On September 24, 2019, the Debtors filed a motion seeking Bankruptcy Court approval of that  
12 certain Restructuring Support Agreement, dated as of September 22, 2019 and related settlement  
13 agreement (together, as amended and restated, and as may be further amended, restated and  
14 supplemented, the “**Subrogation Claims RSA**”) with the Consenting Creditors (as defined in the  
15 Subrogation Claims RSA). Pursuant to the Subrogation Claims RSA, holders of approximately 96% of  
16 all Subrogation Wildfire Claims (in dollar amount) agreed, among other things, to support and vote in  
17 favor of the Plan, in consideration of, among other things, an Allowed Subrogation Wildfire Claim of  
18 \$11 billion that will be paid in full in Cash under the Plan, and the payment of up to \$55 million in  
19 reasonable, documented and contractual fees of certain of the Ad Hoc Subrogation Group’s  
20 professionals. On December 19, 2019, the Bankruptcy Court entered an order [Docket No. 5173]  
21 authorizing the Debtors to enter into, and approving the terms of, the Subrogation Claims RSA and the  
22 settlement embodied therein.

#### 18 **5. Bankruptcy Court Appoints a Mediator**

19 On October 28, 2019, the Bankruptcy Court appointed retired Bankruptcy Judge Randall  
20 Newsome as mediator in the Chapter 11 Cases to identify and mediate issues to progress the cases  
21 towards timely confirmation of a chapter 11 plan. Beginning on October 31, 2019, Judge Newsome  
22 facilitated confidential settlement discussions among a number of key parties to the Chapter 11 Cases,  
23 including the Debtors, the Tort Claimants Committee, certain plaintiffs’ attorneys for individuals  
24 holding Fire Victim Claims, the Official Committee of Unsecured Creditors (the “**Creditors**  
25 **Committee**”), the Ad Hoc Noteholders Committee, certain agencies of the United States of America  
26 and the State of California asserting fire-related Claims, as well as the Shareholder Proponents.

25 \_\_\_\_\_  
26 County of Nevada, the County of Sonoma, the Sonoma County Agricultural Preservation and Open  
27 Space District, the Sonoma County Community Development Commission, the Sonoma County Water  
28 Agency, the Sonoma Valley County Sanitation District and the County of Yuba (collectively, the “**North**  
**Bay Public Entities**”); the Town of Paradise; the County of Butte; the Paradise Recreation & Park  
District; the County of Yuba; and the Calaveras County Water District.

1                   **6. Debtors Settle Plan Treatment of Fire Victim Claims and Enter Into Tort**  
2                   **Claimants RSA**

3                   On December 6, 2019, the Debtors, the Tort Claimants Committee, the Consenting Fire Claimant  
4 Professional Group, and the Shareholder Proponents, entered into that certain Restructuring Support  
5 Agreement, dated December 6, 2019 (as amended on December 16, 2019 and may be further amended,  
6 restated and supplemented, the “**Tort Claimants RSA**”) that, among other things, resolved the treatment  
7 of all Fire Victim Claims under the Plan. The agencies of the United States of America and the State of  
California asserting fire-related Claims are not signatories to the Tort Claimants RSA. On December  
19, 2019, the Bankruptcy Court entered an order [Docket No. 5174] authorizing the Debtors’ and TCC’s  
entry into, and approving the terms of, the Tort Claimants RSA and the settlements embodied therein.

8                   The Tort Claimants RSA provides, among other things, that (i) pursuant to the Plan, the Debtors  
9 will fund a Fire Victim Trust, to be established for the benefit of all holders of Fire Victim Claims, with  
10 cash and stock valued at \$13.5 billion, and contribute certain assigned rights and causes of action to the  
11 Fire Victim Trust; (ii) the parties agree to a stay of the Estimation Proceedings; (iii) the Debtors would  
promptly negotiate a settlement of the claims of the Tubbs Preference Claimants; and (iv) the Tort  
Claimants Committee and Consenting Fire Claimant Professional Group will support the Plan.

12                   **7. Debtors Settle with Ad Hoc Noteholders Committee and Enter Into Noteholder**  
13                   **RSA**

14                   On January 22, 2020, the Debtors, the Shareholder Proponents, and the Ad Hoc Noteholders  
15 Committee entered into that certain Restructuring Support Agreement, dated January 22, 2020 (as may  
16 be amended, restated and supplemented, the “**Noteholder RSA**”). The Noteholder RSA provides,  
17 among other things, that the Ad Hoc Noteholders Committee will (i) withdraw their alternative plan;  
18 (ii) suspend their motion to reconsider the order approving the Subrogation Claims RSA and Tort  
19 Claimants RSA; (iii) withdraw all discovery issued in connection with and support the relief requested  
20 in the Debtors’ Exit Financing Motion (as defined below); (iv) have their debt secured on the Effective  
Date; and (v) support the Plan. On February 5, 2020, the Bankruptcy Court entered an order [Docket  
No. 5637] authorizing the Debtors to enter into, and approving the terms of, the Noteholder RSA and  
the settlements embodied therein. On February 5, 2020, the Ad Hoc Noteholders Committee withdrew  
the TCC/Noteholder Plan [Docket No. 5644].

21                   **8. Briefing on Plan Confirmation Issues**

22                   On October 31, 2019, the Bankruptcy Court entered an order [Docket No. 4540] (the “**Pre-**  
23 **Confirmation Scheduling Order**”) establishing briefing and hearing schedules for the following issues  
24 related to plan confirmation: (i) whether the doctrine of inverse condemnation applies to a privately-  
25 owned utility, (ii) what is the appropriate postpetition interest rate for unsecured claims in a solvent  
debtor case, (iii) whether holders of the Utility Senior Notes are entitled to Allowed Claims for make-  
whole premiums or similar amounts, and (iv) whether the Subrogation Claimants are impaired under the  
Plan.

26                   ***Inverse Condemnation:*** On November 27, 2019, following briefing and oral argument  
27 on the issue, the Bankruptcy Court issued a memorandum decision determining that the doctrine of  
inverse condemnation applies to the Utility. Following the decision, the Bankruptcy Court certified the  
28 issue for appeal to the Ninth Circuit. On January 16 and 17, 2020, the Debtors concurrently filed a

petition for direct appeal with the United States Court of Appeals for the Ninth Circuit (the “**Ninth Circuit**”) and a motion to stay the proceedings pending confirmation of the Plan (and the settlements encompassed therein) by the Bankruptcy Court. On January 31, 2020, the Ninth Circuit issued an order granting the Debtors’ motion to stay the proceedings.

**Postpetition Interest:** On December 30, 2019, following briefing and oral argument on the issue, the Bankruptcy Court issued a memorandum decision [Docket No. 5226] (the “**Memorandum Decision**”) determining that the appropriate rate of postpetition interest on unsecured claims in a solvent debtor case is the federal judgment interest rate as of the Petition Date calculated pursuant to 28 U.S.C. § 1961(a). On February 6, 2020, the Bankruptcy Court entered the *Interlocutory Order Regarding Postpetition Interest* [Docket No. 5669] (the “**PPI Order**”) consistent with the Memorandum Decision. On February 20, 2020, the Ad Hoc Committee of Holders of Trade Claims (the “**Trade Committee**”) filed a motion seeking a determination that the Memorandum Decision and PPI Order are final orders that may be appealed without leave, or, to the extent the Memorandum Decision and PPI Order are not final orders, leave to appeal the Memorandum Decision and PPI Order to be heard in the District Court. On March 4 and 5, 2020, Mizuho Bank, Ltd., in its capacity as HoldCo Term Loan Administrative Agent, the Creditors Committee, Citibank, NA, BOKF, NA, and the Ad Hoc Noteholders Committee also filed notices of appeal and cross-motions for leave to appeal the Memorandum Decision and PPI Order, similarly requesting its appeal be heard in the District Court (collectively, the “**PPI Appeals**”).

Consistent with the PPI Order and Memorandum Decision, the Plan provides for payment of postpetition interest on General Unsecured Claims at the applicable Federal Judgment Rate—2.59%. The Trade Committee asserts that postpetition interest on General Unsecured Claims should be paid consistent with state law, and that under Cal. Civ. Code § 3289, this requires payment of postpetition interest on contract-based claims, such as trade claims, at the rate set forth in the applicable contract, or in the absence of a contract rate, at the statutory rate of 10%. If the PPI Order and Memorandum Decision are overturned by a final non-appealable decision, the amount of postpetition interest the Debtors or Reorganized Debtors are required to pay with respect to General Unsecured Claims could significantly increase. The Debtors contend that the PPI Order and Memorandum Decision are not final orders and are opposing the PPI Appeals, including the motions for leave to pursue the PPI Appeals.

**Make-Whole Claims:** The parties have fully briefed the question of whether holders of Utility Senior Notes are entitled to Allowed Claims for make-whole premiums or similar amounts in accordance with the Pre-Confirmation Scheduling Order. Pursuant to the terms of the Noteholder RSA, the parties have agreed to adjourn the matter without a further hearing date.

**Subrogation Claims Impairment:** On November 27, 2019, the Debtors and the Ad Hoc Subrogation Group filed a joint opening brief arguing the Subrogation Wildfire Claims, as settled under the Subrogation Claimants RSA, are impaired for plan purposes. The Ad Hoc Noteholders Committee filed a reservation of rights on the issue and, on January 10, 2020, the Creditors Committee filed a responsive brief. In view of the Noteholder RSA, the parties have agreed to remove the issue from the Bankruptcy Court’s calendar without prejudice.

## 9. Exit Financing Motion

On October 23, 2019, the Debtors filed the *Debtors’ Motion for Entry of Orders (I) Approving Terms of, and Debtors’ Entry into and Performance Under, Exit Financing Commitment Letters and (II) Authorizing Incurrence, Payment and Allowance of Related Fees and/or Premiums, Indemnities,*

1 *Costs and Expenses as Administrative Expense Claims* [Docket No. 4446] (as amended at Docket Nos.  
2 **Exit Financing Motion**”), seeking approval of certain exit financing commitment letters providing for up to \$12 billion  
3 in equity commitments (as further amended, modified and supplemented, the **Equity Backstop**  
4 **Commitment Letters**) and up to \$34.35 billion in debt commitments (as further amended, modified  
5 and supplemented, the **Debt Backstop Commitment Letters**,” and together with the Equity Backstop  
6 Commitment Letters, the **Exit Financing Commitment Letters**”). On January 22, 2020, the Governor  
7 filed an objection to the Exit Financing Motion [Docket No. 5445] (the **Governor’s Objection**”),  
8 which focused primarily on the Governor’s proposal to alter the Debtors’ corporate governance  
9 structure. On January 22, 2020, the Debtors reached a settlement with the Ad Hoc Noteholders  
10 Committee regarding the treatment of the Utility’s pre-petition funded debt under the Plan. The  
11 Bankruptcy Court approved the settlement on February 5, 2020. In light of the settlement with the Ad  
12 Hoc Noteholders Committee, the Debtors further amended the Exit Financing Commitment Letters to,  
13 among other things, reduce the aggregate Utility debt commitments and revise the provisions of the  
14 letters affected thereby. On March 3, 2020, the Debtors filed an amended Exit Financing Motion to  
15 reflect the updated Exit Financing Commitment Letters. Following a hearing on March 16, 2020, the  
16 Bankruptcy Court granted the relief requested in the Exit Financing Motion [Docket Nos. 6321 and  
17 6323].

#### 11 **10. Tentative Settlements in Principle with Federal Agencies and Cal State** 12 **Agencies**

13 Certain federal agencies (collectively, the **Federal Agencies**”), including FEMA, and certain  
14 agencies of the State of California (collectively, the **State Agencies**”), including Cal OES and the  
15 California Department of Forestry and Fire Protection (**CAL FIRE**”), have asserted Fire Claims in the  
16 Chapter 11 Cases against the Debtors in excess of \$7.7 billion, for the majority of which the Debtors do  
17 not believe they have liability. On December 2, 2019, the Tort Claimants Committee filed an objection  
18 [Docket No. 4943] (as supplemented at Docket No. 5319 and as joined by the Debtors at Docket No.  
19 5639, the **FEMA Claims Objection**”) to all Claims asserted by FEMA, which total approximately  
20 \$3.9 billion (the **FEMA Claims**”), and on December 12, 2019, the Tort Claimants Committee filed an  
21 objection [Docket No. 5096] (as joined by the Debtors at Docket No. 5734, the **Cal OES Claims**  
22 **Objection**” and, together with the FEMA Claims Objection, the **Government Claims Objections**”),  
23 to all Claims asserted by Cal OES, which total approximately \$2.7 billion (the **Cal OES Claims**”).  
24 The Cal OES Claims Objection also contested approximately \$2.4 billion of the Cal OES Claims as  
25 being duplicative of the FEMA Claims. At a hearing on February 26, 2020, the Bankruptcy Court heard  
26 oral argument to consider the Government Claims Objections and took the matters under advisement.  
27 As of the date hereof, the Bankruptcy Court has not ruled on the Government Claims Objections.

28 In connection with the Government Claims Objections and other contested matters, on February  
18, 2020, the Bankruptcy Court issued an order [Docket No. 5810] for, among other things, mediation  
of classification issues related to the FEMA Claims and Cal OES Claims. Pursuant to the Plan, and as  
described in more detail below, the FEMA Claims, Cal OES Claims, and other Fire-related government  
agency Claims are classified as Fire Victim Claims to be channeled to and, if Allowed, paid from the  
Fire Victim Trust. FEMA, Cal OES, and certain other federal and state government agencies, however,  
contend that their Claims should be classified and treated as General Unsecured Claims under the Plan  
and, as such, expressed their intent to file formal motions challenging the Debtors’ proposed  
classification of such Claims. In lieu of formal motion practice, the Plan Proponents and the government

1 agencies stipulated to a briefing and hearing schedule on this classification issue, with a hearing before  
2 the Bankruptcy Court that was scheduled for April 1, 2020.

3 Tentative agreements in principle have been reached with the Federal Agencies and the State  
4 Agencies with respect to (a) the FEMA Claims and certain other claims asserted by Federal agencies  
5 that constitute Fire Claims (the “**Federal Agency Fire Claims**”), and (b) the State Agencies’ Fire  
6 Claims that are channeled to the Fire Victim Trust (the “**State Agency Fire Claims**”). Pending the  
7 finalization and approval of the settlements by the Bankruptcy Court, the briefing schedule on the  
8 classification issues related to the Federal Agency Fire Claims and State Agency Fire Claims has been  
9 suspended indefinitely.

10 Pursuant to the terms of the tentative settlements:

- 11 • the FEMA Claims will be reduced and Allowed at \$1 billion, channeled to the Fire Victim  
12 Trust, and fully subordinated to all other Fire Victim Claims;
- 13 • the Federal Agency Fire Claims shall be Allowed in the aggregate amount of \$117  
14 million and payable solely from the proceeds of the Assigned Rights and Causes of  
15 Action, after the payment of professional fees and costs incurred in connection with the  
16 pursuit of such Assigned Rights and Causes of Action;
- 17 • the Cal OES Claims will be withdrawn with prejudice;
- 18 • CAL FIRE’s Fire Claims (*i.e.*, only those claims that are channeled to the Fire Victim  
19 Trust under the Plan) will be settled and Allowed at \$115.3 million, payable over a period  
20 of years by the Fire Victim Trust solely and exclusively from any cash interest earned on  
21 the cash holdings of the Fire Victim Trust after the Effective Date;
- 22 • the other State Agency Fire Claims (*i.e.*, only those claims that are channeled to the Fire  
23 Victim Trust under the Plan) will be settled and Allowed at \$89 million, payable by the  
24 Fire Victim Trust over a period of years, payable solely from proceeds of the  
25 monetization of New HoldCo Common Stock in excess of \$6.75 billion and certain  
26 available interest on the cash holdings of the Fire Victim Trust; and
- 27 • the holders of the above Claims that are being settled shall have no right of recovery from  
28 the Debtors or Reorganized Debtors on account of the Fire Claims that are the subject of  
tentative settlements.

## 29 C. Related Pending Proceedings

### 30 1. **Securities Class Action**

31 Prior to the Petition Date, the Public Employees Retirement Association of New Mexico  
32 (“**PERA**”) filed a securities class action lawsuit in the U.S. District Court for the Northern District of  
33 California, Case No. 18-03509 (the “**Securities Litigation**”) against the Debtors, a number of the  
34 Debtors’ current and former directors and officers, and investment-bank underwriters of certain of the  
35 Debtors’ notes offerings.

1 In the Securities Litigation, PERA asserts securities claims relating to, among other things,  
2 allegedly misleading statements the defendants made regarding their wildfire safety practices. The  
3 claims are being asserted on behalf of investors who acquired the Debtors' notes and equity securities  
4 during the class period of April 29, 2015 through November 15, 2018.

5 The Securities Litigation has been and remains stayed with respect to the Debtors. PERA  
6 continues to pursue the Securities Litigation against the non-Debtor defendants. The non-Debtor  
7 defendants have filed motions to dismiss PERA's complaint in the District Court.

8 On October 21, 2019, PERA filed proofs of claim in the Bankruptcy Court asserting a claim on  
9 behalf of itself. On December 9, 2019, PERA filed a motion to treat its proof of claim as a class proof  
10 of claim on behalf of the equity and debt securities holders covered by the Securities Litigation under  
11 Bankruptcy Rule 7023. On February 3, 2020, the Court issued a ruling indicating that it had tentatively  
12 determined either to allow the proof of claim filed by PERA to be treated as a class proof of claim  
13 (subject to Plaintiffs meeting the requirements of Rule 23 of the Federal Rule of Civil Procedure) or,  
14 instead, to allow certain additional noticing and an extension of the Bar Date in the Chapter 11 Cases  
15 for potential class members. The Court directed the parties to file supplemental briefs addressing why  
16 an extension of the Bar Date for these class members was not preferable. On February 18, 2020, the  
17 Court issued an order [Docket No. 5810], among other things, directing the parties to participate in  
18 mediation regarding the allowance of the class proof of claim or an extension of the Bar Date. The  
19 parties were ultimately unable to come to a resolution and, following a hearing on the issue, on February  
20 27, 2020, the Court issued an Order denying the motion by PERA to have its proof of claim treated as a  
21 class proof of claim, ordering notice be provided to claimants that purchased the Debtors' publicly traded  
22 debt and equity securities from April 29, 2015 through November 15, 2018 and who may have claims  
23 under securities laws against the Debtors for rescission or damages and extending the Bar Date for those  
24 claimants to file claims to the Further Extended Bar Date of April 16, 2020.

25 Any such Claims that are filed in advance of the Further Extended Bar Date, if Allowed, will  
26 (i) if such Claims are for rescission or damages with respect to notes, be subordinated under section  
27 510(b) of the Bankruptcy Code relative to Claims that are senior or of equal priority, and need to be  
28 funded and paid in full under the Plan, or (ii) if such Claims are for rescission or damages with respect  
to equity, be afforded the same priority as that afforded to holders of the Debtors' common stock.

## 2. Butte County District Attorney Investigation and Potential Claims

21 As disclosed in the 2019 Form 10-K, the Butte County District Attorney's Office and the  
22 California Attorney General's Office opened a criminal investigation of the 2018 Camp fire. The  
23 Debtors have produced documents and continue to produce documents and respond to other requests for  
24 information and witness testimony in connection with the criminal investigation of the 2018 Camp fire,  
25 including, but not limited to, documents related to the operation and maintenance of equipment owned  
26 or operated by the Debtors. The Debtors have also cooperated with the Butte County District Attorney's  
27 Office and the California Attorney General's Office in the collection of physical evidence from  
28 equipment owned or operated by the Debtors. The Debtors currently are unable to predict the outcome  
of the criminal investigation into the 2018 Camp fire.

Potential criminal charges that could be filed against the Debtors and current or former  
employees with respect to the 2018 Camp fire include recklessly causing a fire, manslaughter and related  
environmental charges. The Debtors could be subject to material fines, penalties, or restitution orders

1 if it is determined that the Debtors failed to comply with applicable laws and regulations in connection  
2 with the 2018 Camp fire, as well as non-monetary remedies such as oversight requirements. If the  
3 Debtors were found criminally liable, the Debtors could also be liable for claims of restitution on behalf  
4 of certain Fire Victims under the California Penal Code. The Debtors believe that any claims for such  
5 restitution would constitute Fire Victim Claims and under the Plan would be satisfied solely out of the  
6 Fire Victim Trust. The criminal investigation is not subject to the automatic stay under the Bankruptcy  
7 Code.

8 The filing of criminal charges against the Debtors, the creation of any potential material  
9 indemnification obligation on the Debtors or any determination that any such claim for restitution is not  
10 satisfied solely out of the Fire Victim Trust may have a material impact on the ability of the Debtors to  
11 have the Plan confirmed by June 30, 2020.

### 12 **3. Adversary Proceeding Related to Public Safety Power Shutoffs (“PSPS”)**

13 On December 19, 2019, an individual plaintiff commenced a putative class action Adversary  
14 Proceeding No. 19-03061 (the “**PSPS Adversary Proceeding**”) against the Debtors in the Bankruptcy  
15 Court seeking to certify a class alleging damages in the amount of \$2.5 billion and seeking injunctive  
16 relief related to certain planned power outages instituted by the Debtors in October and November of  
17 2019. The Debtors do not believe there is any merit to the claims asserted in the PSPS Adversary  
18 Proceeding or that it is capable of being sustained as a class action. On January 21, 2020 the Debtors  
19 filed a motion to dismiss the PSPS Adversary Proceeding and alternatively to strike class  
20 allegations. The motion was fully briefed by the parties and heard by the Bankruptcy Court on March  
21 10, 2020.

## 22 **III. POSTPETITION LEGISLATIVE AND REGULATORY MATTERS**

### 23 **A. Wildfire Legislation<sup>2</sup>**

24 On July 12, 2019, Governor Newsom signed into law Assembly Bill 1054 (“**AB 1054**” or the  
25 “**Wildfire Legislation**”), which, among other things, establishes a statewide fund that participating  
26 utilities may access to pay for liabilities arising in connection with future wildfires occurring after July  
27 12, 2019 (the “**Go-Forward Wildfire Fund**”). The Wildfire Legislation also provides details regarding  
28 the conditions to and costs of participating in the Go-Forward Wildfire Fund and sets the criteria by  
which participating utilities can access the fund.

Each of California’s large investor-owned electric utility companies that are not currently subject  
to chapter 11, Southern California Edison (“**SCE**”) and San Diego Gas & Electric Company  
 (“**SDG&E**”), has elected to participate in the Go-Forward Wildfire Fund. AB 1054 provides that the  
Go-Forward Wildfire Fund is established upon SCE and SDG&E funding their initial contributions.

The Utility has provided notice to the California Public Utility Commission (the “**CPUC**”) of its  
intent to participate in the Go-Forward Wildfire Fund, and on August 26, 2019, the Bankruptcy Court  
issued an order [Docket No. 3689] authorizing the Debtors to participate in the Go-Forward Wildfire  
Fund. Under AB 1054, however, to participate in the Go-Forward Wildfire Fund, the Utility must satisfy  
several additional conditions. Upon emergence from chapter 11, the Utility must pay the initial and

27 \_\_\_\_\_  
28 <sup>2</sup> This summary is qualified in its entirety by the actual text of AB 1054.

1 annual contributions required for participation in the Go-Forward Wildfire Fund. Additionally, the  
2 Utility must satisfy the following conditions by June 30, 2020:

3 (A) The [Utility's Chapter 11 Case] has been resolved pursuant to a plan or  
4 similar document not subject to a stay.

5 (B) The [B]ankruptcy [C]ourt or a court of competent jurisdiction, in the  
6 [Chapter 11 Cases], has determined that the resolution of the [Chapter 11  
7 Case] provides funding or establishes reserves for, provides for assumption  
8 of, or otherwise provides for satisfying any prepetition wildfire claims  
9 asserted against the [Utility] in the [Chapter 11 Cases] in the amounts  
10 agreed upon in any pre-insolvency proceeding settlement agreements or any  
11 post-insolvency settlement agreements, authorized by the court through an  
12 estimation process or otherwise allowed by the court.

13 (C) The [CPUC] has approved the reorganization plan and other documents  
14 resolving the [Utility's Chapter 11 Cases], including the [Utility's] resulting  
15 governance structure, as being acceptable in light of the [Utility's] safety  
16 history, criminal probation, recent financial condition, and other factors  
17 deemed relevant by the [CPUC].

18 (D) The [CPUC] has determined that the [Utility's] reorganization plan and  
19 other documents resolving the [Chapter 11 Cases] are (i) consistent with the  
20 state's climate goals as required pursuant to the California Renewables  
21 Portfolio Standard Program and related procurement requirements of the  
22 state and (ii) neutral, on average, to the ratepayers of the [Utility].

23 (E) The [CPUC] has determined that the reorganization plan and other  
24 documents resolving the [Chapter 11 Cases] recognize the contributions of  
25 ratepayers, if any, and compensate them accordingly through mechanisms  
26 approved by the [CPUC], which may include sharing of value appreciation.

27 Cal. Pub. Util. Code §3291(b)(1)(A)-(E).  
28

29 If the Utility satisfies the requirements to participate in the Go-Forward Wildfire Fund, the  
30 Utility's required contributions to the Go-Forward Wildfire Fund will be substantial. The Go-Forward  
31 Wildfire Fund is expected to be funded with approximately (i) \$10.5 billion of proceeds of bonds  
32 supported by a 15-year extension of the Department of Water Resources charge to ratepayers, (ii) \$7.5  
33 billion in initial contributions from California's three investor-owned electric utility companies and  
34 (iii) \$300 million in annual contributions paid by California's three investor-owned electric utility  
35 companies. The contributions from the investor-owned electric utility companies will be effectively  
36 borne by their respective shareholders, as they will not be permitted to recover these costs from  
37 ratepayers. The costs of the initial and annual contributions are allocated among the three investor-  
38 owned electric utility companies pursuant to a "Wildfire Fund allocation metric" set forth in AB 1054  
39 based on land area in the applicable utility's service territory classified as high fire threat districts and  
40 adjusted to account for risk mitigation efforts. The Utility's initial Go-Forward Wildfire Fund allocation  
41 metric will be 64.2% (representing an initial contribution of approximately \$4.8 billion and annual  
42 contributions of approximately \$193 million). In addition, all initial and annual contributions will be  
43 excluded from the measurement of the Utility's authorized capital structure.

1 Participation in the Go-Forward Wildfire Fund is expected to have a material impact on the  
2 Reorganized Debtors' financial condition, results of operations, liquidity and cash flows. The Utility is  
3 currently evaluating the accounting and tax treatment of the required initial and annual  
4 contributions. The timing and amount of any potential charges associated with shareholder  
5 contributions would also depend on various factors, including the timing of resolution of the Chapter 11  
6 Cases. Furthermore, there can be no assurance that the expected benefits of participating in the Go-  
7 Forward Wildfire Fund ultimately outweigh its substantial costs.

8 In addition to establishing the Go-Forward Wildfire Fund, AB 1054 also provides that the first  
9 \$5.0 billion in the aggregate spent by SCE, SDG&E and the Utility on fire risk mitigation capital  
10 expenditures included in their approved wildfire mitigation plans will be excluded from their respective  
11 equity rate bases. The \$5.0 billion of capital expenditures will be allocated among the investor-owned  
12 utilities in accordance with their Go-Forward Wildfire Fund allocation metrics (described above) and  
13 may be securitized through a customer charge.

14 While the Plan Proponents believe the Plan complies with all of the requirements of AB 1054  
15 and will be approved by the CPUC, certain state and federal government agencies disagree. Such state  
16 and federal government agencies, however, have no approval rights over the CPUC's determination of  
17 such compliance.

#### 18 **B. Governor's Letter Regarding Compliance with the Wildfire Legislation**

19 On December 13, 2019, Governor Gavin Newsom sent a letter to the Utility's management  
20 stating, among other things, that the Governor believed that the draft *Debtors' and Shareholder*  
21 *Proponents' Joint Chapter 11 Plan of Reorganization* shared on December 6, 2019 with the Governor's  
22 Office (the "**December 6 Plan**") did not comply with AB 1054. The Governor's letter set forth a number  
23 of governance and management requirements that the Governor believed were necessary to comply with  
24 AB 1054. The Governor's letter further stated that the capital structure set forth in the December 6 Plan  
25 would contribute to a reorganized company that, in the Governor's view, would not be positioned to  
26 provide safe, reliable, and affordable electric service. The Debtors have taken the views of the  
27 Governor's Office into account in formulating the Plan, which the Debtors believe complies with AB  
28 1054. The Debtors and the Governor's Office remain in continuous discussions.

#### 29 **C. CPUC Approvals**

30 Given the Utility's status as a public utility regulated by the CPUC, there are a number of issues  
31 in pending or anticipated regulatory proceedings that will need to be addressed by the CPUC prior to or  
32 in connection with confirmation or effectiveness of the Plan. These regulatory matters are summarized  
33 below:

34 ***Plan OII.*** Under applicable state and federal law, certain provisions of the Plan,  
35 including any ratemaking implications of the Plan, must be reviewed and approved by the CPUC in the  
36 ordinary course of its regulatory duties. In addition, as discussed above, the California legislature has  
37 passed, and the Governor has signed into law, AB 1054. As a result, there are certain regulatory  
38 approvals that the Utility must or may desire to obtain prior to or as part of and in connection with  
confirmation or effectiveness of the Plan with respect to participation in the Go-Forward Wildfire Fund,  
including satisfaction of the conditions set forth in AB 1054 as determined, where applicable, by the  
CPUC. To facilitate this review, on October 4, 2019, the CPUC commenced Investigation (I.) 19-09-  
016, Order Instituting Investigation on the Plan (the "**Plan OII**") to consider the ratemaking and other

1 implications that will result from the confirmation of a plan of reorganization and other regulatory  
2 approvals necessary to resolve the Chapter 11 Cases. This proceeding, among other things, affords  
3 parties the opportunity to be heard and comment on any CPUC regulatory approvals required pursuant  
4 to Public Utilities Code Section 3292 in order for PG&E to become eligible to participate in the wildfire  
5 fund established pursuant to AB 1054 and other state law, any other regulatory approvals required by  
6 AB 1054, and any other matters that may need to be decided by the CPUC in connection with a plan.  
7 The CPUC expects to render its decision sufficiently in advance of the June 30, 2020 statutory deadline  
8 contained in AB 1054 to allow the Bankruptcy Court to address and approve any modifications made to  
9 the Plan pursuant to CPUC orders.

10 On January 31, 2020, the Utility served prepared testimony in the Plan OII outlining key  
11 elements of the Plan, including, but not limited to: (i) key aspects of the Utility's governance structure;  
12 (ii) implementing a plan to regionalize PG&E's operations; (iii) appointing an independent safety  
13 advisor; (iv) strengthening the roles of the Chief Risk Officer and the Chief Safety Officer; (v) utilizing  
14 an Independent Safety Oversight Committee with non-PG&E Corporation and non-Utility employees  
15 to provide independent review of PG&E's operations; (vi) paying value in excess of \$25.5 billion to  
16 wildfire victims through the settlements reached; and (vii) emerging from chapter 11 with a financing  
17 structure that seeks to protect customer rates and position PG&E for long term success.

18 On February 11, 2020, the Administrative Law Judge issued a ruling setting a schedule  
19 for, among other things, testimony and evidentiary hearings for the Plan OII (the "**Schedule**"). On  
20 February 18, 2020, the assigned Commissioner issued a ruling setting forth certain proposals  
21 ("**Proposals**") as potential conditions on CPUC approval under AB 1054 and proposing a modified  
22 schedule that provided for supplemental testimony and briefing on the Proposals. Evidentiary hearings  
23 and live testimony began on February 25, 2020 and concluded on March 4, 2020 pursuant to the  
24 Schedule. On February 26, 2020, the Administrative Law Judge amended the Schedule to provide for  
25 combined post-hearing briefing and comments on the Proposals on March 13, 2020 and replies on March  
26 26, 2020, and noted that, if necessary, an evidentiary hearing on the Proposals would occur on March  
27 18, 2020.

28 ***Other Relevant Pending Enforcement Proceedings.*** There are a number of pending  
enforcement proceedings that relate to prepetition conduct by the Debtors and could result in monetary  
fines, penalties or other remedies. The Debtors' financial condition, results of operations, liquidity, and  
cash flows could be materially affected by the outcomes of these proceedings. Accordingly, satisfactory  
resolution of these proceedings is a condition precedent to the effectiveness of the Plan, unless waived.  
These pending proceedings include:

- (i) **Wildfire OII.** Investigation (I.) 19-06-015, Order Instituting Investigation on the Commission's Own Motion into the Maintenance, Operations and Practices of Pacific Gas and Electric Company (U39E) with Respect to its Electric Facilities; and Order to Show Cause Why the Commission Should not Impose Penalties and/or Other Remedies for the Role PG&E's Electrical Facilities had in Igniting Fires in its Service Territory in 2017. On December 17, 2019, the Utility, the CPUC's Safety and Enforcement Division ("**SED**"), the Coalition of California Utility Employees ("**CUE**"), and the CPUC's Office of Safety Advocates filed a motion seeking approval of a settlement agreement that would, if approved by the CPUC, resolve the proceeding. Pursuant to the settlement, the Utility would not seek rate recovery of \$1.625 billion in wildfire related expenditures and would

1 spend \$50 million in shareholder funds on system enhancement initiatives. On  
2 February 27, 2020, the Administrative Law Judge served a Presiding Officer's  
3 Decision, which would approve the proposed settlement, subject to the settling  
4 parties' acceptance of certain modifications to the settlement. The modified  
5 settlement, if accepted by the settling parties, increases the financial obligations  
6 imposed by the proposed settlement agreement. The modified settlement would  
7 require the Utility to (i) not seek rate recovery of \$1.823 billion in wildfire-related  
8 expenditures, (ii) spend \$114 million in shareholder funds on system  
9 enhancement initiatives, (iii) pay a cash fine of \$200 million to the general fund  
10 of the State of California out of funds that would not otherwise be available to  
11 satisfy the claims of wildfire claimants, and (iv) agree that any future tax savings  
12 associated with shareholder payments under the settlement would be "returned to  
13 the benefit of ratepayers." The parties to the settlement may accept the modified  
14 settlement or request other relief on or before March 18, 2020. Parties have until  
15 March 30, 2020 to appeal the Presiding Officer's Decision. The CPUC believes  
16 that the payment of any fines or penalties, including the proposed cash fine  
17 contained in the modified settlement, should not diminish funds available to  
18 satisfy Fire Victim Claims from the Fire Victim Trust and has requested that the  
19 Plan be modified accordingly. The Plan Proponents disagree and believe that  
20 payment of any such fines and penalties are to be made from the assets of the Fire  
21 Victim Trust.

14 (ii) **Locate and Mark OIL.** Investigation (I.) 18-12-007, Order Instituting  
15 Investigation and Order to Show Cause on the Commission's Own Motion into  
16 the Operations and Practices of Pacific Gas and Electric Company with Respect  
17 to Locate and Mark Practices and Related Matters. On October 3, 2019, the  
18 Utility, SED and CUE filed a motion for approval of a settlement agreement that  
19 would, if approved by the CPUC, resolve the proceeding. On January 17, 2020,  
20 the Administrative Law Judge served a Presiding Officer's Decision, which  
21 would approve the proposed settlement, subject to the settling parties' acceptance  
22 of certain modifications to the settlement. On February 6, 2020, the settling  
23 parties filed a pleading suggesting certain modifications to the terms set forth in  
24 the Presiding Officer's Decision, but also stating their willingness to accept the  
25 terms as set forth in the Presiding Officer's Decision in the event their suggestions  
26 are not accepted. On February 14, 2020, the Administrative Law Judge denied  
27 the settling parties' request to modify the terms of the Presiding Officer's  
28 Decision, and granted the settling parties' acceptance of the terms of the Presiding  
Officer's Decision as proposed. On February 20, 2020, the Presiding Officer's  
Decision became the decision of the CPUC.

#### 25 **D. Other Federal Regulatory Matters**

26 Section 203 of the Federal Power Act ("FPA") has been interpreted to require, among other  
27 things, that entities involved in wholesale sales or transmission of electricity in interstate commerce  
28 obtain the authorization of the Federal Energy Regulatory Commission ("FERC") prior to engaging in

1 transactions that transfer control of FERC-jurisdictional facilities. Such changes in control can occur  
 2 either directly, via a sale of the facilities themselves, or indirectly via a change in the corporate control  
 3 of a utility like PG&E, or a utility holding company like PG&E Corp. Section 203 provides that FERC  
 will approve transactions that are consistent with the public interest, and that FERC may grant approval  
 of a transaction on conditions FERC finds necessary or appropriate.

4 Because the Plan calls for the Fire Victim Trust to acquire at least 20.9% of the equity of  
 5 Reorganized PG&E Corp., FERC may consider the Plan to result in an indirect change in control over  
 6 the FERC-jurisdictional facilities of the Utility. As a result, the Debtors may be required to seek and  
 7 obtain authorization from FERC under Section 203 of the FPA before engaging in the transactions  
 8 called-for by the Plan. On March 2, 2020, the Debtors submitted an application (the “**FERC  
 Application**”) seeking such authorization and requested FERC action on its application in advance of  
 the June 30, 2020 statutory deadline provided for in AB 1054. The deadline to comment on the FERC  
 Application is March 23, 2020.

#### 9 **IV. BACKGROUND AND OVERVIEW OF THE PLAN**<sup>3</sup>

10 This section summarizes certain key provisions of the Plan. This section is intentionally not a  
 11 recitation of the entirety of the Plan, a copy of which is annexed hereto as **Exhibit A**. For additional  
 12 information regarding the Plan not discussed in this section, please refer to the following select Plan  
 provisions:

Topic	Plan Provision
Treatment of Claims and Interests	<u>Article IV</u>
Provisions Governing Distributions to Holders of Claims and Interests	<u>Article V</u>
Means for Implementation and Execution of the Plan	<u>Article VI</u>
Procedures for Disputed Claims	<u>Article VII</u>
Treatment of Executory Contracts and Unexpired Leases	<u>Article VIII</u>
Retention of Causes of Action of the Debtors and Reorganized Debtors	<u>Article X.11</u>
Miscellaneous Provisions	<u>Article XII</u>

#### 21 **A. Plan Background**

22 Over the past several months, the Debtors and their advisors have worked diligently with their  
 23 key economic stakeholders, regulators, and other parties in interest on the terms of a comprehensive,  
 24 global restructuring that will fairly and equitably address all Fire Victim Claims and other prepetition  
 25

26 <sup>3</sup> **This overview is qualified in its entirety by reference to the Plan.** The treatment of Claims and  
 27 Interests under the Plan is not intended to, and will not, waive, compromise, or limit any of the Debtors’  
 28 or creditors’ rights, claims, or causes of action if the Plan is not confirmed. You should read the Plan,  
 attached hereto as **Exhibit A** in its entirety before voting to accept or reject the Plan.

claims and equity interests, maximize value for all parties in interest, and ensure that the Utility will be positioned to deliver safe and reliable service to its customers.

A central component of the Plan is approximately \$47.1 billion of capital to be provided through any combination of (i) new credit facilities, including exit revolving loan facilities, senior term loan facilities and/or bridge loan facilities; (ii) new debt securities issued by the Utility (the “**New Utility Notes**”); (iii) new debt securities issued by HoldCo (the “**New Holdco Notes**” and, together with the New Utility Notes, the “**New Debt Securities**”); (iv) issuance of new PG&E Corp. common stock (“**New HoldCo Common Stock**”) pursuant to one or more public or private equity offerings and/or the Rights Offering (if implemented); (v) the reinstatement of certain of the Utility’s prepetition debt in accordance with the existing terms of such prepetition debt; and (vi) the exchange of certain of the Utility’s prepetition debt for new debt (the capital sources described in the foregoing (i) through (vi), collectively, the “**Plan Financing Sources**”). The capital resulting from the Plan Financing Sources will allow the Debtors to consummate the Plan, and will position them as a stronger utility for years to come.

#### **B. Classification and Treatment of Claims and Interests**<sup>4</sup>

The following table provides a summary of the classification and treatment of Claims and Interests under the Plan and is qualified in its entirety by reference to the Plan.

Claims and Interests	Summary of Treatment
<b>Impaired Claims Entitled to Vote</b>	
Fire Victim Claims	<p>(a) <u>Description</u>: All Fire Victim Claims, including claims of individuals for personal injury, wrongful death, or property damage and claims of Governmental Units, arising out of the Butte Fire (2015), the North Bay Wildfires (2017), and the Camp Fire (2018) (other than Public Entities Wildfire Claims, Subrogation Wildfire Claims, and Subrogation Butte Fire Claims). This includes the Fire Victim Claims of both uninsured and underinsured claimants.</p> <p>(b) <u>Treatment</u>: On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall establish the Fire Victim Trust. The Fire Victim Trust will be funded with consideration with an aggregate value of approximately \$13.5 billion as follows: (i) \$5.4 billion in Cash on the Effective Date of the Plan; (ii) an additional \$1.35 billion in Cash, consisting of (a) \$650 million to be paid in Cash on or before January 15, 2021 pursuant to a Tax Benefits Payment Agreement, and (b) \$700 million to be paid in Cash on or before January 15, 2022 pursuant to a Tax Benefits Payment Agreement; (iii) \$6.75 billion in common stock of Reorganized PG&amp;E Corp. (using an equity value equal to 14.9 multiplied by the Normalized Estimated Net Income as of a date to be agreed upon among the parties to the Tort Claimants RSA), representing not less than 20.9% of the outstanding common stock of Reorganized PG&amp;E Corp. as of the Effective Date; and (iv) the assignment of certain causes of action and insurance rights on the Effective Date. All Fire Victim Claims shall be satisfied solely from the Fire Victim Trust with no recourse to the Debtors, the Reorganized Debtors, or their respective assets and properties. Funding of the Fire Victim Trust as provided above shall be in full and final satisfaction, release, and discharge of all Fire Victim Claims. Each holder of a Fire Victim Claim shall receive payment as determined in accordance with the Fire Victim Claims Resolution Procedures, a draft of which was filed with the Bankruptcy Court on March 3, 2020 along with a draft</p>

<sup>4</sup> The following categories of claims and equity interests are presented in a summary form for ease of reference, and do not correspond exactly to the more detailed classes of claims and equity interests contained in the Plan.

	<p>of the Fire Victim Trust Agreement. These documents will be included in the Plan Supplement.</p> <p>(c) <b>Impairment and Voting: Impaired; Entitled to vote on the Plan.</b></p>
Subrogation Wildfire Claims	<p>(a) <u>Description</u>: All Fire Claims (other than Fire Claims arising from the Butte Fire (2015)) held by insurers or their assignees in connection with payments made on account of damages or losses arising from such wildfires.</p> <p>(b) <u>Treatment</u>: The Subrogation Wildfire Claims shall be settled and Allowed in the aggregate amount of \$11 billion. On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall fund the Subrogation Wildfire Trust with Cash in the amount of \$11 billion. On the Effective Date, the Debtors' liability for all Subrogation Wildfire Claims shall be fully assumed by, and be the sole responsibility of, the Subrogation Wildfire Trust, and all such Claims shall be satisfied solely from the assets of the Subrogation Wildfire Trust. Pursuant to the Channeling Injunction, each holder of a Subrogation Wildfire Claim shall have its Claim permanently channeled to the Subrogation Wildfire Trust, and such Claim shall be asserted exclusively against the Subrogation Wildfire Trust in accordance with its terms, with no recourse to the Debtors, the Reorganized Debtors, or their respective assets and properties. Each holder of a Subrogation Wildfire Claim shall receive payment as determined in accordance with the Subrogation Wildfire Trust Agreement, a substantially final form of which was filed with the Bankruptcy Court on February 28, 2020 and will be included in the Plan Supplement.</p> <p>(c) <b>Impairment and Voting: Impaired; Entitled to vote on the Plan.</b></p>
Public Entities Wildfire Claims	<p>(a) <u>Description</u>: Claims held by those Public Entities that entered into Plan Support Agreements with the Debtors that, among other things, settled their claims relating to the Butte Fire (2015), the North Bay Wildfires (2017), and the Camp Fire (2018).</p> <p>(b) <u>Treatment</u>: Payment of the settlement amount of \$1 billion in cash, plus the establishment of a fund in the amount of \$10 million to reimburse the Public Entities for legal fees and costs associated with any third party claims relating to the wildfires that may be brought against the Public Entities.</p> <p>(c) <b>Impairment and Voting: Impaired; Entitled to vote on the Plan.</b></p>
Utility Impaired Senior Note Claims	<p>(a) <u>Description</u>: Any Claims arising under, or related to, the Utility Impaired Senior Note Documents.</p> <p>(b) <u>Treatment</u>: On the Effective Date, holders of Utility Impaired Senior Note Claims shall receive Cash equal to their Utility Impaired Senior Note Claim Interest Amount and equal amounts of each issue of New Utility Long-Term Notes in an aggregate amount equal to such holder's Utility Impaired Senior Note Claim Principal Amount.<sup>5</sup></p> <p>(c) <b>Impairment and Voting: Impaired; Entitled to vote on the Plan.</b></p>
Utility Short-Term Senior Note Claims	<p>(a) <u>Description</u>: Any Claims arising under, or related to, the Utility Short-Term Senior Note Documents.</p> <p>(b) <u>Treatment</u>: On the Effective Date, holders of Utility Short-Term Senior Note Claims shall receive Cash equal to their Utility Short-Term Senior Note Claim Interest Amount and equal amounts of each issue of New Utility Short-Term Notes in an aggregate amount equal to such holder's Utility Short-Term Senior Note Claim Principal Amount.<sup>6</sup></p> <p>(c) <b>Impairment and Voting: Impaired; Entitled to vote on the Plan.</b></p>

<sup>5</sup> The Utility Senior Notes Trustee asserts that the Utility Impaired Senior Note Documents, the Utility Short-term Senior Note Documents and the Bankruptcy Code require the Utility to pay directly in full, the Utility Senior Notes Trustee's outstanding fees, costs, expenses, and indemnities, including attorneys' fees and financial advisors' fees. The Plan Proponents disagree with such assertions. In the event that such fees, costs, expenses and indemnities are satisfied from the applicable Charging Lien and not from a direct payment by the Utility, distributions to holders of the Utility Impaired Senior Note Claims and the Utility Short-term Senior Note Claims will be subject to reduction and dilution.

<sup>6</sup> See *supra* note 5.

Utility Funded Debt Claims	<p>(a) <u>Description</u>: Any Claims arising under, or related to, the Utility Funded Debt Documents.</p> <p>(b) <u>Treatment</u>: On the Effective Date, holders of Utility Funded Debt Claims shall receive Cash equal to their Utility Funded Debt Claim Interest and Charges Amount and equal amounts of each issue of New Utility Funded Debt Exchange Notes in an aggregate amount equal to such holder's Utility Funded Debt Claim Principal Amount. On the Effective Date, any Utility Letters of Credit outstanding shall be replaced or canceled and returned to the issuing Utility Revolver Lender in accordance with the terms of the applicable Utility Letter of Credit and the Utility Revolver Documents.</p> <p>(c) <u>Impairment and Voting</u>: <b>Impaired; Entitled to vote on the Plan.</b></p>
HoldCo Common Interests	<p>(a) <u>Description</u>: The existing publicly traded common stock of PG&amp;E Corp.</p> <p>(b) <u>Treatment</u>: Each holder of a HoldCo Common Interest shall retain such HoldCo Common Interest, subject to dilution from any common stock or securities linked to common stock issued under the Plan. If a rights offering is implemented in connection with the implementation of the Plan, holders of HoldCo Common Interests shall have the right to participate in the rights offering.</p> <p>(c) <u>Impairment and Voting</u>: <b>Impaired; Entitled to vote on the Plan.</b></p>
HoldCo Rescission or Damage Claims	<p>(a) <u>Description</u>: Any Claim against HoldCo subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to the common stock of HoldCo.</p> <p>(b) <u>Treatment</u>: In full and final satisfaction, settlement, release, and discharge of any HoldCo Rescission or Damage Claim, except to the extent that the Debtors or the Reorganized Debtors, as applicable, and a holder of an Allowed HoldCo Rescission or Damage Claim agree to a less favorable treatment of such Claim, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed HoldCo Rescission or Damage Claim shall receive a number of shares of New HoldCo Common Stock equal to such holder's HoldCo Rescission or Damage Claim Share of the outstanding number of common stock of HoldCo as of the Petition Date (526,118,408). HoldCo Rescission or Damage Claim Share means a percentage equal to (i) the dollar amount of a holder's Allowed HoldCo Rescission or Damage Claim less any cash payments received from an Insurance Policy, <i>divided by</i> (ii) \$35,905,153,932 (which represents HoldCo's market capitalization calculated using the market opening price on October 12, 2017, the day of the first disclosure alleged by PERA, and the fully diluted shares outstanding on or around such date).</p> <p>(a) <u>Impairment and Voting</u>: <b>Impaired; Entitled to vote on the Plan</b></p>
<b>Unimpaired Claims Not Entitled to Vote</b>	
Administrative Expense Claims	<p>(a) <u>Description</u>: Costs and expenses of administering the chapter 11 cases, including Claims related to the DIP Financing.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed Administrative Expense Claim will be paid in full on the Effective Date; <i>provided that</i> any Allowed Administrative Expense Claim that is not due and payable prior to the Effective Date, shall be paid by the Debtors or the Reorganized Debtors, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents establishing, such liabilities. For the avoidance of doubt, no Administrative Expense Claims shall be discharged pursuant to the Plan, other than Allowed Administrative Expense Claims that have been paid in Cash or otherwise satisfied in the ordinary course in an amount equal to the Allowed amount of such Claim on or prior to the Effective Date.</p>
Priority Tax Claims	<p>(a) <u>Description</u>: Tax and other Claims entitled to priority in payment under the Bankruptcy Code.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed Priority Tax Claim will be paid in full on the Effective Date, including any applicable postpetition interest.</p>

1 2 3 4 Other Secured Claims	<p>(a) <u>Description</u>: A Secured Claim that is not a DIP Facility Claim or Priority Tax Claim.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed Secured Claim will, at the option of the Debtors or Reorganized Debtors (i) retain its Other Secured Claim and the Collateral securing such Claim; (ii) receive Cash in an amount equal to such Allowed Claim, or (iii) receive treatment of such Allowed Other Secured Claim in any other manner that is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
5 6 7 8 Priority Non-Tax Claims	<p>(a) <u>Description</u>: Any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a)(3), (4), (5), (6), (7), or (9) of the Bankruptcy Code.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed Priority Non-Tax Claim will receive, at the option of the Debtors or Reorganized Debtors, (i) Cash in an amount equal to such Allowed Claim, payable on the Effective Date or as soon as reasonably practicable thereafter, or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
9 10 11 HoldCo Funded Debt Claims	<p>(a) <u>Description</u>: All prepetition Claims against PG&amp;E Corp. arising from the HoldCo Revolver Documents and the HoldCo Term Loan Documents.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed HoldCo Funded Debt Claim will be paid in full, in Cash on the Effective Date, including payment of postpetition interest at the Federal Judgment Rate.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
12 13 14 15 16 Utility PC Bond (2008 F and 2010 E) Claims	<p>(a) <u>Description</u>: Any Claim arising under, or related to, the Utility PC Bond (2008 F and 2010 E) Documents.</p> <p>(b) <u>Treatment</u>: On the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Utility PC Bond (2008 F and 2010 E) Claim shall receive Cash in an amount equal to (i) the principal amount outstanding as of the Petition Date of such holder's Utility PC Bond (2008 F and 2010 E) Claim plus all accrued and unpaid interest owed as of the Petition Date at the non-default contract rate; (ii) all interest accrued from the Petition Date through the Effective Date at the Federal Judgment Rate; and (iii) fees and charges and other obligations owed through the Effective Date, solely to the extent provided for under the applicable PC Bond (2008 F and 2010 E) Documents.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
17 18 19 Utility Reinstated Senior Note Claims	<p>(a) <u>Description</u>: Any Claims arising under, or related to, the Utility Reinstated Senior Note Documents.</p> <p>(b) <u>Treatment</u>: On the Effective Date, each holder of a Utility Reinstated Senior Note Claim shall have such holder's Utility Reinstated Senior Note Claim Reinstated.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
20 21 22 23 24 25 General Unsecured Claims	<p>(a) <u>Description</u>: All prepetition unsecured Claims (other than a DIP Facility Claim, Administrative Expense Claim, Professional Fee Claim, Priority Tax Claim, Other Secured Claim, Priority Non-Tax Claim, Funded Debt Claim, Workers' Compensation Claim, 2001 Utility Exchange Claim, Fire Claim, Ghost Ship Fire Claim, Intercompany Claim, Utility Senior Note Claim, Environmental Claim, or Subordinated Debt Claim). Includes all Prepetition Executed Settlement Claims (including but not limited to settlements relating to Subrogation Butte Fire Claims) and Claims for damages resulting from or otherwise based on the Debtors' rejection of executory contracts or unexpired leases.</p> <p>(b) <u>Treatment</u>: Each holder of an Allowed General Unsecured Claim to be paid in full on the Effective Date. The Allowed amount of any General Unsecured Claim shall include all interest accrued from the Petition Date through the Effective Date at the Federal Judgment Rate.</p> <p>(c) <u>Impairment and Voting</u>: <b>Unimpaired; Not entitled to vote on the Plan.</b></p>
26 27 28 Ghost Ship Fire Claims	<p>(a) <u>Description</u>: Any Claim related to or arising from the Ghost Ship Fire which occurred in Oakland, California on December 2, 2016.</p> <p>(b) <u>Treatment</u>: On and after the Effective Date, each holder of a Ghost Ship Fire Claim shall be entitled to pursue its Claim against the applicable Reorganized Debtor, provided that any recovery or payment with respect to Ghost Ship Fire Claims shall be limited solely to amounts available under the Debtors' Insurance.</p>

	(c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Workers' Compensation Claims	(a) <u>Description</u> : Any Claim against the Debtors by an employee of the Debtors for the payment of workers' compensation benefits under applicable law. (b) <u>Treatment</u> : Workers' Compensation Claims shall not be affected by the Chapter 11 Cases and on and after the Effective Date holders shall be entitled to pursue their Claims against the Reorganized Debtors. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
2001 Utility Exchange Claims	(a) <u>Description</u> : Any Claim against the Utility arising solely from (i) amounts due to the CAISO, PX, and/or various market participants based on purchases or sales of electricity, capacity, or ancillary services by the Utility and other market participants in markets operated by the CAISO and the PX that are subject to determination by FERC in refund proceedings bearing FERC Docket Nos. EL00-95-000 and EL00-98-000 and related subdockets, and (ii) amounts due under any settlement agreements, allocation agreements, escrow agreements, letter agreements, other written agreements, or court orders (including orders entered in the chapter 11 case styled In re California Power Exchange Corporation, Case No. LA 01-16577 ES) that expressly relate thereto. (b) <u>Treatment</u> : On and after the Effective Date, each holder of a 2001 Utility Exchange Claim shall be entitled to pursue its Claim against the Reorganized Utility as if the Chapter 11 Cases had not been commenced. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Environmental Claims	(a) <u>Description</u> : Any Environmental Claim (as defined in the Plan) against the Debtors. (b) <u>Treatment</u> : On and after the Effective Date, each holder of an Environmental Claim shall be entitled to pursue its Claim against the Reorganized Debtors as if the Chapter 11 Cases had not been commenced, and each Environmental Order against the Debtors shall also survive the Effective Date as if the Chapter 11 Cases had not been commenced. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Intercompany Claims	(a) <u>Description</u> : Any Claim against a Debtor held either by another Debtor or by a non-Debtor affiliate which is controlled by a Debtor (excluding any Claims of an individual). (b) <u>Treatment</u> : On the Effective Date, all Allowed Intercompany Claims shall either be (i) cancelled (or otherwise eliminated) and receive no distribution under the Plan or (ii) Reinstated, in each case as determined in the sole discretion of the Debtors or the Reorganized Debtors, as applicable. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Subordinated Debt Claims	(a) <u>Description</u> : Any Claims subordinated under section 510(b) of the Bankruptcy Code arising from rescission of a purchase or sale of a debt security of the Debtors, or for damages arising from the purchase or sale of such a debt security, including any related claims for reimbursement, contribution or indemnification, but excluding any HoldCo Rescission or Damage Claims. (b) <u>Treatment</u> : Allowed Subordinated Debt Claims to be paid in full on the Effective Date. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Utility Preferred Interests	(a) <u>Description</u> : Any Interest in the Utility which results or arises from preferred stock issued by the Utility. (b) <u>Treatment</u> : Reinstated on the Effective Date. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
Utility Common Interests	(a) <u>Description</u> : Any Interest held in the Utility that is not a Preferred Interest. (b) <u>Treatment</u> : Reinstated on the Effective Date. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>
HoldCo Other Interests	(a) <u>Description</u> : Any Interests held in PG&E Corp. immediately prior to the Effective Date, other than HoldCo Common Interests. (b) <u>Treatment</u> : Reinstated on the Effective Date. (c) <u>Impairment and Voting</u> : <b>Unimpaired; Not entitled to vote on the Plan.</b>

### C. Treatment and Satisfaction of Fire Claims

As described more fully in Articles IV and VI of the Plan and as provided in the settlements embodied in the Tort Claimants RSA, Subrogation Claims RSA, and Public Entities Plan Support Agreements, to the extent you hold a Fire Claim, such Claim shall be satisfied as follows:

#### 1. Fire Victim Claims.

All Fire Victim Claims that have been or could be asserted against the Debtors will be “channeled” to the Fire Victim Trust, a trust created under the Plan for the purpose of evaluating and paying all Fire Victim Claims. The effect of “channeling” the Fire Victim Claims to the Fire Victim Trust is that all Fire Victim Claims can only be pursued through and paid from the Fire Victim Trust and the Debtors and Reorganized Debtors will not have any liability for Fire Victim Claims. All determinations of Fire Victim Claims, including their eligibility to receive payment from the Fire Victim Trust and in what amount, shall be determined solely under the Fire Victim Claims Resolution Procedures and all such determinations shall be final with no recourse to any court.

A Fire Victim Claim is any Claim against the Debtors arising from the Fires listed on Exhibit A attached to the Plan. Fire Victim Claims do not include claims arising from (i) the Ghost Ship Fire (December 2, 2016), (ii) the Kincade Fire (started on October 23, 2019), or (iii) any fire that occurred after January 29, 2019.

The Fire Victim Trust will be overseen by a trustee (“**Fire Victim Trustee**”), and the Fire Victim Trustee and a claims administrator (“**Claims Administrator**”) will oversee the administration, resolution and allocation of claims. There will also be an oversight committee formed to consult with the Fire Victim Trustee and to exercise consent rights over certain of the Fire Victim Trust’s actions (the “**Fire Victim Trust Oversight Committee**”). The rights and responsibilities of the Fire Victim Trustee, the Claims Administrator, and the Fire Victim Trust Oversight Committee are set forth in the Fire Victim Trust Agreement. The Fire Victim Trust Agreement will be included in the Plan Supplement to be filed with the Bankruptcy Court by May 1, 2020.

The following information has been provided by the Tort Claimants Committee.

\*\*\*\*\*

The Fire Victim Trustee, the Claims Administrator, and their staff will establish a distribution process that provides fair and expeditious compensation to Fire Victim Claimants.

Nearly 83,000 Fire Victim Claims have been filed in the Chapter 11 Cases. Over 95% of the proof of claim forms submitted by those Fire Victims specified the amount of the claim was “unknown”.

As a result, it is not currently possible to predict what any specific claimant will be paid or a percentage recovery on such Claim any specific claimant should expect out of the approximately \$13.5 billion in total consideration that will be transferred to the Fire Victim Trust under the Plan.

An intensive analysis is underway to determine which of these fire victim Claims are eligible for compensation. For example, over 4,000 claims identified loss addresses well outside the perimeter of any of the relevant fire zones.

1 In the upcoming months, the Fire Victim Trustee will develop budgets related to various  
2 categories of fire damages. That budgeting process may reveal that a small percentage of claimants may  
3 seek amounts large enough to impact the recovery of all remaining claimants in a capped fund. As a  
4 result, special consideration may be given to the treatment of those claims in the discretion of the Trustee  
5 and the Claims Administrator to ensure that all other claimants receive fair and expeditious  
6 compensation.

7 The Fire Victim Trustee and Claims Administrator will evaluate and determine the amount  
8 payable for each valid Fire Victim Claim through a variety of methods, including consideration of  
9 publicly available information, expert analysis, and material submitted by claimants. Stipulated  
10 judgments, settlements or similarly liquidated claims shall be paid as expeditiously as the budgeting  
11 process permits. Preliminary distributions may be made to enable claimants timely access to a portion  
12 of their payment, which will then be supplemented as additional claims are resolved.

13 Based on the preliminary budgeting and analysis performed to date, general estimates are being  
14 developed concerning potential recovery ranges for real and personal property losses based on the  
15 following sources of information:

- 16 • insurance claim file data reflecting payments made to claimants following the 2017 North Bay  
17 Fires and the 2018 Camp Fire;
- 18 • an analysis of publicly available data representing the cost of property values in the affected  
19 areas prior to the fires;
- 20 • published reconstruction and/or rebuilding costs in the affected counties; and
- 21 • detailed claims information concerning the 2015 Butte Fire.

22 Real property losses will be calculated, after setting off available insurance policy limits, using  
23 the diminished value of the property or calculated probable cost of rebuilding based upon publicly  
24 available data, contractor estimates, and documentary proof submitted by individual claimants.

25 These estimates may be adjusted depending on a variety of factors, including but not limited to:

- 26 • the total number of claims that the Fire Victim Trustee and his staff determines are valid;
- 27 • caps on damages in accordance with California law;
- 28 • the Trustee's analysis and adjustment of the reasonable and fair value of the claims; and
- the total amount of insurance paid and/or to be paid to each claimant.

Business and commercial losses are expected to be paid based upon data related to business  
income, business inventory and similar losses as specified in the Claims Resolution Procedures.  
Distributions for business losses will take into consideration amounts received or potentially recoverable  
from applicable insurance policies.

Distribution estimates for emotional distress, pain and suffering, bodily injury, nuisance, zone  
of danger evacuations, other non-economic damage claims, and wrongful death cannot be predicted

1 without an analysis of each individual claim and an understanding of the impact the fire had on that  
2 claimant in light of awards and payments made in prior similar cases.

3 If the Fire Victim Trustee issues a determination approving a Fire Victim Claim award as  
4 provided in the Fire Victim Claim Resolution Procedures, and that award is accepted by the claimant,  
5 the Fire Victim Trust will pay the approved Fire Victim Claim per the terms of the Plan and related  
6 documents. The Fire Victim Trustee may deny invalid, ineligible and fraudulent Fire Victim Claims. If  
7 a claimant does not agree with the Fire Victim Trustee's determination, the Fire Victim Trust and the  
8 Fire Victims Claims Resolution Procedures enable a claimant to appeal that decision to a panel of  
9 neutrals experienced in resolution of wildfire claims and related matters pursuant to the Fire Victim  
10 Trust Agreement.

11 \*\*\*\*\*

12 The Fire Victim Trust will be funded with cash and stock of reorganized PG&E Corp. with an  
13 aggregate value of approximately \$13.5 billion. The Fire Victim Trust will hold and sell the stock, and  
14 nothing in the Plan or the Fire Victim Trust Agreement requires stock to be distributed to individual Fire  
15 Victims. The Fire Victim Trust will also be assigned certain rights and causes of action that the Fire  
16 Victim Trust will have the authority to pursue for the benefit of holders of Fire Victim Claims. More  
17 specifically, the following will be contributed to the Fire Victim Trust on the Effective Date of the Plan:

- 18 (i) \$6.75 billion in cash, of which \$5.4 billion will be paid on the Plan Effective Date, \$650  
19 million is expected to be paid by January 15, 2021, and \$700 million is expected to be  
20 paid by January 15, 2022;
- 21 (ii) \$6.75 billion in common stock of Reorganized PG&E Corp. (using an equity value equal  
22 to 14.9 multiplied by the Normalized Estimated Net Income as of a date to be agreed  
23 upon among the parties to the Tort Claimants RSA), representing not less than 20.9% of  
24 the outstanding common stock of Reorganized PG&E Corp. as of the Effective Date;
- 25 (iii) the assignment by the Debtors and Reorganized Debtors of the Assigned Rights and  
26 Causes of Action; and
- 27 (iv) the assignment of rights under the 2015 Insurance Policies to resolve any claims related  
28 to Fires in those policy years, other than the rights of the Debtors to be reimbursed under  
the 2015 Insurance Policies for claims submitted to and paid by the Debtors prior to the  
Petition Date.

29 While the cash and stock contributed to the Fire Victim Trust have an aggregate nominal value  
30 of approximately \$13.5 billion, the market value of the New HoldCo Common Stock on the Effective  
31 Date could be greater or less than \$6.75 billion based on the trading value of New HoldCo Common  
32 Stock on such date or any subsequent date. In addition, the value of the Assigned Rights and Causes of  
33 Action that will be contributed to the Fire Victim Trust is currently unknown, but the Plan Proponents  
34 believe it is not material in the context of the aggregate consideration to be transferred to the Fire Victim  
35 Trust.

36 The aggregate amount of Fire Victim Claims that will ultimately be eligible for payment from  
37 the Fire Victim Trust is currently unknown. To the extent the Fire Victim Trust cannot pay all approved  
38 Fire Victim Claims in full, they will be paid in an equal percentage (that is, *pro rata*).

1 To the extent any Allowed Fire Victim Claim is covered by insurance, the insurance coverage  
2 amounts may be credited to the Fire Victim Trust in accordance with the Fire Victim Trust Agreement.  
3 Holders of Subrogation Wildfire Claims and their respective predecessors in interest (if any) are  
4 negotiating the scope of production of non-privileged information to the Fire Victim Trust relating to  
5 Fire Victim insurance claims at no cost to the Fire Victim Trust. In addition, to the extent a holder of  
6 an Allowed Fire Claim received or will receive a distribution from the Wildfire Assistance Program,  
7 such Fire Victim Claim will be reduced by the full amount of the distribution by the Wildfire Assistance  
8 Program as provided under the Plan and in accordance with the terms of the Fire Victim Trust  
9 Agreement.

10 Confirmation and implementation of the Plan presents certain benefits and risks to the holders  
11 of Fire Victim Claims, and those benefits and risks should be considered when deciding how to vote on  
12 the Plan. These risks include the risk factors set forth in item 1A of the Debtors' 2019 Form 10-K, and  
13 the risks described below.

#### 14 *Certain Significant Benefits of the Plan.*

15 Timing: The Plan provides for compensation to holders of Fire Victim Claims with greater  
16 certainty and in a more expedited manner than may otherwise be available. The State of California's  
17 enactment of AB 1054 requires that the Plan be confirmed by June 30, 2020 for the Debtors to participate  
18 in the Go-Forward Wildfire Fund. There is no reason to believe that the California legislature will  
19 amend such legislation if that deadline is not met. As a result, if this Plan is not confirmed by June 30,  
20 2020, distributions on account of Fire Victim Claims will be delayed and may be reduced. The delay  
21 may range from months and perhaps years. In addition to a delay in distributions, failure to meet this  
22 legislative deadline could provide significant risks for holders of Fire Victim Claims that may arise as a  
23 result of any wildfires during the 2020/2021 fire seasons.

24 Amount: The Plan provides for \$13.5 billion in nominal value to be distributed to the Fire Victim  
25 Trust. In the event that the Plan is not approved, it is not known how much would be set aside or  
26 available for Fire Victim Claims

27 *Significant Claims Asserted Against the Fire Victim Trust.* A number of governmental  
28 entities, including FEMA and Cal OES as described above, have filed claims against the Debtors for  
large or unliquidated amounts that, if Allowed, would be payable from the Fire Victim Trust  
(the "**Government Claims**"), including the Federal Agency Fire Claims and the State Agency Fire  
Claims. The asserted Government Claims are in the approximate total amount of \$7.7 billion. Similarly,  
certain businesses have filed claims against the Debtors for large or unliquidated amounts that, if  
Allowed, would be payable from the Fire Victim Trust (the "**Business Claims**"). For example,  
Adventist Health System/West and Feather River Hospital have filed claims seeking over \$1 billion.

As noted above, the Plan Proponents have reached tentative agreements in principle to settle the  
Federal Agency Fire Claims and the State Agency Fire Claims that are channeled to the Fire Victim  
Trust under the Plan, however, to the extent the agreements are not finalized, and the Government  
Claims and the Business Claims become Allowed Fire Victim Claims, the payments to other holders of  
Fire Victim Claims could be substantially reduced.

*Potential Change in Value of Common Stock of Reorganized PG&E Corp.* As set  
forth above, the Fire Victim Trust will be funded with approximately \$6.75 billion in common stock of  
Reorganized PG&E Corp. valued in accordance with the terms of the Tort Claimants RSA. The market

1 value of that common stock may fluctuate due to a variety of factors, including, but not limited to: (i)  
2 the risk of additional wildfires, (ii) general market and economic conditions and (iii) actual or anticipated  
3 changes in operating results. These factors could cause the market value of common stock in  
4 Reorganized PG&E Corp. to increase or decrease, and those changes in price could have a substantial  
5 effect (both positively or negatively) on the assets of the Fire Victim Trust. As set forth more fully in  
6 Section III.A above, the Plan contemplates the Debtors participating in the Go-Forward Wildfire Fund  
7 created pursuant to AB 1054, which may reduce Reorganized PG&E's liabilities for future wildfires  
8 occurring after July 12, 2019. While there are no limitations on the Fire Victim Trust selling its stock  
9 under the applicable corporate documents, the ability of the Fire Victim Trust to do so may be limited  
10 by applicable securities laws or contractual provisions, such as those that may be found in a registration  
11 rights agreement. If the Fire Victims Trust is considered an "affiliate" of Reorganized PG&E or the  
12 common stock is deemed to be "restricted" within the meaning of applicable securities laws, then sales  
13 of common stock by the Fire Victim Trust must be registered for resale under applicable securities or  
14 sold in accordance with certain time, volume and manner of sale limitations. Furthermore, the Fire  
15 Victim Trust may take steps to mitigate its exposure to fluctuations in the market price of Reorganized  
16 PG&E Corp. common stock. However, there is no assurance that the Fire Victim Trust will be able to  
17 enter into arrangements that fully protect the value of the common stock consideration it is to receive  
18 under the Plan.

11 ***Administrative Expense Claims and Non-Fire Claims.*** It is not possible to fully  
12 quantify the aggregate amount of Administrative Expenses payable by the Debtors, such as any claims  
13 arising from the Kincade Fire, Public Safety Power Shutoffs, as well as certain General Unsecured  
14 Claims and subordinated claims either related to securities fraud claims or otherwise. To the extent  
15 these claims are not paid or reserved for on the Effective Date, they could negatively affect the value of  
16 the Reorganized PG&E Corp. common stock held by the Fire Victim Trust, which could reduce the  
17 amount of Cash ultimately available to distribute to the holders of Fire Victim Claims.

16 ***Cash Payments after Effective Date.*** Under a Tax Benefits Payment Agreement<sup>7</sup>  
17 contemplated by the Plan, the Reorganized Debtors have agreed to pay the Fire Victim Trust \$650  
18 million on or about January 15, 2021 and another \$700 million on or about January 15, 2022, subject to  
19 acceleration in certain circumstances. These payments relate to certain tax benefits that the Reorganized  
20 Debtors would have otherwise received for net operating losses, deductions arising from the payment of  
21 Fire Victim Claims and otherwise. To the extent there is a shortfall, Reorganized PG&E has agreed to  
22 provide a letter of credit for any remaining amounts to be paid to the Fire Victim Trust on January 15,  
23 2022. To the extent that the aggregate amount of these payments does not equal \$1.35 billion,  
24 Reorganized PG&E has agreed to a stipulated judgment for any difference. In the event there is a change  
25 in control of the Reorganized PG&E or the Reorganized Utility obtains financing of the tax benefits, the  
26 full \$1.35 billion will be due and payable to the Fire Victim Trust. While there are protections that have  
27 been negotiated for Reorganized PG&E's failure to make such payments, there is risk of non-payment  
28 either by way of future wildfires or general underlying credit risks.

24 **2. Subrogation Wildfire Claims.** On the Effective Date, the Subrogation Wildfire  
25 Trust will be established to administer, process, settle, resolve, liquidate, satisfy and pay all Subrogation  
26 Wildfire Claims, which Claims will be channeled to the trust. On the Effective Date, the Subrogation  
27 Wildfire Trust will be funded with \$11 billion in Cash, to be distributed to holders of Allowed  
28 Subrogation Wildfire Claims in accordance with the terms of the Plan, Confirmation Order, Subrogation

<sup>7</sup> The Tax Benefits Payment Agreement has not yet been finalized.

1 Wildfire Trust Agreement and Subrogation Wildfire Claim Allocation Agreement.<sup>8</sup> The Subrogation  
2 Trust Beneficiary Distribution Request Form will be attached as Exhibit C to the Subrogation Wildfire  
3 Trust Agreement, and sets forth the information holders of Subrogation Wildfire Claims will be asked  
4 to submit to the Subrogation Wildfire Trust for review. The Subrogation Claims Review Protocol will  
5 be attached as Exhibit D to the Subrogation Wildfire Trust Agreement, and will govern the Subrogation  
6 Wildfire Trust's claims review process. Electronic copies of the Subrogation Wildfire Trust Agreement  
7 and the exhibits thereto will be made available on the Solicitation Agent's website,  
8 <https://restructuring.primeclerk.com/pge/Home-Index>.

9 A Subrogation Wildfire Trustee and Subrogation Wildfire Trust Advisory Board will be  
10 appointed to administer and oversee the Subrogation Wildfire Trust. The Subrogation Wildfire Trust  
11 Advisory Board will consist of three (3) initial members selected by certain holders of the Subrogation  
12 Wildfire Claims in accordance with the Subrogation Wildfire Trust Agreement and the Subrogation  
13 Wildfire Claim Allocation Agreement. The rights and responsibilities of the Subrogation Wildfire  
14 Trustee and the Subrogation Wildfire Trust Advisory Board will be set forth in the Subrogation Wildfire  
15 Trust Agreement.

16 Pursuant to Sections 1.55 and 7.3 of the Plan, Subrogation Wildfire Claims shall be Disputed  
17 unless held by a claimant that is a party to both the Subrogation Claims RSA and the Subrogation  
18 Wildfire Claim Allocation Agreement, and no payment or distribution provided under the Plan shall be  
19 made on account of Disputed Subrogation Wildfire Claims unless and until they are Allowed by Final  
20 Order of the Bankruptcy Court or resolved in accordance with the Subrogation Wildfire Trust  
21 Agreement. Holders of approximately 96% of all Subrogation Wildfire Claims (in dollar amount) have  
22 signed both agreements, and may receive Plan distributions pursuant to the terms of the Subrogation  
23 Wildfire Trust Agreement and the Subrogation Wildfire Claims Allocation Agreement. Any holder of  
24 Subrogation Wildfire Claims that is not already a party, may become a party to the Subrogation Claims  
25 RSA by executing a joinder agreement substantially in the form attached to the Subrogation Claims  
26 RSA. Any holder of Subrogation Wildfire Claims that would like to review and sign the Subrogation  
27 Wildfire Claim Allocation Agreement should contact counsel to the Ad Hoc Subrogation Group for a  
28 non-disclosure agreement using the following contact information:

Willkie Farr & Gallagher LLP  
Counsel for the Ad Hoc Subrogation Group  
787 Seventh Avenue  
New York, New York 10019-6099  
Attn: Matthew A. Feldman, Joseph G. Minias, Benjamin P. McCallen, Daniel I. Forman  
Telephone: (212) 728-8000  
Facsimile: (212) 728-8111  
Email: [mfeldman@willkie.com](mailto:mfeldman@willkie.com), [jminias@willkie.com](mailto:jminias@willkie.com), [bmccallen@willkie.com](mailto:bmccallen@willkie.com),  
[dforman@willkie.com](mailto:dforman@willkie.com)

**3. Public Entities Wildfire Claims.** On the Effective Date, or as soon as reasonably  
practicable thereafter, but in no event later than thirty (30) days after the Effective Date, a trust account

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<sup>8</sup> On the Effective Date, the Reorganized Debtors will also pay the reasonable, documented, and contractual professional fees of certain professionals of the Ad Hoc Subrogation Committee up to an aggregate amount of \$55 million.

1 will be funded by the Reorganized Debtors with \$1.0 billion in Cash, to be distributed to the Public  
2 Entities in accordance with the Plan and the Public Entities Plan Support Agreements.

3 The Reorganized Debtors will also establish on the Effective Date the Public Entities Segregated  
4 Defense Fund for the benefit of the Public Entities in the amount of \$10 million, which funds will be  
5 used by the Reorganized Debtors solely to reimburse the Public Entities for any and all legal fees and  
6 costs associated with the defense or resolution of certain third party claims against a Public Entity, all  
7 in accordance with the Public Entities Plan Support Agreements. The segregated defense fund will be  
8 maintained by the Reorganized Debtors until the later of (i) the expiration of the applicable statute of  
9 limitations period for the applicable third party claims and (ii) the conclusion of all litigation, including  
10 appeals, involving the applicable third party claims.

11 The Public Entities Plan Support Agreements provide that each may be terminated by the  
12 applicable Public Entity under certain circumstances, including (i) if FEMA or Cal OES fails to agree  
13 that no reimbursement is required from the Public Entities on account of assistance rendered by either  
14 agency in connection with the Fires, and (ii) by any individual Public Entity, if a material amount of  
15 Public Entities Third Party Claims is filed against such Public Entity and such Public Entity and such  
16 Public Entities Third Party Claims are not released pursuant to the Plan.

#### 17 **D. Treatment and Satisfaction of All Other Prepetition Claims and Interests**

18 As set forth in the above chart, all prepetition claims against the Debtors (other than Fire Victim  
19 Claims, Subrogation Wildfire Claims, the Public Entities Wildfire Claims, Utility Impaired Senior Note  
20 Claims, Utility Short Term Senior Note Claims, Utility Funded Debt Claims, and HoldCo Rescission or  
21 Damage Claims) are unimpaired under the Plan and, therefore, under section 1126(f) of the Bankruptcy  
22 Code, are deemed to accept and thus are not entitled to vote on the Plan.

23 Notwithstanding any provision of the Plan to the contrary, distributions to holders of Allowed  
24 Funded Debt Claims and Allowed Utility Senior Note Claims shall be made to or at the direction of the  
25 applicable Funded Debt Trustee, which shall, to the extent directed by the applicable Funded Debt  
26 Trustee, act as Disbursing Agent for distributions to the respective Holders of Allowed Funded Debt  
27 Claims and Allowed Utility Senior Note Claims under the applicable Funded Debt Documents. The  
28 Funded Debt Trustees, as applicable, may transfer such distributions or direct the transfer of such  
distributions by the Debtors or through the facilities of DTC (whether by means of book-entry exchange,  
free delivery, or otherwise) and will be entitled to recognize and deal for all purposes under the Plan  
with holders of Allowed Funded Debt Claims or Allowed Utility Senior Note Claims to the extent  
consistent with the customary practices of DTC or the customary practices for administrative agents  
under syndicated credit facilities (as applicable). Distributions in respect of Allowed Funded Debt  
Claims and Allowed Utility Senior Notes Claims shall be subject in all respects to the right of the  
applicable Funded Debt Trustee to assert its Charging Lien, if any, against such distributions. All  
distributions to be made to holders of Allowed Utility Senior Note Claims shall be eligible to be  
distributed through the facilities of DTC and as provided for under the applicable Funded Debt  
Documents.

Pursuant to the Plan, all such claims that are to be paid in full in Cash on the Effective Date shall  
also receive postpetition interest from the Petition Date to the Effective Date. Such postpetition interest  
shall be at the Federal Judgment Rate in accordance with the memorandum decision of the Bankruptcy  
Court, dated December 30, 2019 [Docket No. 5226].

1 Also, as set forth in the above chart, holders of common stock of PG&E Corp. shall retain their  
2 shares, subject to dilution from common stock to be issued under the Plan, including such common stock  
to be issued to the Fire Victim Trust as described above.

### 3 E. Equity Financing<sup>9</sup>

4 In order to finance the transactions contemplated by the Plan, the Debtors expect to raise \$9  
5 billion through one or more issuances of new PG&E Corp. common stock. The equity issuances could  
6 include one or more of the following structures: public or private offerings in the equity capital markets  
7 (a “**Market Offering**”), a rights offering to holders of PG&E Corp.’s common stock (a “**Rights**  
8 **Offering**”) or drawing under the Equity Backstop Commitment Letters between PG&E Corp. and the  
9 investors party thereto (the “**Backstop Parties**”). Although the amounts, terms and conditions of a  
Market Offering or Rights Offering have not been determined, the Equity Backstop Commitment Letters  
outline the circumstances under which the Debtors will be permitted to undertake these offerings and,  
in the case of the Rights Offering, outline certain terms and conditions that must be included as part of  
the Rights Offering.

- 10 • **Market Offering:** PG&E Corp. may undertake a Market Offering if the per share price  
11 at which shares of common stock are offered in the Market Offering corresponds to an  
12 implied price to earnings ratio of at least 13.5 times (subject to adjustment). The implied  
13 price to earnings ratio would be measured based on PG&E Corp.’s estimated net income  
for 2021 and the expected fully diluted number of shares of PG&E Corp. common stock  
that will be outstanding as of the Effective Date.
- 14 • **Rights Offering:** PG&E Corp. may undertake a Rights Offering to holders of PG&E  
15 Corp.’s common stock if the subscription price of the rights issued in the Rights Offering  
16 corresponds to an implied price to earnings ratio of 12.0 times (subject to adjustment)  
17 based on Normalized Estimated Net Income as provided in the Equity Backstop  
18 Commitment Letters. In a Rights Offering, PG&E Corp. would distribute rights to  
19 holders of PG&E Corp. common stock ratably based on the number of shares of common  
20 stock they hold. The rights would be freely transferable and would include  
oversubscription privileges, meaning that holders that exercise their rights may request  
21 to subscribe for any shares of common stock that were not subscribed for by other holders  
of rights. The rights would also contain such terms and conditions as are reasonably  
advisable to avoid an “ownership change” within the meaning of Section 382 of the  
Internal Revenue Code.
- 22 • **Backstop Draw:** To the extent that PG&E Corp. does not raise the necessary equity  
23 capital through a Market Offering or Rights Offering, PG&E Corp. expects to draw on  
24 the commitments under the Equity Backstop Commitment Letters, which provide for up  
25 to \$12 billion of proceeds from the sale of shares to the Backstop Parties. The Backstop  
26 Parties would purchase shares under the Equity Backstop Commitment Letters at a price  
that corresponds to an implied price to earnings ratio of 10.0 times (subject to adjustment)  
based on Normalized Estimated Net Income as provided in the Equity Backstop  
Commitment Letters (the “**Backstop Price**”). In order to draw on the commitments

27 <sup>9</sup> The following is a summary of the equity financing contemplated by the Plan and is qualified in its  
28 entirety by reference to the terms of the applicable operative documents.

1 under the Equity Backstop Commitment Letters, certain terms and conditions must be  
2 satisfied, including that the Bankruptcy Court approve the Equity Backstop Commitment  
3 Letters, and the Backstop Parties have the right to terminate the Equity Backstop  
4 Commitment Letters under certain circumstances. As of the date of this Disclosure  
5 Statement, the Equity Backstop Commitment Letters have not been approved by the  
6 Bankruptcy Court. In addition, the amount of the commitments under the Equity  
7 Backstop Commitment Letters is subject to adjustment in the event that the Debtors  
8 obtain capital from certain alternative capital sources.

9 It is important to note that any equity issuance on the Effective Date will be dilutive to existing  
10 shareholders, with a Market Offering being the least dilutive and a drawing under the Equity Backstop  
11 Commitment Letters being the most dilutive. In addition, PG&E Corp. will owe a premium to the  
12 Backstop Parties (the “**Equity Commitment Premium**”), generally payable in shares of common stock  
13 of Reorganized PG&E Corp., equal to 119 million shares in the aggregate.<sup>10</sup> In the event the market  
14 value of those 119 million shares would be less than \$764 million based on trading prices for the 20  
15 business days immediately following the Effective Date, the Backstop Parties will receive additional  
16 shares so that they receive at least \$764 million of aggregate value, up to an aggregate cap of  
17 approximately 139 million shares. The value of the Equity Commitment Premium on the Effective Date  
18 will depend on the market value of PG&E Corp.’s common stock and the total number of shares of  
19 common stock issued on the Effective Date pursuant to the Debtors’ Plan. However, assuming that the  
20 Debtors implement the capital structure described herein by drawing on the equity backstop  
21 commitments and based on the Debtors’ forecasted net income, the value of the Equity Commitment  
22 Premium would be approximately \$1.2 billion at the currently estimated Backstop Price. The value of  
23 the Equity Commitment Premium could exceed this amount in the event that PG&E Corp. successfully  
24 consummates a marketed equity offering or rights offering in lieu of drawing on the equity backstop  
25 commitments or if the Debtors implement a more leveraged capital structure. Payment of the Equity  
26 Commitment Premium on the Effective Date will also be dilutive to existing shareholders.

27 If PG&E Corp. determines to undertake a public Market Offering or Rights Offering, it will  
28 announce the terms of any offering at a later date through one or more disclosure documents that comply  
with applicable law, including the Securities Act. In the case of a Rights Offering, all PG&E Corp.  
shareholders as of a record date to be determined by the PG&E Corp. Board of Directors will have the  
opportunity to participate.

Termination of the Equity Backstop Commitment Letters could prevent the Debtors from  
consummating the Plan. There can be no assurance that the conditions precedent set forth in the Equity  
Backstop Commitment Letters will be satisfied or waived or that events or circumstances will not occur  
that would permit the Backstop Parties to terminate the Equity Backstop Commitment Letters. Under  
certain conditions in connection with the termination of the Equity Backstop Commitment Letters, as  
more fully described therein, the Backstop Parties may be eligible to be paid all or a portion of the Equity  
Commitment Premium. Further, under certain conditions, including in the event that a plan of

<sup>10</sup> The Equity Commitment Premium is generally payable in stock; however, in the following limited  
circumstances each Backstop Party may elect to be paid in stock or cash: (i) PG&E Corp. exercises its  
fiduciary out to terminate the Equity Backstop Commitment Letters in order to enter into a transaction  
for the sale of the company or (ii) a plan of reorganization other than the Debtors’ Plan is confirmed. If  
paid in cash, the Equity Commitment Premium would be approximately \$764 million (6.364% of the  
full \$12 billion commitment).

1 reorganization for the Debtors that is not the Plan is confirmed by the Bankruptcy Court, the Backstop  
2 Parties may be eligible to be paid the Equity Commitment Premium in cash. For a detailed description  
3 of the Equity Backstop Commitment Letters and the Equity Commitment Premium thereunder, see the  
4 Exit Financing Motion.

5 **F. Debt Financing**<sup>11</sup>

6 In addition to the equity financing, the Plan contemplates incurrence of \$4.75 billion of new  
7 PG&E Corp. debt (the “**New HoldCo Debt**”) and \$33.35 billion of Utility debt (the “**New Utility**  
8 **Debt**”). The \$33.35 billion of Utility debt is expected to consist of (a) \$9.575 billion of reinstated  
9 prepetition senior notes, (b) \$11.85 billion of new senior notes to be issued to holders of prepetition  
10 senior note claims, (c) \$5.925 billion of new senior notes or credit facilities to be issued in the market  
11 for cash (the “**New Senior Utility Debt**”) and (d) \$6.0 billion of new short-term debt expected to be  
12 refinanced after the Effective Date. The New Senior Utility Debt will be used to, among other things,  
13 satisfy in full prepetition high-coupon Utility bonds and other prepetition obligations, and to fund the  
14 payment in full, in cash, of the Debtors obligations under the DIP Facilities. Pursuant to the terms of  
15 the Debt Backstop Commitment Letters, in the event the New HoldCo Debt or the New Senior Utility  
16 Debt is not issued on or prior to the Effective Date, certain money-center banks will fund investment  
17 grade 364-day “bridge” loan facilities (the “**Backstop Debt Facilities**”) in aggregate amounts of up to  
18 \$5.0 billion for PG&E Corp. and \$5.825 billion for the Utility. In addition, the Debtors have executed  
19 fee letters (as amended, the “**Backstop Debt Fee Letters**”), which provide for, among other things, the  
20 payment of certain fees associated with the Backstop Debt Facilities, and engagement letters (the “**Debt**  
21 **Financing Engagement Letters**”), which engage the same banks to arrange (*i.e.*, market) the New Debt.

22 The Debtors do not currently anticipate drawing on the Backstop Debt Facilities, but instead  
23 expect to issue new long-term bonds and incur new credit facilities on market terms to fund their  
24 emergence. Nevertheless, the Backstop Debt Facilities provide assurance that sufficient funds at an  
25 acceptable price will be available if the New HoldCo Debt or the New Senior Utility Debt financings  
26 cannot be consummated, which is necessitated here by the requirement to obtain confirmation of the  
27 Plan on a specific timeline under AB 1054.

28 As with the Equity Backstop Commitment Letters, termination of the Debt Backstop  
Commitment Letters could prevent the Debtors from consummating the Plan and there can be no  
assurance that the conditions precedent set forth in the Debt Backstop Commitment Letters will be  
satisfied or waived or that events or circumstances will not occur that would permit the parties thereto  
to terminate the Debt Backstop Commitment Letters. Under certain conditions in connection with the  
termination of the Debt Backstop Commitment Letters, as more fully described therein, the parties  
thereto may be eligible to be paid all or a portion of the fees due under the Backstop Debt Fee Letters,  
in a maximum aggregate amount of approximately \$75 million. For a detailed description of the Debt  
Backstop Commitment Letters, the Backstop Debt Fee Letters and the commitment fees thereunder, see  
the Exit Financing Motion.

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<sup>11</sup> The following is a summary of the debt financing contemplated by the Plan and is qualified in its  
entirety by reference to the terms of the applicable operative documents.

1           **G. Injunction, Exculpation, Release, and Related Provisions**

2           The Plan generally provides that subject to the occurrence of the Effective Date, upon  
3 confirmation of the Plan, the provisions of the Plan shall bind every holder of a Claim against or Interest  
4 in the Debtors and such holders' respective successors and assigns.

5           **Below is a summary of important provisions in the Plan that may affect your rights as a  
6 holder of a Claim against or Interest in the Debtors. Please do not rely solely on this summary to  
7 understand how your rights may be impacted, but refer also to the specific provisions of the Plan  
8 cross-referenced below and carefully read the relevant Plan provisions in their entirety.**

9           **The United States Trustee and the Creditors Committee believe the releases and  
10 exculpations provided for in the Plan are too broad. Additionally, PERA asserts that Article 10.6  
11 of the Plan is overly broad. The Plan Proponents disagree with these assertions.**

12           **1. Releases and Exculpation.**

13           **(a) *Releases by the Debtors of Certain Parties.* As set forth in more detail in  
14 Section 10.9(a) of the Plan, and, except for the rights that remain in effect from and after the  
15 Effective Date to enforce the Plan and the Plan Documents, and except for the Assigned Rights  
16 and Causes of Action that will be contributed to the Fire Victim Trust, the Released Parties<sup>12</sup> are  
17 deemed forever released and discharged by the Debtors, to the maximum extent permitted by law  
18 and unless barred by law, from any and all claims, interests, Causes of Action, and other liabilities  
19 asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or the Debtors' estates  
20 based on or relating to the Debtors, the Fires, the Chapter 11 Cases (including, among other  
21 things, related settlement agreements, transactions, business or contractual arrangements), and  
22 the subject matter of, or transactions or events giving rise to, any Claim or Interest that is treated  
23 in the Plan.**

24           **(b) *Consensual Releases by Holders of Claims and Interests of the Debtors and  
25 Certain Parties.* As set forth in more detail in Sections 10.9(b) and (c) of the Plan, and except for  
26 the Assigned Rights and Causes of Action that will be contributed to the Fire Victim Trust, certain  
27 Releasing Parties,<sup>13</sup> including any holder of a Claim or Interest that is solicited and voluntarily**

28           <sup>12</sup> The “**Released Parties**” are defined in the Plan as: (i) the Debtors and Reorganized Debtors; (ii) the Tort Claimants Committee; (iii) the DIP Facility Agents; (iv) the DIP Facility Lenders; (v) the Exit Financing Agents; (vi) the Exit Financing Lenders; (vii) the Backstop Parties; (viii) the Public Entities Releasing Parties; (ix) the Consenting Creditors (solely in their capacity as holders of Subrogation Wildfire Claims); (x) the Shareholder Proponents; (xi) the Consenting Noteholders; (xii) the Funded Debt Trustees; and (xiii) with respect to each of the foregoing entities (i) through (xii), such entities' predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, restructuring advisors, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors (and employees thereof), and other professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such.

<sup>13</sup> The “**Releasing Parties**” are defined in the Plan as: (i) the Debtors; (ii) the Reorganized Debtors, (iii) any holder of a Claim or Interest that is solicited and voluntarily indicates on a duly completed Ballot

1 **indicates on a Ballot that such holder opts into granting the releases set forth in Section 10.9(b) of**  
 2 **the Plan, forever release and discharge the Debtors and other non-debtor Released Parties from**  
 3 **any and all claims, interests, Causes of Action and other liabilities based on or related to, or in any**  
 4 **manner arising from, in whole or in part, among other things, the Debtors, the Fires, the Chapter**  
 5 **11 Cases (including, among other things, related settlement agreements, transactions, business or**  
 6 **contractual arrangements), and the subject matter of, or transactions or events giving rise to, any**  
 7 **Claim or Interest that is treated in the Plan.**

8 **Any holder of a Claim or Interest who does not indicate on their Ballot that they opt into**  
 9 **granting such releases shall not be a Releasing Party. Additionally, such holder's decision to opt-**  
 10 **in or not to the releases shall not in any way affect the classification or treatment of such Claim or**  
 11 **Interest. The holder of a Claim or Interest shall receive the same amount of consideration under**  
 12 **the Plan whether or not such holder elects to release a party that is not a Debtor in accordance**  
 13 **with the opt-in release procedures set forth in the applicable Ballot.**

14 **The holders of Environmental Claims, Workers' Compensation Claims and 2001 Utility**  
 15 **Exchange Claims retain the right to assert such Claims against the Reorganized Debtors in**  
 16 **accordance with the terms of the Plan. Furthermore, nothing in the Plan shall be deemed to**  
 17 **impose a release by holders of Fire Victim Claims of insurance claims arising under their**  
 18 **insurance policies against holders of Subrogation Wildfire Claims, other than any rights such**  
 19 **holder may elect to release as part of any settlement as set forth in Section 4.25(f)(ii) of the Plan,**  
 20 **which addresses the "Made-Whole Releases" described further below.**

21 **(c) *Made-Whole Releases.* As described in Section 4.25(f)(ii) of the Plan, except**  
 22 **with respect to any settlement or other agreement regarding the Fire Victim Claims asserted by**  
 23 **Adventist Health System/West and Feather River Hospital d/b/a Adventist Health Feather River,**  
 24 **any settlement or other agreement with any holder or holders of a Fire Victim Claim that fixes**  
 25 **the amount or terms for satisfaction of such Claim, including by the Fire Victim Trust, shall**  
 26 **contain as a condition to such settlement or other agreement that the holder or holders of such**  
 27 **Claim contemporaneously execute and deliver a release and waiver of any potential made-whole**

28 submitted on or before the Voting Deadline that such holder opts into granting the releases set forth in  
 Section 10.9(b) of the Plan to the extent permitted by applicable law, provided that for the avoidance of  
 doubt any such a holder who does not indicate on their Ballot that they opt into granting such releases  
 shall not be a Releasing Party, provided further that such holder's decision to opt-in or not to the releases  
 shall not in any way affect the classification or treatment of such Claim or Interest; (iv) the DIP Facility  
 Agents; (v) the DIP Facility Lenders; (vi) the Exit Financing Agents; (vii) the Exit Financing Lenders;  
 (viii) the Funded Debt Trustees; (ix) the HoldCo Revolver Lenders; (x) the HoldCo Term Loan Lenders;  
 (xi) the Utility Revolver Lenders; (xii) the Utility Term Loan Lenders; (xiii) the holders of Utility Senior  
 Notes Claims; (xiv) the Public Entities Releasing Parties; (xv) the Statutory Committees; (xvi) the  
 Backstop Parties; (xvii) the Consenting Creditors; (xviii) the Consenting Noteholders; and (xix) with  
 respect to each of the foregoing entities (i) through (xviii), such entities' predecessors, successors,  
 assigns, subsidiaries, affiliates, managed accounts and funds, current and former officers and directors,  
 principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory  
 board members, restructuring advisors, financial advisors, attorneys, accountants, investment bankers,  
 consultants, representatives, management companies, fund advisors (and employees thereof), and other  
 professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case  
 in their capacity as such.

1 **claims against present and former holders of Subrogation Wildfire Claims, which release shall be**  
 2 **substantially in the form attached to the Plan as Exhibit C thereto.**

3 **(d) Notice to Holders of Fire Victim Claims Regarding the Release of Made-Whole**  
 4 **Claims Against Their Insurers.** The Plan provides, and the Debtors, Shareholder Proponents and  
 5 members of the Ad Hoc Subrogation Group take the position that a release of made-whole claims will  
 6 be required as a condition to settling Fire Victim Claims against the Fire Victim Trust. Section  
 7 4.25(f)(ii) of the Plan provides as follows: “4.25(f) . . . the Confirmation Order shall contain the  
 8 following findings and order: . . . (ii) . . . any settlement or other agreement with any holder or holders  
 9 of a Fire Victim Claim that fixes the amount or terms for satisfaction of such Claim . . . **shall contain**  
 10 **as a condition to such settlement or other agreement that the holder or holders of such Claim**  
 11 **contemporaneously execute and deliver a release and waiver of any potential made-whole claims**  
 12 **against present and former holders of Subrogation Wildfire Claims,** which release shall be  
 13 substantially in the form attached [to the Plan] as Exhibit C.” The Mutual Made Whole Release attached  
 14 to the Plan provides as follows: “Whereas, nothing in this Release is an affirmation, representation, or  
 15 an acknowledgment that the Claimant has in fact been fully compensated for their damages covered by  
 16 the contract of insurance between the Insurer and the Claimant. The parties agree that Court’s approval  
 17 of the Plan and the Claimants’ acceptance of the Total Allocation Award does not establish that the  
 18 Claimant has been fully compensated under California law for their compensable damages as a result of  
 19 the fire to the extent those damages are covered by insurance.”

20 Accordingly, when voting on the Plan, holders of Fire Victim Claims should **not rely** on the  
 21 draft of the Fire Victim Trust Agreement with respect to this issue, which was filed with the Bankruptcy  
 22 Court subject to further revision on March 3, 2020 [Docket No. 6049]. The Debtors, Shareholder  
 23 Proponents, Ad Hoc Subrogation Group, Tort Claimants Committee, and Consenting Fire Claimant  
 24 Professional Group intend to work together to make sure the final version of the Fire Victim Trust  
 25 Agreement is consistent with the Plan. If any inconsistency remains, the Ad Hoc Subrogation Group  
 26 may object to confirmation of the Plan on that basis at the appropriate time.

27 **(e) Exculpation.** As set forth in more detail in Section 10.8 of the Plan, and  
 28 **except for the Assigned Rights and Causes of Action that will be contributed to the Fire Victim**  
**Trust, Exculpated Parties<sup>14</sup> are, to the maximum extent permitted by applicable law, released and**  
**exculpated from, any Claim, Interest, obligation, suit, judgment, damage, demand, debt, right,**  
**Cause of Action, loss, remedy, or liability for any claim (including, but not limited to, any claim**

14 The “**Exculpated Parties**” are defined in the Plan as: (i) the Debtors and Reorganized Debtors; (ii) the DIP Facility Agents; (iii) the DIP Facility Lenders; (iv) the Exit Financing Agents; (v) the Exit Financing Lenders; (vi) the Funded Debt Trustees; (vii) the HoldCo Revolver Lenders; (viii) the HoldCo Term Loan Lenders; (ix) the Utility Revolver Lenders; (x) the Utility Term Loan Lenders; (xi) the Public Entities Releasing Parties; (xii) the Statutory Committees; (xiii) the Backstop Parties; (xiv) the Consenting Creditors; (xv) the Shareholder Proponents; (xvi) the Consenting Noteholders; and (xvii) with respect to each of the foregoing entities (i) through (xvi), such entities’ predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, restructuring advisors, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors (and employees thereof), and other professionals, and such entities’ respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such.

1 for breach of any fiduciary duty or any similar duty) in connection with or arising out of the  
2 administration of the Chapter 11 Cases, including, but not limited to, those arising in connection  
3 with or arising out of the Public Entities Plan Support Agreements, the Backstop Commitment  
4 Letters, the Subrogation Claims RSA, the Tort Claimants RSA, the Noteholder RSA, the Exit  
5 Financing Documents, the Plan Funding, the DIP Facilities, this Disclosure Statement, the Plan,  
6 the Restructuring Transactions, the Wildfire Trusts (including the Plan Documents, the Claims  
7 Resolution Procedures and the Wildfire Trust Agreements), or any agreement, transaction, or  
8 document related to any of the foregoing, or the solicitation of votes for, or confirmation of, the  
9 Plan; the funding or administration of the Plan; and the distribution of property under the Plan,  
10 or other actions taken in furtherance of the Plan. The exculpation does not cover Claims related  
11 to any act or omission that is determined in a Final Order by a court of competent jurisdiction to  
12 have constituted actual fraud or willful misconduct.

## 8 2. Injunctions

9 (a) *General Injunction.* As set forth in Section 10.6 of the Plan and restated  
10 herein, except as otherwise provided in the Plan or in the Confirmation Order, as of the entry of  
11 the Confirmation Order but subject to the occurrence of the Effective Date, all Persons who have  
12 held, hold, or may hold Claims or Interests are, with respect to any such Claim or Interest,  
13 permanently enjoined after the entry of the Confirmation Order from: (i) commencing,  
14 conducting, or continuing in any manner, directly or indirectly, any suit, action, or other  
15 proceeding of any kind (including, any proceeding in a judicial, arbitral, administrative, or other  
16 forum) against or affecting, directly or indirectly, a Debtor, a Reorganized Debtor, or an estate or  
17 the property of any of the foregoing, or any direct or indirect transferee of any property of, or  
18 direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection  
19 (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including  
20 any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means,  
21 whether directly or indirectly, any judgment, award, decree, or order against a Debtor, a  
22 Reorganized Debtor, or an estate or its property, or any direct or indirect transferee of any  
23 property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned  
24 in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting,  
25 or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against  
26 a Debtor, a Reorganized Debtor, or an estate or any of its property, or any direct or indirect  
27 transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned  
28 in this subsection (iii) or any property of any such transferee or successor; (iv) acting or  
proceeding in any manner, in any place whatsoever, that does not conform to or comply with the  
provisions of the Plan to the full extent permitted by applicable law; and (v) commencing or  
continuing, in any manner or in any place, any action that does not comply with or is inconsistent  
with the provisions of the Plan; provided, that nothing contained herein shall preclude such  
Persons who have held, hold, or may hold Claims against a Debtor or an estate from exercising  
their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan, the  
Confirmation Order, or any other agreement or instrument entered into or effectuated in  
connection with the consummation of the Plan.

26 By accepting distributions pursuant to the Plan, each holder of an Allowed Claim will be  
27 deemed to have affirmatively and specifically consented to be bound by the Plan, including, the  
28 injunctions set forth in Section 10.6 of the Plan.

1                   **(b) Channeling Injunction Applicable to Fire Victim Claims and Subrogation**  
2 **Wildfire Claims.** Upon the Effective Date of the Plan, all Fire Victim Claims shall be channeled to  
3 the Fire Victim Trust and all Subrogation Wildfire Claims shall be channeled to the Subrogation  
4 Wildfire Trust. The sole source of recovery for holders of Fire Victim Claims and Subrogation  
5 Wildfire Claims shall be from the Fire Victim Trust and the Subrogation Wildfire Trust, as  
6 applicable. The holders of such Claims shall have no recourse to or Claims whatsoever against  
7 the Debtors, the Reorganized Debtors or their assets and properties. Consistent with the  
8 foregoing, all Persons that have held or asserted, or that hold or assert any Subrogation Wildfire  
9 Claim or Fire Victim Claim shall be permanently and forever stayed, restrained, and enjoined  
10 from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving  
11 payments, satisfaction, or recovery from any Reorganized Debtor or its assets and properties with  
12 respect to any Fire Claims, including all of the following actions:

13                   (i) commencing, conducting, or continuing, in any manner, whether directly or  
14 indirectly, any suit, action, or other proceeding of any kind in any forum with respect to  
15 any such Fire Claim, against or affecting any Reorganized Debtor, or any property or  
16 interests in property of any Reorganized Debtor with respect to any such Fire Claim;

17                   (ii) enforcing, levying, attaching, collecting or otherwise recovering, by any  
18 manner or means, or in any manner, either directly or indirectly, any judgment, award,  
19 decree or other order against any Reorganized Debtor or against the property of any  
20 Reorganized Debtor with respect to any such Fire Claim;

21                   (iii) creating, perfecting, or enforcing in any manner, whether directly or  
22 indirectly, any Lien of any kind against any Reorganized Debtor or the property of any  
23 Reorganized Debtor with respect to any such Fire Claims;

24                   (iv) asserting or accomplishing any setoff, right of subrogation, indemnity,  
25 contribution, or recoupment of any kind, whether directly or indirectly, against any  
26 obligation due to any Reorganized Debtor or against the property of any Reorganized  
27 Debtor with respect to any such Fire Claim; and

28                   (v) taking any act, in any manner, in any place whatsoever, that does not  
conform to, or comply with, the provisions of the Plan Documents, with respect to any such  
Fire Claim.

*See Section 10.7 of the Plan.*

### 3. Release and Discharge of Debtors

Upon the Effective Date and in consideration of the distributions to be made hereunder,  
except as otherwise expressly provided herein, each holder (as well as any representatives,  
trustees, or agents on behalf of each holder) of a Claim or Interest and any affiliate of such holder  
shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent  
permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests,  
rights, and liabilities that arose prior to the Effective Date. The discharge, however, shall not  
extend to any Claims for fires occurring after the Petition Date, including the Kincade fire which  
shall remain a liability of the Debtors following the Effective Date. In addition, (i) from and after  
the Effective Date neither the automatic stay nor any other injunction entered by the Bankruptcy

1 **Court shall restrain the enforcement or defense of any claims for fires occurring after the Petition**  
 2 **Date, including the Kincadee fire or the Lafayette fire in any court that would otherwise have**  
 3 **jurisdiction if the Chapter 11 Cases had not been filed and (ii) no claims for fires or motion for**  
 4 **allowance of claims for fires occurring after the Petition Date need to be filed in the Chapter 11**  
 5 **Cases. Upon the Effective Date, all such Persons shall be forever precluded and enjoined,**  
 6 **pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such**  
 7 **discharged Claim against or Interest in the Debtors.**

8 **H. Certain Preference Actions**

9 No Person or Entity (each as defined under the Bankruptcy Code) who received payments as a  
 10 result of damages caused by wildfires shall be sued for receiving a “Preference” as that term is defined  
 11 in the Bankruptcy Code.

12 **V. VOTING PROCEDURES AND REQUIREMENTS**

13 **A. Holders of Claims and Interests Entitled to Vote**

14 Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a  
 15 chapter 11 plan. Creditors or interest holders whose claims or interests are not impaired by a plan are  
 16 deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are thus not entitled to  
 17 vote. Creditors or interest holders whose claims or interests are impaired by a plan, but who receive no  
 18 distribution under the plan, are also not entitled to vote because they are deemed to have rejected the  
 19 plan under section 1126(g) of the Bankruptcy Code. Under the Plan, there are no classes of Claims or  
 20 Interests that will receive no distribution.

21 Pursuant to the Plan, the Debtors have, in the aggregate, thirty-four (34) separate Classes of  
 22 Claims against and Interests in PG&E Corp. and the Utility. Of those Classes, eleven (11) Classes are  
 23 Impaired and are entitled to vote to accept or reject the Plan (collectively, the “**Voting Classes**”). The  
 24 Voting Classes are listed below:

Class 5A-I	HoldCo Public Entities Wildfire Claims	Impaired
Class 5A-II	HoldCo Subrogation Wildfire Claims	Impaired
Class 5A-III	HoldCo Fire Victim Claims	Impaired
Class 10A-I	HoldCo Common Interests	Impaired
Class 10A-II	HoldCo Rescission or Damage Claims	Impaired
Class 3B-I	Utility Impaired Senior Note Claims	Impaired
Class 3B-III	Utility Short-Term Senior Note Claims	Impaired
Class 3B-IV	Utility Funded Debt Claims	Impaired
Class 5B-I	Utility Public Entities Wildfire Claims	Impaired
Class 5B-II	Utility Subrogation Wildfire Claims	Impaired
Class 5B-III	Utility Fire Victim Claims	Impaired

25 The remaining twenty-three (23) Classes are Unimpaired, are presumed to accept the Plan, and  
 26 are, thus, not entitled to vote to accept or reject the Plan (the “**Non-Voting Classes**”). For a complete  
 27 summary of the Voting Classes and Non-Voting Classes, see Articles III and IV of the Plan.

## B. Voting Deadline

All holders of Claims or Interests, as applicable, that are entitled to vote on the Plan, have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote.

The Debtors have engaged Prime Clerk LLC as their solicitation agent (the “**Solicitation Agent**”) to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE SOLICITATION AGENT AT THE ADDRESS SET FORTH BELOW ON OR BEFORE THE VOTING DEADLINE OF 4:00 P.M. (PREVAILING PACIFIC TIME) ON MAY 15, 2020, UNLESS EXTENDED BY THE DEBTORS OR FURTHER ORDER OF THE BANKRUPTCY COURT.**

## C. Voting Procedures

By order dated, March 17, 2020 [Docket No. 6340] (the “**Disclosure Statement and Solicitation Procedures Order**”), the Bankruptcy Court, *inter alia*, (i) approved this Disclosure Statement, (ii) approved certain Plan solicitation and voting procedures, and (iii) approved the forms of Ballots, Solicitation Packages, and related notices to be sent to the Debtors’ creditors and equity interest holders in connection with confirmation of the Plan.

### 1. **How to Vote**

The Debtors are providing copies of this Disclosure Statement (including all exhibits and appendices) and related materials and one or more Ballots (collectively, a “**Solicitation Package**”) to all holders of Claims or Interests, as applicable, that are entitled to vote on the Plan. All such holders should complete the enclosed Ballot and return it to the Solicitation Agent or Master Ballot Agent, **as set forth in the Ballot so that it is received by the Solicitation Agent before the Voting Deadline.**

### 2. **Withdrawal of Ballots**

Any voter that has delivered a valid Ballot may withdraw its vote, subject to Bankruptcy Rule 3018, by delivering a written notice of withdrawal to the Solicitation Agent before the Voting Deadline, which notice of withdrawal, to be valid, must be (i) signed by the party who signed the Ballot to be revoked and (ii) received by the Solicitation Agent before the Voting Deadline. The Plan Proponents may contest the validity of any withdrawals.

Any voter that has delivered a valid Ballot may not change its vote, except in accordance with the Disclosure Statement and Solicitation Procedures Order and Bankruptcy Rule 3018. In the case where more than one timely, properly completed Ballot voting the same Claim(s) or Interest(s) is received by the Solicitation Agent, only the Ballot that bears the latest date shall be counted unless the holder of the Claim or Interest receives Bankruptcy Court approval to have the Ballot that bears an earlier date counted; *provided, however*, if a holder of Claim(s) or Interest(s) submits both a paper Ballot and an electronic Ballot (an “**E-Ballot**”) on account of the same Claim(s) or Interest(s), the E-Ballot shall supersede the paper Ballot, unless the holder receives Bankruptcy Court approval otherwise.

### 3. Inquiries

If you have any questions about the packet of materials you have received, please contact the Solicitation Agent, at (844) 339-4217 (domestic toll-free) or +1 (929) 333-8977 (international) or via email at [pgeinfo@primeclerk.com](mailto:pgeinfo@primeclerk.com).

Additional copies of this Disclosure Statement and the Plan are available upon written request made to the Solicitation Agent at the following address:

**If by standard, overnight, or hand delivery:**

PG&E Ballot Processing  
c/o Prime Clerk, LLC  
60 East 42nd Street  
Suite 1440  
New York, NY 10165

Copies of this Disclosure Statement and the Plan are also available on the Solicitation Agent's website, <https://restructuring.primeclerk.com/pge/Home-Index>.

### **VI. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND EFFECTIVE DATE**

There are certain conditions precedent to confirmation of the Plan and the Effective Date, which may be waived or modified, pursuant to Section 9.4 of the Plan, only by the Plan Proponents with the consent of the Backstop Parties holding a majority of the Aggregate Backstop Commitment Amount (such consent not to be unreasonably withheld, conditioned or delayed) and, in certain instances, the Requisite Consenting Creditors and the Requisite Consenting Fire Claimant Professionals (as such term is defined in the Tort Claimants RSA), without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan. For more information on the conditions precedent to confirmation of the Plan, the conditions precedent to the Effective Date, and the waiver or modification of such conditions, please see Sections 9.1, 9.2, and 9.4 of the Plan, respectively.

### **VII. CONFIRMATION OF THE PLAN**

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) is accepted by all impaired classes of Claims and Interests entitled to vote for or against the Plan or, if rejected by an impaired class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such class; (ii) is in the "best interests" of the holders of Claims and Interests impaired under the Plan; and (iii) is feasible.

#### **A. Acceptance of the Plan**

Under the Bankruptcy Code, acceptance of a chapter 11 plan by a class of claims occurs when holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of that class that cast ballots for acceptance or rejection of the chapter 11 plan vote to accept the plan. Under the Bankruptcy Code, acceptance of a chapter 11 plan by a class of interests occurs when holders of at least two-thirds (2/3) in amount of allowed interests of that class that cast ballots for acceptance or rejection of the chapter 11 plan vote to accept the plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or

1 rejection was not solicited or procured in good faith or in accordance with the provisions of the  
2 Bankruptcy Code.

3 If any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may  
4 still confirm the Plan at the request of the Plan Proponents if, as to each impaired Class of Claims or  
5 Interests that has not accepted the Plan (or is deemed to reject the Plan), the Plan “does not discriminate  
6 unfairly” and is “fair and equitable” under the so-called “cram down” provisions set forth in section  
7 1129(b) of the Bankruptcy Code.

8 The “unfair discrimination” test applies to classes of claims or interests that are of equal priority  
9 and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly,  
10 within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a  
11 manner consistent with the treatment of other classes whose legal rights are substantially similar to those  
12 of the dissenting class and if no class of claims or interests receives more than it legally is entitled to  
13 receive for its claims or interests. The test does not require that the treatment be the same or equivalent,  
14 but that such treatment be “fair.”

15 The “fair and equitable” test applies to classes of different priority and status (*e.g.*, secured versus  
16 unsecured; claims versus interests) and includes the general requirement that no class of claims receive  
17 more than 100% of the allowed amount of the claims in such class and that the “absolute priority rule”  
18 is satisfied (*i.e.*, unless a class of claims of a senior priority are satisfied in full, no junior class can  
19 receive or retain any property under the Plan). As to any rejecting class, the test sets different standards  
20 that must be satisfied in order for the Plan to be confirmed, depending on the type of Claims or Interests  
21 in such Class. The following sets forth the “fair and equitable” test that must be satisfied if a Class  
22 rejects the Plan:

- 23 • **Rejecting Class of Unsecured Creditors.** Either (i) each holder of an impaired unsecured  
24 Claim in the Class receives or retains under the Plan, property of a value, as of the Effective  
25 Date, equal to the amount of its Allowed Claim, or (ii) the holders of Claims and Interests  
26 that are junior to the Claims of the rejecting Class will not receive or retain any property  
27 under the Plan.
- 28 • **Rejecting Class of Interests.** Either (i) each Interest holder will receive or retain under  
the Plan property of a value equal to the greater of (a) the fixed liquidation preference or  
redemption price, if any, of such Interest and (b) the value of the Interest, or (ii) the holders  
of Interests that are junior to the Interests of the rejecting Class will not receive or retain  
any property under the Plan.

29 The Debtors believe the Plan satisfies the “fair and equitable” requirement with respect to any  
30 potential rejecting Class. The agencies of the United States of America and the State of California  
31 disagree.

32 **IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE  
33 CONFIRMATION HEARING, THE PLAN PROPONENTS WILL ASK THE BANKRUPTCY  
34 COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUND THAT THE  
35 SECTION 1129(b) REQUIREMENTS HAVE BEEN SATISFIED.**

## **B. Best Interest Test**

The Bankruptcy Code requires that each holder of an impaired Claim or Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is customarily referred to as the “best interest” test.

The first step in determining whether the Plan satisfies the best interest test is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors’ assets and properties in the context of a chapter 7 liquidation case. The gross amount of Cash that would be available for satisfaction of Claims and Interests would be the sum consisting of the proceeds resulting from the disposition of the assets and properties of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation case.

The next step is to reduce that gross amount by the costs and expenses of liquidation, the proceeds received from the disposition of encumbered assets that would be distributed to the holders of the liens on such assets, and by the payment of such additional administrative expenses and priority claims arising from the use of chapter 7 for the purposes of liquidation. Any remaining Cash would be allocated to unsecured creditors and interest holders in strict priority in accordance with section 726 of the Bankruptcy Code.

The Debtors’ costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy as well as those fees that might be payable to attorneys and other professionals that the trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 Cases allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants, and other professionals for the Debtors and Statutory Committees appointed in the Chapter 11 Cases, and costs and expenses of members of such committees, as well as other compensation Claims. Furthermore, additional Claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. The foregoing types of Claims, costs, expenses, fees, and such other Claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured Claims, or available for distribution to the holders of Interests.

A chapter 7 liquidation would likely result (i) in the incurrence of increased costs and expenses arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) in an erosion of asset values in the context of a forced sale or takeover, and (iii) in the substantial increase in Claims that would have to be satisfied on a priority basis or on parity with creditors in the Chapter 11 Cases. The Debtors believe the liquidation process in chapter 7 would result in a failure to meet the June 30, 2020 emergence deadline associated with AB 1054, which could significantly impact potential values recoverable in a liquidation. Further, the Governor’s office could intervene in a liquidation scenario and develop a plan for takeover by the State of California or certain Northern California Counties, which likely would depress the value realized on the Debtors’ assets.

The process of liquidating the Debtors’ businesses in chapter 7 would also be subject to review by numerous regulatory agencies, including the CPUC, the FERC, the Nuclear Regulatory Commission and the U.S. Department of Justice, which could delay the process of receiving any significant proceeds for two years or more. In the event litigation were necessary to resolve Claims asserted in the chapter 7 case, the delay could be further prolonged and would likely involve further costs.

1 With these factors in mind, the Debtors believe that the value, if any, distributable to each Class  
2 under the Plan, would be equal to, or, more likely, less than, the value of distributions under the Plan,  
3 and such distributions in a chapter 7 case would not occur for a substantial period of time, thus lowering  
4 the expected value as of the potential chapter 7 conversion date.

5 Under the Plan, all funded debt and general unsecured creditors are to be paid in full, with  
6 postpetition interest, their Claims will be reinstated or they will receive new notes. In addition, all Fire  
7 Victim Claims will be channeled to and satisfied by the Fire Victim Trust in compliance with AB 1054.  
8 Lastly, holders of Interests will retain their shares, subject to dilution. Under these circumstances, and  
9 where it is patently obvious that a liquidation under chapter 7 could not produce greater value, without  
10 even taking into account the substantial delay involved in distributing any proceeds, the Debtors believe  
11 that the best interest test clearly is satisfied and that a formal liquidation analysis presentation is not  
12 necessary or useful.

### 13 **C. Feasibility**

14 Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed  
15 only if the Bankruptcy Court finds that such plan is “feasible.” A feasible plan is one which will not  
16 likely lead to a need for further reorganization or liquidation of a debtor.

17 As set forth in the financial projections attached hereto as **Exhibit B**, the Debtors believe that  
18 the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as  
19 confirmation is not likely to be followed by liquidation or the need for further financial reorganization  
20 of the Reorganized Debtors or any successor under the Plan.

### 21 **D. Alternatives to the Plan**

22 The Plan has the support of the Debtors, the Shareholder Proponents, the Ad Hoc Subrogation  
23 Group, the Public Entities, and the Ad Hoc Noteholders Committee. Such parties have determined that  
24 the Plan is the best path forward for a successful and timely conclusion to the Chapter 11 Cases. There  
25 are, however, potential alternatives to the Plan, that include (i) continuation of the Chapter 11 Cases,  
26 which could lead to the filing of one or more alternative plans of reorganization, whether by the Debtors  
27 or other parties in interest, or a sale of some or all of the Debtors’ assets pursuant to section 363 of the  
28 Bankruptcy Code, and (ii) liquidation of the Debtors’ assets under chapter 7 of the Bankruptcy Code.

#### 29 **1. Continuation of the Chapter 11 Cases**

30 If the Plan is not confirmed, the Debtors (or, if the Debtors’ exclusive period in which to file a  
31 plan of reorganization has expired or is terminated with regard to any other party in interest, such other  
32 party in interest) could attempt to formulate a different plan. Such a plan might involve either a  
33 reorganization and continuation of the Debtors’ business, a sale, or an orderly liquidation of their assets.

34 Alternatively, if the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court,  
35 after notice and a hearing, authorization to sell outside of a chapter 11 plan all of their assets under  
36 section 363 of the Bankruptcy Code. Holders of any secured claims would be entitled to credit bid on  
37 any property to which their security interest attaches to the extent of the value of such security interest,  
38 and to offset their claims against the purchase price of the property. In addition, the security interests in  
the Debtors’ assets held by holders of secured claims would attach to the proceeds of any sale of the  
Debtors’ assets to the extent of their secured interests therein. Upon analysis and consideration of this

1 alternative, the Debtors do not believe a sale of their assets under section 363 of the Bankruptcy Code  
2 would yield a higher recovery for stakeholders than what they would receive under the Plan.

## 3 **2. Liquidation under Chapter 7 of the Bankruptcy Code**

4 If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of  
5 the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the  
6 Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy  
7 Code. A chapter 7 trustee, who could lack the depth of knowledge of the Debtors' businesses and the  
8 complex regulatory environment in which the Debtors operate, would be required to invest substantial  
9 time and resources to become familiar with the Chapter 11 Cases and investigate the facts underlying  
10 the multitude of claims filed against the Debtors' estates.

11 As discussed above in Section VII.B, and as will be demonstrated in connection with  
12 confirmation of the Plan, the Debtors believe that liquidation under chapter 7 could not produce greater  
13 value to stakeholders than those provided for in the Plan because of, among other things, the limited  
14 market for the Debtors' assets as a result of the complex governmental regulations the Debtors are  
15 subject to, the delay resulting from the conversion of the Chapter 11 Cases to cases under chapter 7 and  
16 the sale of the Debtors' assets in a heavily regulated industry, the additional administrative expenses  
17 associated with the appointment of a chapter 7 trustee, including associated professionals' fees, and the  
18 loss in value attributable to a liquidation of the Debtors' assets as required by chapter 7.

### 19 **E. Notices and Confirmation Hearing**

20 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice,  
21 to hold the Confirmation Hearing. The Confirmation Hearing is scheduled for May 27, 2020 at  
22 10:00 a.m. (Prevailing Pacific Time), or as soon thereafter as counsel may be heard, before the  
23 Honorable Dennis Montali, United States Bankruptcy Judge, in Courtroom 17 of the United States  
24 Bankruptcy Court for the Northern District of California, 16th Floor, 450 Golden Gate Avenue, San  
25 Francisco, California 94102. The Confirmation Hearing may be adjourned from time to time by the  
26 Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned  
27 date made at the Confirmation Hearing or any subsequent adjourned confirmation hearing.

28 Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to  
confirmation of a plan. Any objection to confirmation of the Plan must (i) be in writing; (ii) state the  
name and address of the objecting party and the amount and nature of the Claim or Interest of such party;  
(iii) state with particularity the basis and nature of any objection or response; (iv) conform to the  
Bankruptcy Rules, the Bankruptcy Local Rules, the *Order Establishing Procedures for Disclosure  
Statement and Confirmation Hearing* (N.D. Cal. May 2017) (Montali, J.), and the *Amended Order  
Establishing Schedule for Disclosure Statement Approval and Plan Confirmation* [Docket No. 5732];  
and (v) be served on the following parties so as to be **ACTUALLY RECEIVED** no later than **May 15,  
2020, at 4:00 p.m. (Prevailing Pacific Time)**:

<p>1 Debtors  2 PG&amp;E Corporation and  3 Pacific Gas &amp; Electric Company  4 77 Beale Street  5 San Francisco, CA 94105  6 Attn: Janet Loduca, Senior Vice Present and General  7 Counsel</p>	<p>Weil, Gotshal &amp; Manges LLP  Counsel for the Debtors  767 Fifth Avenue  New York, New York 10153  Attn: Stephen Karotkin, Jessica Liou, Matthew Goren  Telephone: (212) 310-8000  Facsimile: (212) 310-8007  E-mail: stephen.karotkin@weil.com,  jessica.liou@weil.com, matthew.goren@weil.com</p>
<p>6 Keller Benvenuti Kim LLP  7 Counsel for the Debtors  8 650 California Street, Suite 1900  9 San Francisco, CA 94108  10 Attn: Tobias S. Keller, Peter J. Benvenuti, Jane Kim  11 Telephone: (415) 496-6723  12 Facsimile: (650) 636-9251  13 Email: tkeller@kbkllp.com, pbenvenuti@kbkllp.com,  14 jkim@kbkllp.com</p>	<p>Cravath, Swaine &amp; Moore LLP  Counsel for the Debtors  Worldwide Plaza  825 Eighth Avenue  Attn: Paul H. Zumbro, Kevin J. Orsini, Omid H. Nasab  New York, NY 10019  Telephone: (212) 474-1000  Facsimile: (212) 474-3700  Email: pzumbro@cravath.com, korsini@cravath.com,  onasab@cravath.com</p>
<p>10 Jones Day  11 Counsel for the Shareholder Proponents  12 555 South Flower Street, Fiftieth Floor  13 Los Angeles, CA 90071  14 Attn: Bruce S. Bennett, Joshua M. Mester, James O.  15 Johnston  16 Telephone: (213) 489-3939  17 Facsimile: (213) 243-2539  18 Email: bbennett@jonesday.com,  19 jmester@jonesday.com, jjohnston@jonesday.com</p>	<p>Baker &amp; Hostetler LLP  Counsel for the Tort Claimants Committee  1160 Battery Street, Suite 100  San Francisco, California 94111  Attn: Robert A. Julian, Cecily A. Dumas  Telephone: 628.208.6434  Facsimile: 310.820.8859  Email: rjulian@bakerlaw.com, cdumas@bakerlaw.com</p> <p>and</p> <p>11601 Wilshire Blvd., Suite 1400  Los Angeles, California 90025-0509  Attn: Eric E. Sagerman, Lauren T. Attard  Telephone: 310.820.8800  Facsimile: 310.820.8859  Email: esagerman@bakerlaw.com, lattard@bakerlaw.com</p>
<p>18 Milbank LLP  19 Counsel for the Creditors Committee  20 55 Hudson Yards  21 New York, New York 10001-2163  22 Attn: Dennis F. Dunne, Samuel A. Khalil  23 Telephone: (212) 530-5000  24 Facsimile: (212) 530-5219</p> <p>and</p> <p>2029 Century Park East, 33rd Floor  Los Angeles, California 90067  Attn: Gregory A. Bray, Thomas R. Kreller  Telephone: (424) 386-4000  Facsimile: (213) 629-5063</p>	<p>United States Department of Justice  Office of the United States Trustee  450 Golden Gate Avenue, Suite 05-0153  San Francisco, California 94102  Attn: Timothy S. Laffredi, Jason Blumberg, Marta E.  Villacorta  Telephone: (415) 705-3333  Facsimile: (415) 705-3379  Email: timothy.s.laffredi@usdoj.gov;  jason.blumberg@usdoj.gov, marta.villacorta@usdoj.gov</p>

1 Akin Gump Strauss Hauer & Feld LLP  
 2 Counsel for the Ad Hoc Committee of Senior Unsecured  
 3 Noteholders of Pacific Gas and Electric Company  
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 5 New York, New York 10036  
 6 Attn: Michael S. Stamer, Ira S. Dizengoff, David H. Botter,  
 7 Abid Qureshi  
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13 and

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 25 McCallen, Daniel I. Forman  
 26 Telephone: (212) 728-8000  
 27 Facsimile: (212) 728-8111  
 28 Email: mfeldman@willkie.com, jminias@willkie.com,  
 bmccallen@willkie.com, dforman@willkie.com

11 Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN  
 12 OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE  
 13 CONSIDERED BY THE BANKRUPTCY COURT.

### 14 **VIII. FACTORS TO CONSIDER BEFORE VOTING**

15 Prior to voting to accept or reject the Plan, holders of Claims and Interests should read and  
 16 carefully consider the risk factors set forth below, in addition to the other information set forth in this  
 17 Disclosure Statement, together with any attachments, exhibits, or documents incorporated by reference.  
 18 The factors below should not be regarded as the only risks associated with the Plan. Documents filed  
 19 by the Debtors with the SEC contain important risk factors in addition to those discussed below which  
 20 also should be reviewed and considered in voting on the Plan. Copies of any document filed with the  
 21 SEC may be obtained by visiting the SEC website at <http://www.sec.gov> or by visiting  
 22 <http://investor.pgecorp.com/financials/sec-filings/default.aspx>.

#### 23 **A. Business Risk Factors to Be Considered**

24 PG&E Corp.'s and the Utility's financial results can be affected by many factors, including, but  
 25 not limited to, estimates and assumptions used in the Debtors' financial projections, future wildfires,  
 26 legislative and regulatory developments, industry changes and technological developments, and  
 27 environmental factors. For a detailed description these business risk factors, please refer to the 2019  
 28 Form 10-K and other reports filed with the SEC, available at <http://www.sec.gov> or by visiting  
<http://investor.pgecorp.com/financials/sec-filings/default.aspx>.

#### 29 **B. General Risks Associated with the Bankruptcy Process**

##### 30 **1. Non-Confirmation of the Plan**

31 Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for  
 32 confirmation by the Bankruptcy Court in accordance with the Bankruptcy Code, there can be no  
 33 assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no

1 assurance that modifications to the Plan will not be required for confirmation or that such modifications  
2 will not necessitate the re-solicitation of votes.

3 If the Plan is not confirmed, the Debtors believe that such action or inaction, as the case may be,  
4 will cause the Debtors to incur substantial expenses and otherwise serve only to unnecessarily prolong  
5 these chapter 11 cases and negatively affect recoveries for holders of claims and interests. Any delay in  
6 confirmation beyond June 30, 2020 will also impair (and may preclude) the Debtors' ability to  
7 participate in the Go-Forward Wildfire Fund.

## 8 **2. Non-Consensual Plan Confirmation**

9 As discussed above, if any impaired class entitled to vote does not accept the Plan, the  
10 Bankruptcy Court may nevertheless confirm the Plan at the request of the Plan Proponents if at least one  
11 impaired class has accepted the Plan (such acceptance being determined without including the vote of  
12 any "insider" in such Class) and, as to each impaired class that has not accepted the Plan, if the  
13 Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable"  
14 with respect to the dissenting impaired classes.

## 15 **3. Materially Different Financial Projections**

16 In connection with confirmation of the Plan, the Debtors, with the assistance of their advisors,  
17 prepared financial projections for the Reorganized Debtors, attached hereto as **Exhibit B**, based on  
18 certain assumptions. The projections have not been compiled, audited, or examined by independent  
19 accountants, and the Debtors and their advisors do not make any representations or warranties regarding  
20 the accuracy of the projections or the ability to achieve forecasted results.

21 Many of the assumptions underlying the projections are subject to significant uncertainties that  
22 are beyond the control of the Debtors or Reorganized Debtors including the timing, confirmation, and  
23 consummation of a plan, inflation, and other unanticipated market and economic conditions. Some  
24 assumptions may not materialize, and unanticipated events and circumstances may materially affect the  
25 actual financial results. Projections are inherently subject to substantial and numerous uncertainties and  
26 to a wide variety of significant business, regulatory, economic, and competitive risks, and the  
27 assumptions underlying the projections may be inaccurate in material respects. In addition,  
28 unanticipated events and circumstances occurring after the approval of this Disclosure Statement by the  
Bankruptcy Court, including any natural disasters, terrorist attacks, or health epidemics, may materially  
affect the actual financial results achieved. Accordingly, the projections and actual results may  
materially differ.

### 29 **C. General Risks Associated with the State Legislative and Regulatory Process**

30 As discussed above, the Debtors' business is subject to applicable federal, state and local law  
31 and the regulatory jurisdiction of various agencies at the federal, state, and local levels. For a detailed  
32 description of risk factors associated with such regulations, please refer to the Form 10-K and other  
33 reports filed with the SEC, available at <http://www.sec.gov> or by visiting  
34 <http://investor.pgecorp.com/financials/sec-filings/default.aspx>.

## 1. Impact of AB 1054 and Required CPUC Review

For the Utility to be eligible to participate in the Go-Forward Wildfire Fund established by AB 1054, the CPUC must determine that the plan of reorganization resolving the Chapter 11 Cases, including the Utility's resulting governance structure, is acceptable in light of the Utility's safety history, criminal probation, recent financial condition, and other factors deemed relevant by the CPUC. Although the CPUC's review of the Plan is underway and the CPUC has expressed its expectation to complete that review sufficiently in advance of June 30, 2020, there is risk that (i) the CPUC's review will not be completed in time to meet the June 30, 2020 plan confirmation deadline established by AB 1054, (ii) the CPUC may request revisions to the Plan that would require resolicitation of votes, or (iii) the CPUC finds that the Plan does not satisfy the requirements of AB 1054.

## 2. Other Legislative and Regulatory Developments

The Reorganized Debtors will be subject to extensive regulations and the risk of enforcement proceedings in connection with such regulations. The Reorganized Debtors' financial condition, results of operations, liquidity, and cash flows could be materially affected by the outcomes of the CPUC's future investigative enforcement proceedings, other known or future enforcement matters, and other ongoing state and federal investigations and requests for information. The Reorganized Debtors could incur material costs and fines in connection with compliance with penalties from closed investigations or enforcement actions or in connection with future investigations, citations, audits, or enforcement actions.

The Utility is currently, and may in the future be, the subject of state and federal investigations, including investigations in connection with wildfires. In addition, the Reorganized Utility may in the future also be the subject of a number of investigations relating to other matters. If these investigations result in enforcement action against or settlements with the Utility or the Reorganized Utility, the Utility or Reorganized Utility could incur or agree to pay additional fines or penalties the amount of which could be substantial and suffer further ongoing negative consequences. Furthermore, a negative outcome in any of these investigations, or future enforcement actions, could negatively affect the outcome of future ratemaking and regulatory proceedings to which the Utility or Reorganized Utility may be subject; for example, by enabling parties to challenge the Utility's or Reorganized Utility's request to recover costs that the parties allege are somehow related to the Utility's or Reorganized Utility's violations.

The Reorganized Debtors could be subject to additional regulatory or governmental enforcement action in the future with respect to compliance with federal, state or local laws, regulations or orders that could result in additional fines, penalties or customer refunds, including those regarding renewable energy and resource adequacy requirements; customer billing; customer service; affiliate transactions; vegetation management; design, construction, operating and maintenance practices; safety and inspection practices; compliance with CPUC general orders or other applicable CPUC decisions or regulations; federal electric reliability standards; and environmental compliance. CPUC staff could also impose penalties on the Reorganized Utility in the future in accordance with its authority under the gas and electric safety citation programs. The amount of such fines, penalties, or customer refunds could have a material effect on the Reorganized Debtors' financial condition, results of operations, liquidity, and cash flows.

1           **D. Certain Securities Laws Matters**

2           The securities described in this Disclosure Statement will be issued (i) pursuant to an effective  
3 registration statement under the Securities Act or (ii) pursuant to an applicable exemption under the  
4 federal securities laws and any applicable state securities laws, including section 1145 of the Bankruptcy  
5 Code or Section 4(a)(2) of the Securities Act.

6           Section 1145(a) of the Bankruptcy Code generally exempts the issuance of securities from the  
7 registration requirements of the Securities Act and any applicable state securities laws if the following  
8 conditions are satisfied: (i) the securities must be offered and sold under a plan of reorganization and  
9 must be securities of the debtor, of an affiliate participating in a joint plan with the debtor or of a  
10 successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or  
11 administrative expense claims against or interests in the debtor or such affiliate; and (iii) the securities  
12 must be issued entirely in exchange for the recipient's claim against or interest in the debtor or such  
13 affiliate, or principally in exchange for such claim or interest and partly for cash or property. The  
14 exemptions of section 1145(a) do not apply to an entity that is deemed an "underwriter" as such term is  
15 defined in section 1145(b) of the Bankruptcy Code.

16           Any securities issued pursuant to section 1145 ("**1145 Securities**") may be freely transferred by  
17 most recipients after issuance under the Plan, and all resales and subsequent transfers are exempt from  
18 registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with  
19 respect to such securities. Resales of 1145 Securities by entities deemed to be "underwriters" are not  
20 exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other  
21 applicable law. Under certain circumstances, holders of 1145 Securities who are deemed to be  
22 "underwriters" may be entitled to resell such securities pursuant to the limited safe harbor resale  
23 provisions of Rule 144 of the Securities Act.

24           All securities issued pursuant to the exemption from registration set forth in section 4(a)(2) of  
25 the Securities Act will be considered "restricted securities." Securities held by an affiliate of the issuer  
26 are "control securities." Restricted securities and control securities may not be transferred except  
27 pursuant to an effective registration statement under the Securities Act or an available exemption  
28 therefrom. Rule 144 provides an exemption for the public resale of "restricted securities" if certain  
conditions are met. These conditions vary depending on whether the holder of the securities is an  
affiliate of the issuer.

29           **THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF  
30 ANY PERSON TO TRANSFER SECURITIES RECEIVED PURSUANT TO AN EXEMPTION  
31 FROM FEDERAL AND STATE SECURITIES LAW. ANY PERSONS RECEIVING SUCH  
32 SECURITIES UNDER THE PLAN ARE URGED TO CONSULT WITH THEIR OWN  
33 COUNSEL CONCERNING THE AVAILABILITY OF AN EXEMPTION FROM  
34 REGISTRATION FOR RESALE OF THESE SECURITIES UNDER THE SECURITIES ACT  
35 AND OTHER APPLICABLE LAW.**

36           **E. Certain Tax Consequences of the Plan**

37           There are certain U.S. federal income tax consequences of the consummation of the Plan to the  
38 Debtors and to certain holders of Claims and Interests. A summary of these consequences is available at

1 <https://restructuring.primeclerk.com/pge/PlanTaxDisclosure> and is fully incorporated herein by  
reference.

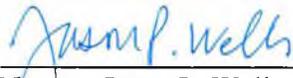
2 **IX. CONCLUSION**

3 The Debtors, the Shareholder Proponents, the Ad Hoc Subrogation Group, the Public Entities,  
4 and the Ad Hoc Noteholders Committee urge the holders of impaired Claims (Fire Victim Claims,  
5 Subrogation Wildfire Claims, Public Entities Wildfire Claims, Utility Impaired Senior Note Claims,  
6 Utility Short-Term Senior Note Claims, Utility Funded Debt Claims, and HoldCo Rescission or Damage  
7 Claims) and Interests (HoldCo Common Interests) to vote to **accept** the Plan and to evidence such  
acceptance by returning their Ballots so that they will be received not later than **May 15, 2020, at 4:00**  
**p.m. (Prevailing Pacific Time).**

1 Dated: March 17, 2020  
2 San Francisco, California

3 Respectfully submitted,

4  
5 PG&E CORPORATION

6 By:   
7 Name: Jason P. Wells  
8 Title: Executive Vice President and Chief Financial  
9 Officer

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Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153-0119

PACIFIC GAS AND ELECTRIC COMPANY

By: David Thomason

Name: David S. Thomason

Title: Vice President, Chief Financial Officer and  
Controller

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153-0119

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Dated: March 17, 2020  
San Francisco, California

Respectfully submitted,

PG&E CORPORATION

By: \_\_\_\_\_  
Name: Jason P. Wells  
Title: Executive Vice President and Chief Financial Officer

PACIFIC GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_  
Name: David S. Thomason  
Title: Vice President, Chief Financial Officer and Controller

SHAREHOLDER PROPONENTS:

Abrams Capital Management, L.P.,  
on behalf of certain funds and accounts it  
manages or advises  
By: Abrams Capital Management LLC,  
its general partner

By: David Abrams  
Name: David Abrams  
Title: Manager

Knighthood Capital Management, LLC,  
on behalf of certain funds and accounts  
it manages or advises

By: \_\_\_\_\_  
Name: Thomas A. Wagner  
Title: Managing Member

1 Dated: March 17, 2020  
2 San Francisco, California

3 Respectfully submitted,

4 PG&E CORPORATION

5  
6 By: \_\_\_\_\_

7 Name: Jason P. Wells

8 Title: Executive Vice President and Chief Financial  
9 Officer

10 PACIFIC GAS AND ELECTRIC COMPANY

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

12 Name: David S. Thomason

13 Title: Vice President, Chief Financial Officer and  
14 Controller

15 SHAREHOLDER PROPONENTS:

16 Abrams Capital Management, L.P.,  
17 on behalf of certain funds and accounts it  
18 manages or advises

19 By: Abrams Capital Management LLC,  
20 its general partner

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

22 Name: David Abrams

23 Title: Manager

24 Knighthead Capital Management, LLC,  
25 on behalf of certain funds and accounts  
26 it manages or advises

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

28 Name: Thomas A. Wagner

Title: Managing Member

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**Exhibit A to the Disclosure Statement**

**Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization**

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 12 Fax: 650 636 9251

*Attorneys for Debtors  
and Debtors in Possession*

15 **ALL HOLDERS OF CLAIMS AND INTERESTS ARE ENCOURAGED TO READ THE PLAN AND**  
 16 **THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR**  
 17 **REJECT THE PLAN.**

18 **UNITED STATES BANKRUPTCY COURT**  
 19 **NORTHERN DISTRICT OF CALIFORNIA**  
 20 **SAN FRANCISCO DIVISION**

21 **In re:**  
 22 **PG&E CORPORATION,**  
 23 **- and -**  
 24 **PACIFIC GAS AND ELECTRIC COMPANY,**  
 25 **Debtors.**

Bankruptcy Case  
 No. 19-30088 (DM)

Chapter 11  
 (Lead Case)  
 (Jointly Administered)

**DEBTORS' AND SHAREHOLDER  
 PROPONENTS' JOINT CHAPTER 11 PLAN OF  
 REORGANIZATION DATED MARCH 16, 2020**

26  Affects PG&E Corporation  
 27  Affects Pacific Gas and Electric Company  
 28  Affects both Debtors  
 \* All papers shall be filed in the Lead Case, No. 19-30088 (DM).

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**TABLE OF CONTENTS**

	<b>Page</b>
ARTICLE I.	
DEFINITIONS, INTERPRETATION AND CONSENTS .....	1
ARTICLE II.	
ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND OTHER UNCLASSIFIED CLAIMS .....	37
2.1 Administrative Expense Claims.....	37
2.2 Professional Fee Claims.....	37
2.3 DIP Facility Claims.....	38
2.4 Priority Tax Claims.....	38
ARTICLE III.	
CLASSIFICATION OF CLAIMS AND INTERESTS .....	39
3.1 Classification in General.....	39
3.2 Summary of Classification.....	39
3.3 Separate Classification of Other Secured Claims .....	40
3.4 Nonconsensual Confirmation.....	40
3.5 Debtors’ Rights in Respect of Unimpaired Claims.....	41
ARTICLE IV.	
TREATMENT OF CLAIMS AND INTERESTS .....	41
4.1 Class 1A – HoldCo Other Secured Claims .....	41
4.2 Class 2A – HoldCo Priority Non-Tax Claims .....	41
4.3 Class 3A: HoldCo Funded Debt Claims .....	42
4.4 Class 4A: HoldCo General Unsecured Claims .....	42
4.5 Class 5A-I – HoldCo Public Entities Wildfire Claims .....	42
4.6 Class 5A-II – HoldCo Subrogation Wildfire Claims .....	42
4.7 Class 5A-III – HoldCo Fire Victim Claims .....	43
4.8 Class 5A-IV – HoldCo Ghost Ship Fire Claims .....	43
4.9 Class 6A – HoldCo Workers’ Compensation Claims.....	43
4.10 Class 7A – HoldCo Environmental Claims .....	44
4.11 Class 8A – HoldCo Intercompany Claims.....	44
4.12 Class 9A – HoldCo Subordinated Debt Claims.....	44
4.13 Class 10A-I – HoldCo Common Interests .....	44
4.14 Class 10A-II – HoldCo Rescission or Damage Claims .....	45
4.15 Class 11A – HoldCo Other Interests.....	45

4.16	Class 1B – Utility Other Secured Claims .....	45
4.17	Class 2B – Utility Priority Non-Tax Claims .....	46
4.18	Class 3B-I – Utility Impaired Senior Note Claims .....	46
4.19	Class 3B-II – Utility Reinstated Senior Note Claims .....	46
4.20	Class 3B-III – Utility Short-Term Senior Note Claims .....	46
4.21	Class 3B-IV: Utility Funded Debt Claims .....	47
4.22	Class 3B-V: Utility PC Bond (2008 F and 2010 E) Claims .....	47
4.23	Class 4B: Utility General Unsecured Claims .....	47
4.24	Class 5B-I – Utility Public Entities Wildfire Claims .....	48
4.25	Class 5B-II – Utility Subrogation Wildfire Claims .....	48
4.26	Class 5B-III – Utility Fire Victim Claims .....	50
4.27	Class 5B-IV – Utility Ghost Ship Fire Claims .....	50
4.28	Class 6B – Utility Workers’ Compensation Claims .....	51
4.29	Class 7B – 2001 Utility Exchange Claims .....	51
4.30	Class 8B – Utility Environmental Claims .....	51
4.31	Class 9B – Utility Intercompany Claims .....	51
4.32	Class 10B – Utility Subordinated Debt Claims .....	51
4.33	Class 11B – Utility Preferred Interests .....	52
4.34	Class 12B – Utility Common Interests .....	52

#### ARTICLE V.

	PROVISIONS GOVERNING DISTRIBUTIONS .....	52
5.1	Distributions Generally .....	52
5.2	Plan Funding .....	52
5.3	No Postpetition or Default Interest on Claims .....	52
5.4	Date of Distributions .....	53
5.5	Distribution Record Date .....	53
5.6	Disbursing Agent .....	53
5.7	Delivery of Distributions .....	54
5.8	Unclaimed Property .....	54
5.9	Satisfaction of Claims .....	55
5.10	Fractional Stock .....	55
5.11	Manner of Payment under Plan .....	55
5.12	No Distribution in Excess of Amount of Allowed Claim .....	55
5.13	Setoffs and Recoupments .....	55
5.14	Rights and Powers of Disbursing Agent .....	56
5.15	Withholding and Reporting Requirements .....	56
5.16	Credit for Distributions under Wildfire Assistance Program .....	57

#### ARTICLE VI.

	MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN .....	57
6.1	General Settlement of Claims and Interests .....	57
6.2	Restructuring Transactions; Effectuating Documents .....	57

6.3	Continued Corporate Existence .....	58
6.4	The Subrogation Wildfire Trust.....	58
6.5	Subrogation Wildfire Trustee .....	59
6.6	Subrogation Trust Advisory Board.....	60
6.7	The Fire Victim Trust .....	60
6.8	Fire Victim Trustee .....	61
6.9	Public Entities Segregated Defense Fund.....	63
6.10	Go-Forward Wildfire Fund.....	63
6.11	Officers and Board of Directors.....	63
6.12	Management Incentive Plan.....	64
6.13	Cancellation of Existing Securities and Agreements.....	64
6.14	Cancellation of Certain Existing Security Agreements .....	65
6.15	Issuance of New HoldCo Common Stock .....	65
6.16	Exit Financing.....	65
6.17	Rights Offering .....	65
6.18	Plan Proponent Reimbursement.....	65
6.19	Securities Act Registrations or Exemptions .....	66

#### ARTICLE VII.

	PROCEDURES FOR DISPUTED CLAIMS .....	66
7.1	Objections to Claims.....	66
7.2	Resolution of Disputed Administrative Expense Claims and Disputed Claims .....	66
7.3	Payments and Distributions with Respect to Disputed Claims.....	67
7.4	Distributions After Allowance.....	67
7.5	Disallowance of Claims .....	67
7.6	Estimation .....	67

#### ARTICLE VIII.

	EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	68
8.1	General Treatment .....	68
8.2	Determination of Cure Disputes and Deemed Consent .....	69
8.3	Rejection Damages Claims .....	70
8.4	Survival of the Debtors' Indemnification Obligations.....	70
8.5	Assumption of Employee Benefit Plans .....	70
8.6	Collective Bargaining Agreements .....	71
8.7	Insurance Policies .....	71
8.8	Reservation of Rights.....	71
8.9	Modifications, Amendments, Supplements, Restatements, or Other Agreements .....	72

ARTICLE IX.

EFFECTIVENESS OF THE PLAN ..... 72

9.1 Conditions Precedent to Confirmation of the Plan ..... 72

9.2 Conditions Precedent to the Effective Date ..... 72

9.3 Satisfaction of Conditions ..... 74

9.4 Waiver of Conditions ..... 74

9.5 Effect of Non-Occurrence of Effective Date ..... 74

ARTICLE X.

EFFECT OF CONFIRMATION ..... 74

10.1 Binding Effect ..... 74

10.2 Vesting of Assets ..... 74

10.3 Release and Discharge of Debtors ..... 74

10.4 Term of Injunctions or Stays ..... 75

10.5 Injunction Against Interference with Plan ..... 75

10.6 Injunction ..... 75

10.7 Channeling Injunction ..... 76

10.8 Exculpation ..... 77

10.9 Releases ..... 78

10.10 Subordination ..... 81

10.11 Retention of Causes of Action/Reservation of Rights ..... 81

10.12 Preservation of Causes of Action ..... 82

10.13 Special Provisions for Governmental Units ..... 82

10.14 Document Retention and Cooperation with the Fire Victim Trust ..... 82

10.15 Solicitation of Plan ..... 83

ARTICLE XI.

RETENTION OF JURISDICTION ..... 83

11.1 Jurisdiction of Bankruptcy Court ..... 83

ARTICLE XII.

MISCELLANEOUS PROVISIONS ..... 85

12.1 Dissolution of Statutory Committees ..... 85

12.2 Substantial Consummation ..... 85

12.3 Exemption from Transfer Taxes ..... 85

12.4 Expedited Tax Determination ..... 86

12.5 Payment of Statutory Fees ..... 86

12.6 Plan Modifications and Amendments ..... 86

12.7 Revocation or Withdrawal of Plan ..... 86

12.8 Courts of Competent Jurisdiction ..... 87

12.9 Severability ..... 87

12.10 Governing Law ..... 87

12.11 Schedules and Exhibits ..... 87

12.12 Successors and Assigns ..... 87

12.13 Time ..... 87

12.14 Notices ..... 87

12.15 Reservation of Rights..... 89

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1 PG&E Corporation and Pacific Gas and Electric Company, the above-captioned debtors and  
2 debtors in possession, certain funds and accounts managed or advised by Abrams Capital  
3 Management, LP, and certain funds and accounts managed or advised by Knighthood Capital  
4 Management, LLC (together, the “**Shareholder Proponents**,” and, collectively with the Debtors, the  
5 “**Plan Proponents**”), as plan proponents within the meaning of section 1129 of the Bankruptcy Code,  
6 propose the following joint chapter 11 plan of reorganization pursuant to section 1121(a) of the  
7 Bankruptcy Code.<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to  
8 such terms in Article I of the Plan.

## 6 ARTICLE I.

### 7 **DEFINITIONS, INTERPRETATION AND CONSENTS**

8 **DEFINITIONS.** The following terms used herein shall have the respective meanings defined  
9 below (such meanings to be equally applicable to both the singular and plural):

10 **1.1 2001 Utility Exchange Claim** means any Claim against the Utility arising  
11 solely from (a) amounts due to the CAISO, PX, and/or various market participants based on  
12 purchases or sales of electricity, capacity, or ancillary services by the Utility and other market  
13 participants in markets operated by the CAISO and the PX that are subject to determination by  
14 FERC in refund proceedings bearing FERC Docket Nos. EL00-95-000 and EL00-98-000 and  
15 related subdockets, and (b) amounts due under any settlement agreements, allocation  
16 agreements, escrow agreements, letter agreements, other written agreements, or court orders  
17 (including orders entered in the chapter 11 case styled *In re California Power Exchange*  
18 *Corporation*, Case No. LA 01-16577 ES) that expressly relate thereto.

16 **1.2 503(b)(9) Claim** means a Claim against a Debtor or any portion thereof entitled  
17 to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code, which  
18 Claim was timely filed and Allowed pursuant to the 503(b)(9) Procedures Order.

18 **1.3 503(b)(9) Procedures Order** means the *Amended Order Pursuant to 11 U.S.C.*  
19 *§§ 503(b)(9) and 105(a) Establishing Procedures for the Assertion, Resolution, and*  
20 *Satisfaction of Claims Asserted Pursuant to 11 U.S.C. § 503(b)(9)* [Docket No. 725].

20 **1.4 Administrative Expense Claim** means any cost or expense of administration  
21 of any of the Chapter 11 Cases arising on or before the Effective Date that is allowable under  
22 section 503(b) of the Bankruptcy Code and entitled to priority under sections 364(c)(1), 503(b)  
23 (including 503(b)(9) Claims), 503(c), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code  
24 that has not already been paid, including, (a) any actual and necessary costs and expenses of  
25 preserving the Debtors’ estates, any actual and necessary costs and expenses of operating the  
26 Debtors’ businesses, any indebtedness or obligations incurred or assumed by one or more of

25 <sup>1</sup> The Plan and the Plan Supplement may be amended or supplemented, as necessary, to include  
26 relevant information contained in the submissions made by the Utility in connection with the  
27 proceeding regarding the Plan currently pending before the CPUC (Investigation (I).19-09-016),  
28 including but not limited to certain governance-related commitments.

1 the Debtors, as a debtor in possession, during the Chapter 11 Cases, including, for the  
2 acquisition or lease of property or an interest in property or the performance of services, or any  
3 fees or charges assessed against the estates of the Debtors under section 1930 of chapter 123  
4 of title 28 of the United States Code, (b) any DIP Facility Claim, (c) any Professional Fee  
5 Claim, and (d) any Intercompany Claim authorized pursuant to the Cash Management Order.

6 **1.5 Aggregate Backstop Commitment Amount** means the aggregate amount of  
7 all backstop commitments, if any, under all Backstop Commitment Letters; *provided*, however,  
8 that if the backstop commitments under all Backstop Commitment Letters shall be \$0, then all  
9 consent and other rights hereunder shall no longer apply.

10 **1.6 Aggregate Fire Victim Consideration** means the aggregate consideration used  
11 to fund the Fire Victim Trust of (a) \$5.4 billion in cash to be contributed on the Effective Date,  
12 (b) \$1.35 billion consisting of (i) \$650 million to be paid in cash on or before January 15, 2021  
13 pursuant to the Tax Benefits Payment Agreement, and (ii) \$700 million to be paid in cash on  
14 or before January 15, 2022 pursuant to the Tax Benefits Payment Agreement; (c) \$6.75 billion  
15 in New HoldCo Common Stock (issued at Fire Victim Equity Value), which shall not be less  
16 than 20.9% of the New HoldCo Common Stock based on the number of fully diluted shares of  
17 Reorganized HoldCo (calculated using the treasury stock method (using an Effective Date  
18 equity value equal to Fire Victim Equity Value)) that will be outstanding as of the Effective  
19 Date (assuming all equity offerings and all other equity transactions specified in the Plan,  
20 including without limitation, equity issuable upon the exercise of any rights or the conversion  
21 or exchange of or for any other securities, are consummated and settled on the Effective Date,  
22 but excluding any future equity issuance not specified by the Plan) assuming the Utility's  
23 allowed return on equity as of the date of the Tort Claimants RSA and reasonable registration  
24 rights consistent with the recommendations of the Debtors' equity underwriter and tax rules  
25 and regulations; (d) the assignment by the Debtors and Reorganized Debtors to the Fire Victim  
26 Trust of the Assigned Rights and Causes of Action; and (e) assignment of rights, other than  
27 the rights of the Debtors to be reimbursed under the 2015 Insurance Policies for claims  
28 submitted to and paid by the Debtors prior to the Petition Date, under the 2015 Insurance  
Policies to resolve any claims related to Fires in those policy years. For the avoidance of doubt,  
the Aggregate Fire Victim Consideration shall not include any amounts for the Public Entities  
Settlement which shall be satisfied from other Plan financing sources but not from the  
Aggregate Fire Victim Consideration.

**1.7 Allowed** means, with reference to any Claim against a Debtor or Interest: (a)  
any Claim listed in the Debtors' Schedules, as such Schedules may be amended from time to  
time in accordance with Bankruptcy Rule 1009, as liquidated, non-contingent, and undisputed,  
and for which no contrary proof of Claim has been filed; (b) any Claim or Interest expressly  
allowed hereunder; (c) any Claim (other than a Subrogation Wildfire Claim) or Interest to  
which a Debtor and the holder of such Claim or Interest agree to the amount and priority of the  
Claim or Interest, which agreement is approved by a Final Order; (d) any individual  
Subrogation Wildfire Claim (not held by a Consenting Creditor or a party to the Subrogation  
Wildfire Claim Allocation Agreement) to which the Subrogation Wildfire Trustee and the  
holder of such Claim agree to the amount of such Claim; (e) any Claim or Interest that is

1 compromised, settled or otherwise resolved or Allowed pursuant to a Final Order (including  
2 any omnibus or procedural Final Order relating to the compromise, settlement, resolution, or  
3 allowance of any Claims) or under the Plan; or (f) any Claim or Interest arising on or before  
4 the Effective Date as to which no objection to allowance has been interposed within the time  
5 period set forth in the Plan; *provided*, that notwithstanding the foregoing, unless expressly  
6 waived by the Plan, the Allowed amount of Claims or Interests shall be subject to, and shall  
7 not exceed the limitations or maximum amounts permitted by, the Bankruptcy Code, including  
8 sections 502 or 503 of the Bankruptcy Code, to the extent applicable. The Reorganized  
9 Debtors shall retain all Claims and defenses with respect to Allowed Claims that are Reinstated  
10 or otherwise Unimpaired under the Plan.

7 **1.8 Assigned Rights and Causes of Action** means any and all rights, claims,  
8 causes of action, and defenses related thereto relating directly or indirectly to any of the Fires  
9 that the Debtors may have against vendors, suppliers, third party contractors and consultants  
10 (including those who provided services regarding the Debtors' electrical system, system  
11 equipment, inspection and maintenance of the system, and vegetation management), former  
12 directors and officers of the Debtors solely to the extent of any directors and officers' Side B  
13 Insurance Coverage, and others as mutually agreed upon by the Plan Proponents and identified  
14 in the Schedule of Assigned Rights and Causes of Action.

12 **1.9 Avoidance Action** means any action commenced, or that may be commenced,  
13 before or after the Effective Date pursuant to chapter 5 of the Bankruptcy Code including  
14 sections 544, 545, 547, 548, 549, 550, or 551 of the Bankruptcy Code.

15 **1.10 Backstop Approval Order** means an order of the Bankruptcy Court, approving  
16 the Backstop Commitment Letters, which order shall be in form and substance satisfactory to  
17 the Debtors and the Backstop Parties.

17 **1.11 Backstop Commitment Letters** means those certain letter agreements, as may  
18 be amended or modified from time to time in accordance with the terms thereof and the  
19 Backstop Approval Order, pursuant to which the Backstop Parties have agreed to purchase  
20 shares of New HoldCo Common Stock on the terms and subject to the conditions thereof.

20 **1.12 Backstop Parties** means the parties that have agreed to purchase shares of New  
21 HoldCo Common Stock on the terms and subject to the conditions of the Backstop  
22 Commitment Letters and the Backstop Approval Order.

22 **1.13 Ballot** means the form(s) distributed to holders of impaired Claims or Interests  
23 on which the acceptance or rejection of the Plan is to be indicated.

23 **1.14 Bankruptcy Code** means title 11 of the United States Code, as applicable to  
24 the Chapter 11 Cases.

25 **1.15 Bankruptcy Court** means the United States Bankruptcy Court for the Northern  
26 District of California, having subject matter jurisdiction over the Chapter 11 Cases and, to the  
27  
28

1 extent of any reference withdrawal made under section 157(d) of title 28 of the United States  
2 Code, the District Court.

3 **1.16 Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as  
4 promulgated by the United States Supreme Court under section 2075 of title 28 of the United  
5 States Code, applicable to the Chapter 11 Cases, and any Local Rules of the Bankruptcy Court.

6 **1.17 Business Day** means any day other than a Saturday, a Sunday, or any other day  
7 on which banking institutions in New York, New York are required or authorized to close by  
8 law or executive order.

9 **1.18 CAISO** means the California Independent System Operator Corporation.

10 **1.19 Cash** means legal tender of the United States of America.

11 **1.20 Cash Management Order** means the *Final Order Pursuant to 11 U.S.C. §§*  
12 *105(a), 345(b), 363(b), and 363(c), and Fed. R. Bankr. P.6003 and 6004 (i) Authorizing*  
13 *Debtors to (a) Continue Their Existing Cash Management System, (b) Honor Certain*  
14 *Prepetition Obligations Related to the Use Thereof, (c) Continue Intercompany Arrangements,*  
15 *(d) Continue to Honor Obligations Related to Joint Infrastructure Projects, and (e) Maintain*  
16 *Existing Bank Accounts and Business Forms; and (ii) Waiving the Requirements of 11 U.S.C.*  
17 *§ 345(b), dated March 13, 2019 [Docket No. 881].*

18 **1.21 Cause of Action** means, without limitation, any and all actions, class actions,  
19 proceedings, causes of action, controversies, liabilities, obligations, rights, rights of setoff,  
20 recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges,  
21 licenses, franchises, Claims, Avoidance Actions, counterclaims, cross-claims, affirmative  
22 defenses, third-party claims, Liens, indemnity, contribution, guaranty, and demands of any  
23 kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to  
24 judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured,  
25 disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect,  
26 choate or inchoate, secured or unsecured, assertable directly or derivatively, existing or  
27 hereafter arising, in contract or in tort, in law, in equity, or otherwise, whether arising under  
28 the Bankruptcy Code or any applicable nonbankruptcy law, based in whole or in part upon any  
act or omission or other event occurring on or prior to the Petition Date or during the course  
of the Chapter 11 Cases, including through the Effective Date. Without limiting the generality  
of the foregoing, when referring to Causes of Action of the Debtors or their estates, Causes of  
Action shall include (a) all rights of setoff, counterclaim, or recoupment and Claims for breach  
of contracts or for breaches of duties imposed by law or equity; (b) the right to object to any  
Claim or Interest; (c) Claims (including Avoidance Actions) pursuant to section 362 and  
chapter 5 of the Bankruptcy Code, including sections 510, 542, 543, 544 through 550, or 553;  
(d) Claims and defenses such as fraud, mistake, duress, usury, and any other defenses set forth  
in section 558 of the Bankruptcy Code; and (e) any Claims under any state or foreign law,  
including any fraudulent transfer or similar claims.

1           **1.22 Channeling Injunction** means the permanent injunction provided for in  
2 Section 10.7 of the Plan with respect to Fire Claims to be issued pursuant to, and included in,  
the Confirmation Order.

3           **1.23 Chapter 11 Cases** means the jointly administered cases under chapter 11 of the  
4 Bankruptcy Code commenced by the Debtors on the Petition Date in the Bankruptcy Court  
5 and currently styled *In re PG&E Corporation and Pacific Gas and Electric Company*, Ch. 11  
Case No. 19-30088 (DM) (Jointly Administered).

6           **1.24 Charging Lien** means any Lien or other priority in payment to which a Funded  
7 Debt Trustee is entitled pursuant to the applicable Funded Debt Documents or any equivalent  
indemnification or reimbursement rights arising under the applicable Funded Debt Documents.

8           **1.25 Chief Executive Officer** means William D. Johnson, the current chief  
9 executive officer of HoldCo.

10           **1.26 Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code.

11           **1.27 Claims Resolution Procedures** means, collectively, the Fire Victim Claims  
12 Resolution Procedures and the Subrogation Wildfire Claim Allocation Agreement.

13           **1.28 Class** means any group of Claims or Interests classified herein pursuant to  
sections 1122 and 1123(a)(1) of the Bankruptcy Code.

14           **1.29 Collateral** means any property or interest in property of the estate of any Debtor  
15 subject to a Lien, charge, or other encumbrance to secure the payment or performance of a  
16 Claim, which Lien, charge, or other encumbrance is not subject to a Final Order ordering the  
remedy of avoidance on any such lien, charge, or other encumbrance under the Bankruptcy  
17 Code.

18           **1.30 Collective Bargaining Agreements** means, collectively, (a) the IBEW  
19 Collective Bargaining Agreements, (b) the Collective Bargaining Agreement currently in place  
20 between the Utility and the Engineers and Scientists of California Local 20, IFPTE, and (c) the  
Collective Bargaining Agreement currently in place between the Utility and the Service  
Employees International Union.

21           **1.31 Confirmation Date** means the date on which the Clerk of the Bankruptcy Court  
22 enters the Confirmation Order.

23           **1.32 Confirmation Hearing** means the hearing to be held by the Bankruptcy Court  
24 regarding confirmation of the Plan, as such hearing may be adjourned or continued from time  
to time.

25           **1.33 Confirmation Order** means the order of the Bankruptcy Court confirming the  
26 Plan pursuant to section 1129 of the Bankruptcy Code and approving the transactions  
contemplated thereby, which shall be in form and substance acceptable to the Debtors.  
27  
28

1           **1.34 Consenting Creditors** has the meaning set forth in Subrogation Claims RSA.

2           **1.35 Consenting Fire Claimant Professionals** has the meaning set forth in the Tort  
3 Claimants RSA.

4           **1.36 Consenting Noteholders** has the meaning set forth in the Noteholder RSA.

5           **1.37 CPUC** means the California Public Utilities Commission.

6           **1.38 CPUC Approval** means all necessary approvals, authorizations and final  
7 orders from the CPUC to implement the Plan, and to participate in the Go-Forward Wildfire  
8 Fund, including: (a) satisfactory provisions pertaining to authorized return on equity and  
9 regulated capital structure (it being acknowledged that the provisions included in the CPUC's  
10 final decision dated December 19, 2019 in the 2020 Cost of Capital Proceeding are satisfactory  
11 for purposes of this provision); (b) a disposition of proposals for certain potential changes to  
12 the Utility's corporate structure and authorizations to operate as a utility; (c) satisfactory  
13 resolution of claims for monetary fines or penalties under the California Public Utilities Code  
14 for prepetition conduct; (d) approval (or exemption from approval) of the financing structure  
15 and securities to be issued under Article VI of the Plan; and (e) any approvals or determinations  
16 with respect to the Plan and related documents that may be required by the Wildfire Legislation  
17 (A.B. 1054).

18           **1.39 Creditors Committee** means the statutory committee of unsecured creditors  
19 appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to section 1102 of the  
20 Bankruptcy Code.

21           **1.40 Cure Amount** means the payment of Cash or the distribution of other property  
22 (as the parties may agree or the Bankruptcy Court may order) as necessary to (a) cure a  
23 monetary default, as required by section 365(a) of the Bankruptcy Code by the Debtors in  
24 accordance with the terms of an executory contract or unexpired lease of the Debtors, and (b)  
25 permit the Debtors to assume or assume and assign such executory contract or unexpired lease  
26 under section 365(a) of the Bankruptcy Code.

27           **1.41 D&O Liability Insurance Policies** means all unexpired directors', managers',  
28 and officers' liability insurance policies (including any "tail policy") of either of the Debtors.

**1.42 Debtors** means, collectively, HoldCo and the Utility.

**1.43 DIP Facilities** means the senior secured postpetition credit facilities approved  
pursuant to the DIP Facility Order, as the same may be amended, modified, or supplemented  
from time to time through the Effective Date in accordance with the terms of the DIP Facility  
Documents and the DIP Facility Order.

**1.44 DIP Facility Agents** means JPMorgan Chase Bank, N.A., solely in its capacity  
as administrative agent under the DIP Facility Documents, and Citibank, N.A., solely in its  
capacity as collateral agent under the DIP Facility Documents, and their respective successors,

1 assigns, or any replacement agents appointed pursuant to the terms of the DIP Facility  
2 Documents.

3 **1.45 DIP Facility Claim** means any Claim arising under, or related to, the DIP  
4 Facility Documents.

5 **1.46 DIP Facility Credit Agreement** means that certain Senior Secured  
6 Superpriority Debtor-In-Possession Credit, Guaranty and Security Agreement, dated as of  
7 February 1, 2019, by and among the Utility as borrower, HoldCo as guarantor, the DIP Facility  
8 Agents, and the DIP Facility Lenders, as the same has been or may be further amended,  
9 modified, or supplemented from time to time.

10 **1.47 DIP Facility Documents** means, collectively, the DIP Facility Credit  
11 Agreement and all other “Loan Documents” (as defined therein), and all other agreements,  
12 documents, and instruments delivered or entered into pursuant thereto or entered into in  
13 connection therewith (including any collateral documentation) (in each case, as amended,  
14 supplemented, restated, or otherwise modified from time to time).

15 **1.48 DIP Facility Lenders** means the lenders under the DIP Facility Credit  
16 Agreement and each other party that becomes a lender thereunder from time to time in  
17 accordance with the terms of the DIP Facility Credit Agreement.

18 **1.49 DIP Facility Order** means the *Final Order Pursuant to 11 U.S.C. §§ 105, 362,*  
19 *363, 503 and 507, Fed. R. Bankr. P. 2002, 4001, 6004 and 9014 and (i) Authorizing the*  
20 *Debtors to Obtain Senior Secured, Superpriority, Postpetition Financing, (ii) Granting Liens*  
21 *and Superpriority Claims, (iii) Modifying the Automatic Stay, and (iv) Granting Related Relief*  
22 *[Docket No. 1091], dated March 27, 2019, as may be amended, modified, or supplemented*  
23 *from time to time through the Effective Date.*

24 **1.50 DIP Letters of Credit** means any letters of credit issued by a DIP Facility  
25 Lender pursuant to the DIP Facility Credit Agreement.

26 **1.51 Disallowed** means a Claim, or any portion thereof, (a) that has been disallowed  
27 by a Final Order, agreement between the holder of such Claim and the applicable Debtor, or  
28 the Plan; (b) that is listed in the Debtors’ Schedules, as such Schedules may be amended,  
modified, or supplemented from time to time in accordance with Bankruptcy Rule 1009, at  
zero (\$0) dollars or as contingent, disputed, or unliquidated and as to which no proof of Claim  
has been filed by the applicable deadline or deemed timely filed with the Bankruptcy Court  
pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or  
applicable law; or (c) that is not listed in the Debtors’ Schedules and as to which no proof of  
Claim has been timely filed by the applicable deadline or deemed timely filed with the  
Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy  
Court or under applicable law.

1           **1.52 Disbursing Agent** means the Utility (or such Entity designated by the Debtors  
2 and without the need for any further order of the Bankruptcy Court) in its capacity as a  
3 disbursing agent pursuant to Section 5.6 hereof.

4           **1.53 Disclosure Statement** means the disclosure statement relating to the Plan,  
5 including, all schedules, supplements, and exhibits thereto, as approved by the Bankruptcy  
6 Court pursuant to section 1125 of the Bankruptcy Code.

7           **1.54 Disclosure Statement Order** means a Final Order finding that the Disclosure  
8 Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code.

9           **1.55 Disputed** means with respect to a Claim against a Debtor or any portion thereof  
10 (a) that is neither Allowed nor Disallowed under the Plan or a Final Order, nor deemed Allowed  
11 under sections 502, 503, or 1111 of the Bankruptcy Code; (b) that has not been Allowed and  
12 is listed as unliquidated, contingent, or disputed in the Schedules; (c) that is a Subrogation  
13 Wildfire Claim not held by a Consenting Creditor that is also a party to the Subrogation  
14 Wildfire Claim Allocation Agreement; or (d) for which a proof of Claim has been filed and  
15 related to which the Debtors or any other party in interest has interposed a timely objection or  
16 request for estimation, and such objection or request for estimation has not been withdrawn or  
17 determined by a Final Order.

18           **1.56 Distribution Record Date** means the Effective Date, unless otherwise  
19 provided in the Plan or designated by the Bankruptcy Court. The Distribution Record Date  
20 shall not apply to Securities of the Debtors deposited with DTC, the holders of which shall  
21 receive a distribution in accordance with Article V of this Plan and, as applicable, the  
22 customary procedures of DTC.

23           **1.57 District Court** means the United States District Court for the Northern District  
24 of California having subject matter jurisdiction over the Chapter 11 Cases.

25           **1.58 DTC** means the Depository Trust Company.

26           **1.59 Effective Date** means a Business Day on or after the Confirmation Date  
27 selected by the Debtors, on which the conditions to the effectiveness of the Plan specified in  
28 Section 9.2 hereof have been satisfied or effectively waived in accordance with the terms  
hereof.

**1.60 Eligible Offeree** has the meaning set forth in the Rights Offering Procedures,  
if applicable.

**1.61 Employee Benefit Plans** means any written contracts, agreements, policies,  
programs, and plans (including any related trust or other funding vehicle) governing any  
obligations relating to compensation, reimbursement, indemnity, health care benefits,  
disability benefits, deferred compensation benefits, travel benefits, vacation and sick leave  
benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation  
programs, life insurance, and accidental death and dismemberment insurance, including

1 written contracts, agreements, policies, programs, and plans for bonuses and other incentives  
2 or compensation for the current and former directors, officers, and employees, as applicable,  
3 of any of the Debtors.

4 **1.62 Entity** has the meaning set forth in section 101(15) of the Bankruptcy Code.

5 **1.63 Environmental Claim** means any Claim against the Debtors arising from  
6 (i) any accusation, allegation, notice of violation, action, claim, environmental Lien, demand,  
7 abatement or other order, restriction or direction (conditional or otherwise) by any  
8 Governmental Unit or any other Person for tangible or intangible property damage, punitive,  
9 exemplary or similar damages, or fines, penalties or similar charges, damage to the  
10 environment, nuisance, pollution, contamination or other adverse effect on the environment or  
11 costs (to the extent recoverable under applicable non-bankruptcy law) of any Governmental  
12 Unit related thereto, in each case resulting from or based upon (a) the existence, or the  
13 continuation of the existence, of a release of (including, but not limited to, sudden or non-  
14 sudden accidental or non-accidental releases), or exposure to, any hazardous or deleterious  
15 material, substance, waste, pollutant or contaminant, odor or audible noise in, into or onto the  
16 environment (including, but not limited to, the air, soil, surface water or groundwater) at, in,  
17 by, from or related to any property (including any vessels or facilities of the Debtors) presently  
18 or formerly owned, operated or leased by the Debtors or any activities or operations thereof,  
19 (b) the transportation, storage, treatment or disposal of any hazardous or deleterious material,  
20 substance, waste, pollutant or contaminant in connection with any property presently or  
21 formerly owned, operated or leased by the Debtors or its operations or facilities, or (c) the  
22 violation or alleged violation, of any environmental law, order or environmental permit or  
23 license of or from any Governmental Unit relating to environmental matters arising from the  
24 Debtors' operations, including relating to any property presently or formerly owned, operated  
25 or leased by the Debtors; and (ii) any claim for indemnification or contribution (whether based  
26 on contract, statute or common law) against the Debtors by any third party, where such  
27 indemnification or contribution claim of such third party is based on a claim against such third  
28 party that if asserted directly against the Debtors would be a claim included with the  
immediately preceding clause (i); *provided, however*, that Environmental Claims shall not  
include (x) any Claim for personal injury (including, but not limited to, sickness, disease or  
death) or (y) any Fire Claim.

**1.64 Environmental Order** means any consent decree, injunction, cleanup and  
abatement order or any other administrative or judicial order or decree binding upon the  
Debtors and in effect as of the Effective Date (whether originating before or after the Petition  
Date) that pertains to any environmental matter described in clauses (a) through (c) of the  
definition of Environmental Claim herein.

**1.65 Exculpated Parties** means collectively, and, in each case, in their capacities as  
such: (a) the Debtors and Reorganized Debtors; (b) the DIP Facility Agents; (c) the DIP  
Facility Lenders; (d) the Exit Financing Agents; (e) the Exit Financing Lenders; (f) the Funded  
Debt Trustees; (g) the HoldCo Revolver Lenders; (h) the HoldCo Term Loan Lenders; (i) the  
Utility Revolver Lenders; (j) the Utility Term Loan Lenders; (k) the Public Entities Releasing

1 Parties; (l) the Statutory Committees; (m) the Backstop Parties; (n) the Consenting Creditors;  
2 (o) the Shareholder Proponents; (p) the Consenting Noteholders; and (q) with respect to each  
3 of the foregoing entities (a) through (p), such entities' predecessors, successors, assigns,  
4 subsidiaries, affiliates, managed accounts and funds, current and former officers and directors,  
5 principals, equity holders, members, partners, managers, employees, subcontractors, agents,  
6 advisory board members, restructuring advisors, financial advisors, attorneys, accountants,  
7 investment bankers, consultants, representatives, management companies, fund advisors (and  
8 employees thereof), and other professionals, and such entities' respective heirs, executors,  
9 estates, servants, and nominees, in each case in their capacity as such.

10 **1.66 Exit Financing** means, collectively, the Exit Revolver Facility, and all other  
11 indebtedness to be incurred by the Reorganized Debtors on or about the Effective Date as part  
12 of the Plan Funding.

13 **1.67 Exit Financing Agents** means, collectively, the Exit Revolver Facility Agent  
14 and any other facility agent or indenture trustee acting in such capacity under the Exit  
15 Financing Documents.

16 **1.68 Exit Financing Documents** means, collectively, the Exit Revolver Facility  
17 Documents and all other agreements, indentures, documents, and instruments delivered or  
18 entered into pursuant to or in connection with the Exit Financing (including any guarantee  
19 agreements and collateral documentation) (in each case, as amended, supplemented, restated,  
20 or otherwise modified from time to time).

21 **1.69 Exit Financing Lenders** means, collectively, the Exit Revolver Facility  
22 Lenders and all other lenders or holders (as applicable) under the Exit Financing Documents.

23 **1.70 Exit Financing Term Sheets** means those certain term sheets that shall be  
24 included in the Plan Supplement that set forth the principal terms of the Exit Financing.

25 **1.71 Exit Revolver Facility** means any revolving loan facility provided to the  
26 Reorganized Utility or Reorganized HoldCo, pursuant to the Exit Revolver Facility  
27 Documents, including the Exit Revolver Facility Credit Agreement, as contemplated by, and  
28 which shall be consistent with, the Exit Financing Term Sheets.

**1.72 Exit Revolver Facility Agent** means the administrative agent or collateral  
agent (if applicable) under the Exit Revolver Facility Credit Agreement, its successors, assigns,  
or any replacement agent appointed pursuant to the terms of the Exit Revolver Facility  
Documents.

**1.73 Exit Revolver Facility Credit Agreement** means the credit agreement  
providing for the Exit Revolver Facility, including all agreements, notes, instruments, and any  
other documents delivered pursuant thereto or in connection therewith (in each case, as  
amended, supplemented, restated, or otherwise modified from time to time), as contemplated  
by, and which shall be consistent with, the Exit Financing Term Sheets.

1           **1.74 Exit Revolver Facility Documents** means, collectively, the Exit Revolver  
2 Facility Credit Agreement and all other agreements, documents, and instruments delivered or  
3 entered into pursuant thereto or in connection therewith (including any guarantee agreements  
4 and collateral documentation) (in each case, as amended, supplemented, restated, or otherwise  
5 modified from time to time), each of which shall be, to the extent applicable, consistent with  
6 the Exit Financing Term Sheets.

7           **1.75 Exit Revolver Facility Lenders** means each person who on the Effective Date  
8 shall become a lender under the Exit Revolver Facility Documents.

9           **1.76 Federal Judgment Rate** means the interest rate of 2.59% as provided under 28  
10 U.S.C. § 1961(a), calculated as of the Petition Date.

11           **1.77 Final Order** means an order or judgment of the Bankruptcy Court entered by  
12 the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases which has not been  
13 reversed, vacated, or stayed and as to which (a) the time to appeal, petition for certiorari, or  
14 move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition  
15 for certiorari, or other proceeding for a new trial, reargument, or rehearing shall then be  
16 pending, or (b) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has  
17 been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the  
18 highest court to which such order was appealed, or certiorari shall have been denied, or a new  
19 trial, reargument, or rehearing shall have been denied or resulted in no modification of such  
20 order, and the time to take any further appeal, petition for certiorari, or move for a new trial,  
21 reargument, or rehearing shall have expired; *provided*, that no order or judgment shall fail to  
22 be a Final Order solely because of the possibility that a motion under Rule 60 of the Federal  
23 Rules of Civil Procedure has been or may be filed with respect to such order or judgment. The  
24 susceptibility of a Claim to a challenge under section 502(j) of the Bankruptcy Code shall not  
25 render a Final Order not a Final Order.

26           **1.78 Fire Claim** means any Claim against the Debtors in any way arising out of the  
27 Fires, including, but not limited to, any Claim resulting from the Fires for (a) general and/or  
28 specific damages, including any Claim for personal injury, wrongful death, emotional distress  
and similar claims, pavement fatigue, damage to culverts, ecosystem service losses, municipal  
budget adjustments/reallocation, lost revenue and tax impacts, local share of reimbursed fire  
clean-up costs, future estimated infrastructure costs, water service losses, lost landfill capacity,  
costs related to unmet housing (e.g., housing market impact due to the Fires and adjustments  
for increased homeless population), and/or hazard mitigation costs (including, watershed  
restoration and hazardous tree removal expenses); (b) damages for repair, depreciation and/or  
replacement of damaged, destroyed, and/or lost personal and/or real property; (c) damages for  
loss of the use, benefit, goodwill, and enjoyment of real and/or personal property; (d) damages  
for loss of wages, earning capacity and/or business profits and/or any related displacement  
expenses; (e) economic losses; (f) damages for wrongful injuries to timber, trees, or underwood  
under California Civil Code § 3346; (g) damages for injuries to trees under California Code of  
Civil Procedure § 733; (h) punitive and exemplary damages under California Civil Code §§  
733 and 3294, California Public Utilities Code § 2106, or otherwise, (i) restitution; (j) fines or

1 penalties; (k) any and all costs of suit, including all attorneys' fees and expenses, expert fees,  
2 and related costs, including all attorneys and other fees under any theory of inverse  
3 condemnation; (l) for prejudgment and/or postpetition interest; (m) other litigation costs  
4 stemming from the Fires; and (n) declaratory and/or injunctive relief. For avoidance of doubt  
5 and without prejudice to the Debtors' right to object to any such Claim, "Fire Claim" shall not  
6 include any (x) Claim for substantial contribution under section 503(b) of the Bankruptcy  
Code, (y) Subordinated Debt Claim, HoldCo Common Interest or HoldCo Rescission or  
Damage Claim, or (z) Ghost Ship Fire Claim. The Fire Claims shall not include claims arising  
from any fire other than the Fires (including, without limitation, the Kincade Fire or any  
postpetition fire) or any Administrative Expense Claims.

7 **1.79 Fire Victim Claim** means any Fire Claim that is not a Public Entities Wildfire  
8 Claim, Subrogation Wildfire Claim, or a Subrogation Butte Fire Claim.

9 **1.80 Fire Victim Claims Resolution Procedures** means the procedures for the  
10 resolution, liquidation, and payment of Fire Victim Claims by the Fire Victim Trust,  
11 substantially in the form included in the Plan Supplement, which shall comply with Section  
4.25(f)(ii) hereof.

12 **1.81 Fire Victim Equity Value** means 14.9 multiplied by the Normalized Estimated  
13 Net Income as of a date to be agreed upon among the parties to the Tort Claimants RSA.

14 **1.82 Fire Victim Trust** means one or more trusts established on the Effective Date,  
15 in accordance with Section 6.7 of the Plan to, among other purposes, administer, process, settle,  
16 resolve, satisfy, and pay Fire Victim Claims, and prosecute or settle the Assigned Rights and  
17 Causes of Action.

18 **1.83 Fire Victim Trust Agreement** means that certain trust agreement or  
19 agreements by and among the Debtors, the Fire Victim Trust, and the Fire Victim Trustee,  
20 substantially in the form included in the Plan Supplement.

21 **1.84 Fire Victim Trustee** means the Person or Persons selected by the Consenting  
22 Fire Claimant Professionals and the Tort Claimants Committee, subject to the approval of the  
23 Bankruptcy Court, and identified in the Plan Supplement, to serve as the trustee(s) of the Fire  
24 Victim Trust, and any successor thereto, appointed pursuant to the Fire Victim Trust  
25 Agreement.

26 **1.85 Fire Victim Trust Oversight Committee** means the oversight committee  
27 appointed by the Consenting Fire Claimant Professionals and the Tort Claimants Committee  
28 to oversee the Fire Victim Trust in accordance with the Plan and the Fire Victim Trust  
Agreement.

**1.86 Fires** means the fires that occurred in Northern California, listed on **Exhibit A**  
annexed hereto.

1           **1.87 Funded Debt Claims** means, collectively, the HoldCo Funded Debt Claims  
2 and the Utility Funded Debt Claims.

3           **1.88 Funded Debt Documents** means, collectively, the HoldCo Revolver  
4 Documents, the HoldCo Term Loan Documents, the PC Bond Loan Documents, the PC Bond  
5 LOC Documents, the PC Bond (2008 F and 2010 E) Documents, the Utility Revolver  
6 Documents, the Utility Term Loan Documents, and the Utility Senior Notes Documents.

7           **1.89 Funded Debt Trustees** means, collectively, the HoldCo Revolver Agent, the  
8 HoldCo Term Loan Agent, the Utility Revolver Agent, the Utility Term Loan Agent, the Utility  
9 Senior Notes Trustee, the PC Bond Trustee, and each Utility Issuing Lender.

10           **1.90 General Unsecured Claim** means any Claim against a Debtor, other than a  
11 DIP Facility Claim, Administrative Expense Claim, Professional Fee Claim, Priority Tax  
12 Claim, Other Secured Claim, Priority Non-Tax Claim, Funded Debt Claim, Workers'  
13 Compensation Claim, 2001 Utility Exchange Claim, Fire Claim, Ghost Ship Fire Claim,  
14 Intercompany Claim, Utility Senior Note Claim, Utility PC Bond (2008 F and 2010 E) Claim,  
15 Environmental Claim or Subordinated Debt Claim, that is not entitled to priority under the  
16 Bankruptcy Code or any Final Order. General Unsecured Claims shall include any (a)  
17 Prepetition Executed Settlement Claim, including but not limited to settlements relating to  
18 Subrogation Butte Fire Claims; and (b) Claim for damages resulting from or otherwise based  
19 on the Debtors' rejection of an executory contract or unexpired lease.

20           **1.91 Ghost Ship Fire** means the fire known as the "Ghost Ship Fire" which occurred  
21 in Oakland, California on December 2, 2016.

22           **1.92 Ghost Ship Fire Claim** means any Claim related to or arising from the Ghost  
23 Ship Fire.

24           **1.93 Go-Forward Wildfire Fund** means a long-term, state-wide fund established,  
25 pursuant to section 3292(a) of the California Public Utilities Code and the Wildfire Legislation  
26 (A.B. 1054), to pay for certain future wildfire obligations, the terms of which are set forth in  
27 the Wildfire Legislation (A.B. 1054).

28           **1.94 Governmental Unit** has the meaning set forth in section 101(27) of the  
Bankruptcy Code.

**1.95 HoldCo** means Debtor PG&E Corporation, a California corporation.

**1.96 HoldCo Common Interest** means any HoldCo Interest which results or arises  
from the existing common stock of HoldCo.

**1.97 HoldCo Fire Victim Claim** means any Fire Victim Claim against HoldCo.

**1.98 HoldCo Environmental Claim** means any Environmental Claim against  
HoldCo.

1           **1.99 HoldCo Funded Debt Claims** means, collectively, the HoldCo Revolver  
2 Claims and the HoldCo Term Loan Claims.

3           **1.100 HoldCo General Unsecured Claim** means any General Unsecured Claim  
4 against HoldCo.

5           **1.101 HoldCo Ghost Ship Fire Claim** means any Ghost Ship Fire Claim against  
6 HoldCo.

7           **1.102 HoldCo Intercompany Claim** means any Intercompany Claim against  
8 HoldCo.

9           **1.103 HoldCo Interest** means any Interest in HoldCo immediately prior to the  
10 Effective Date.

11           **1.104 HoldCo Other Interest** means any HoldCo Interest that is not a HoldCo  
12 Common Interest.

13           **1.105 HoldCo Other Secured Claim** means any Other Secured Claim against  
14 HoldCo.

15           **1.106 HoldCo Priority Non-Tax Claim** means any Priority Non-Tax Claim against  
16 HoldCo.

17           **1.107 HoldCo Public Entities Wildfire Claim** means any Public Entities Wildfire  
18 Claim against HoldCo.

19           **1.108 HoldCo Rescission or Damage Claim** means any Claim against HoldCo  
20 subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or  
21 related to the common stock of HoldCo.

22           **1.109 HoldCo Rescission or Damage Claim Share** means a percentage equal to (a)  
23 the dollar amount of a holder's Allowed HoldCo Rescission or Damage Claim *less* any cash  
24 payments received from an Insurance Policy, *divided by* (b) \$35,905,153,932.

25           **1.110 HoldCo Revolver Agent** means such entity or entities acting as administrative  
26 agent under the HoldCo Revolver Documents, and any of their respective successors, assigns,  
27 or replacement agents appointed pursuant to the terms of the HoldCo Revolver Documents.

28           **1.111 HoldCo Revolver Claim** means any Claim arising under, or related to, the  
HoldCo Revolver Documents.

**1.112 HoldCo Revolver Credit Agreement** means that certain Second Amended and  
Restated Credit Agreement, dated as of April 27, 2015, by and among HoldCo, the HoldCo  
Revolver Agent, and the HoldCo Revolver Lenders, as amended, supplemented, restated, or  
otherwise modified from time to time.

1           **1.113 HoldCo Revolver Documents** means, collectively, the HoldCo Revolver  
2 Credit Agreement and all other “Loan Documents” (as defined therein), and all other  
3 agreements, documents, and instruments delivered or entered into pursuant thereto or entered  
4 into in connection therewith (in each case, as amended, supplemented, restated, or otherwise  
5 modified from time to time).

6           **1.114 HoldCo Revolver Lenders** means the lenders under the HoldCo Revolver  
7 Credit Agreement and each other party that becomes a lender thereunder from time to time in  
8 accordance with the terms of the HoldCo Revolver Credit Agreement.

9           **1.115 HoldCo Subordinated Debt Claim** means any Claim against HoldCo that is  
10 subject to subordination under section 510(b) of the Bankruptcy Code, including any Claim  
11 for reimbursement, indemnification or contribution, but excluding any HoldCo Rescission or  
12 Damage Claims.

13           **1.116 HoldCo Subrogation Wildfire Claim** means any Subrogation Wildfire Claim  
14 against HoldCo.

15           **1.117 HoldCo Term Loan Agent** means Mizuho Bank, Ltd. solely in its capacity as  
16 administrative agent under the HoldCo Term Loan Documents, its successors, assigns, or any  
17 replacement agent appointed pursuant to the terms of the HoldCo Term Loan Documents.

18           **1.118 HoldCo Term Loan Claim** means any Claim arising under, or related to, the  
19 HoldCo Term Loan Documents.

20           **1.119 HoldCo Term Loan Credit Agreement** means that certain Term Loan  
21 Agreement, dated as of April 16, 2018, by and among HoldCo, as borrower, the HoldCo Term  
22 Loan Agent, and the HoldCo Term Loan Lenders, as amended, supplemented, restated, or  
23 otherwise modified from time to time.

24           **1.120 HoldCo Term Loan Documents** means, collectively, the HoldCo Term Loan  
25 Credit Agreement and all other “Loan Documents” (as defined therein), including all other  
26 agreements, documents, and instruments delivered or entered into pursuant thereto or entered  
27 into in connection therewith (in each case, as amended, supplemented, restated, or otherwise  
28 modified from time to time).

**1.121 HoldCo Term Loan Lenders** means the lenders under the HoldCo Term Loan  
Credit Agreement and each other party that becomes a lender thereunder from time to time in  
accordance with the terms of the HoldCo Term Loan Credit Agreement.

**1.122 HoldCo Workers’ Compensation Claim** means any Workers’ Compensation  
Claim against HoldCo.

**1.123 IBEW Agreement** means the agreements between the Debtors and IBEW  
Local 1245 contained in **Exhibit B** annexed hereto.

1           **1.124 IBEW Collective Bargaining Agreements** means, collectively, the two (2)  
2 Collective Bargaining Agreements currently in place between the Utility and IBEW Local  
3 1245: (i) the IBEW Physical Agreement, and (ii) the IBEW Clerical Agreement, as such  
4 agreements will, subject to the occurrence of the Effective Date, be further amended,  
5 supplemented or modified in a manner consistent with the IBEW Agreement.

6           **1.125 IBEW Local 1245** means Local Union No. 1245 of the International  
7 Brotherhood of Electrical Workers.

8           **1.126 Impaired** means, with respect to a Claim, Interest, or Class of Claims or  
9 Interests, “impaired” within the meaning of sections 1123(a)(4) and 1124 of the Bankruptcy  
10 Code.

11           **1.127 Indemnification Obligation** means each of the Debtors’ indemnification  
12 obligations existing or outstanding prior to the Effective Date, whether arising by statute,  
13 agreement, in the bylaws, certificates of incorporation or formation, limited liability company  
14 agreements, other organizational or formation documents, board resolutions, management or  
15 indemnification agreements, or employment or other contracts, for their current and former  
16 directors, officers, managers, employees, attorneys, accountants, restructuring advisors,  
17 financial advisors, investment bankers, and other professionals and agents of the Debtors, as  
18 applicable.

19           **1.128 Insurance Policies** means any insurance policy issued to any of the Debtors or  
20 under which the Debtors have sought or may seek coverage, including the D&O Liability  
21 Insurance Policies.

22           **1.129 Intercompany Claim** means any Claim against a Debtor held by either another  
23 Debtor or by a non-Debtor affiliate which is controlled by a Debtor (excluding any Claims of  
24 an individual).

25           **1.130 Interest** means (a) any equity security (as defined in section 101(16) of the  
26 Bankruptcy Code) of a Debtor, including all units, shares, common stock, preferred stock,  
27 partnership interests, or other instrument evidencing any fixed or contingent ownership interest  
28 in any Debtor, including any option, warrant, or other right, contractual or otherwise, to acquire  
any such interest in a Debtor, whether or not transferable and whether fully vested or vesting  
in the future, that existed immediately before the Effective Date and (b) any Claim against any  
Debtor subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising  
from or related to any of the foregoing.

**1.131 Interim Compensation Order** means the *Order Pursuant to 11 U.S.C. §§ 331*  
*and 105(a) and Fed. R. Bankr. P. 2016 for Authority to Establish Procedures for Interim*  
*Compensation and Reimbursement of Expenses of Professionals* [Docket No. 701].

**1.132 Kincade Fire** means the wildfire which started on October 23, 2019 in the area  
northeast of Geyserville, in Sonoma County, California.

1           **1.133 Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code.

2           **1.134 Management Incentive Plan** means the post-emergence management  
3 incentive plan for certain of the Reorganized Debtors' employees on the terms set forth in the  
4 Management Incentive Plan Term Sheet that may be established and implemented at the  
discretion of the New Board on or after the Effective Date.

5           **1.135 Management Incentive Plan Term Sheet** means that certain term sheet that  
6 sets forth the principal terms of the Management Incentive Plan.

7           **1.136 New Board** means, on and as of the Effective Date, the board of directors of  
8 Reorganized HoldCo, and the board of directors of the Reorganized Utility, as applicable.

9           **1.137 New HoldCo Common Stock** means the common stock of Reorganized  
10 HoldCo issued in connection with the implementation of the Plan.

11           **1.138 New Organizational Documents** means, if applicable, the forms of articles of  
12 incorporation or other forms of organizational documents and bylaws, as applicable, of the  
13 Reorganized Debtors, substantially in the form included in the Plan Supplement and which  
14 shall be in form and substance acceptable to the Debtors.

15           **1.139 New Utility Funded Debt Exchange Notes** means, collectively, (i) \$1,949  
16 million in new senior secured notes to be issued by the Reorganized Utility on the Effective  
17 Date that shall bear interest at the rate of 3.15%, mature on the 66 month anniversary of the  
Effective Date, and otherwise have the same terms and conditions of the Reference Short-Term  
Senior Note Documents; and (ii) \$1,949 million in new senior secured notes to be issued by  
the Reorganized Utility on the Effective Date that shall bear interest at the rate of 4.50%,  
mature on the anniversary of the Effective Date in 2040, and otherwise have the same terms  
and conditions of the Reference Long-Term Senior Note Documents.

18           **1.140 New Utility Long-Term Notes** means, collectively, (i) \$3.1 billion in new  
19 senior secured notes to be issued by the Reorganized Utility on the Effective Date that shall  
20 bear interest at the rate of 4.55%, mature on the anniversary of the Effective Date in 2030, and  
21 otherwise have the same terms and conditions of the Reference Long-Term Senior Note  
22 Documents; and (ii) \$3.1 billion in new senior secured notes to be issued by the Reorganized  
Utility on the Effective Date that shall bear interest at the rate of 4.95%, mature on the  
anniversary of the Effective Date in 2050, and otherwise have the same terms and conditions  
of the Reference Long-Term Senior Note Documents.

23           **1.141 New Utility Short-Term Notes** means, collectively, (i) \$875 million in new  
24 senior secured notes to be issued by the Reorganized Utility on the Effective Date that shall  
25 bear interest at the rate of 3.45%, mature on the anniversary of the Effective Date in 2025, and  
26 otherwise have the same terms and conditions as the Reference Short-Term Senior Note  
27 Documents; and (ii) \$875 million in new senior secured notes to be issued by the Reorganized  
28 Utility on the Effective Date that shall bear interest at the rate of 3.75%, mature on the

1 anniversary of the Effective Date in 2028 and otherwise have substantially similar terms and  
2 conditions as the Reference Short-Term Senior Notes Documents.

3 **1.142 Non-cash Recovery** has the meaning set forth in the Subrogation Claims RSA.

4 **1.143 Normalized Estimated Net Income** shall mean, in each case with respect to  
5 the estimated year 2021, (a) on a component-by-component basis (*e.g.*, distribution,  
6 generation, gas transmission and storage, and electrical transmission), the sum of (i) the  
7 Utility's estimated earning rate base for such component, *times* (ii) the equity percentage of  
8 the Utility's authorized capital structure, *times* (iii) the Utility's authorized rate of return on  
9 equity for such component, *less* (b) the projected post-tax difference in interest expense or  
preferred dividends for the entire company and the authorized interest expense or preferred  
dividends expected to be collected in rates based on the capital structure in the approved Plan,  
if any, *less* (c) the amount of the Utility's post-tax annual contribution to the Go-Forward  
Wildfire Fund.

10 **1.144 North Bay Public Entities** means, collectively, (a) the City of Clearlake, a  
11 California municipal corporation duly organized and existing by virtue of the laws of the State  
12 of California; (b) the City of Napa, a California municipal corporation duly organized and  
13 existing by virtue of the laws of the State of California; (c) the City of Santa Rosa, a California  
14 municipal corporation duly organized and existing by virtue of the laws of the State of  
15 California; (d) the County of Lake, a general law county and political subdivision of the State  
16 of California duly organized and existing by virtue of the laws of the State of California; (e)  
17 Lake County Sanitation District, a sanitary district organized under the laws of the State of  
18 California; (f) the County of Mendocino, a general law county and political subdivision of the  
19 State of California, duly organized and existing by virtue of the laws of the State of California;  
20 (g) Napa County, a general law county and political subdivision of the State of California, duly  
21 organized and existing by virtue of the laws of the State of California; (h) the County of  
22 Nevada, a general law county and political subdivision of the State of California, duly  
23 organized and existing by virtue of the laws of the State of California; (i) the County of  
24 Sonoma, a general law county and political subdivision of the State of California, duly  
25 organized and existing by virtue of the laws of the State of California; (j) the Sonoma County  
26 Agricultural Preservation and Open Space District, a public agency formed pursuant to the  
27 Public Resources code sections 5500, et seq.; (k) Sonoma County Community Development  
28 Commission, a public and corporate entity pursuant to section 34110 of the California Health  
& Safety Code; (l) Sonoma County Water Agency, a public agency of the State of California;  
(m) Sonoma Valley County Sanitation District, a sanitary district organized under the laws of  
the State of California; and (n) the County of Yuba, a general law county and political  
subdivision of the State of California, duly organized and existing by virtue of the laws of the  
State of California.

**1.145 Noteholder RSA** means that certain Restructuring Support Agreement, dated  
as of January 22, 2020, and as approved by the Order of the Bankruptcy Court dated  
February 5, 2020 [Docket No. 5637], by and among the Debtors, the Shareholder Proponents,

1 and the Consenting Noteholders, as amended, supplemented, restated, or otherwise modified  
2 from time to time, in accordance with its terms.

3 **1.146 Ordinary Course Professionals Order** means the *Order Pursuant to 11*  
4 *U.S.C. §§ 105(a), 327, 328, and 330 Authorizing the Debtors to Employ Professionals Used in*  
5 *the Ordinary Course of Business Nunc Pro Tunc to the Petition Date*, dated February 28, 2019  
6 [Docket No. 707].

7 **1.147 Other Secured Claim** means a Secured Claim that is not a DIP Facility Claim  
8 or Priority Tax Claim.

9 **1.148 PC Bond Documents** means, collectively, the PC Bond Loan Documents and  
10 the PC Bond LOC Documents.

11 **1.149 PC Bond (2008 F and 2010 E) Documents** means each of the following loan  
12 agreements, as amended, supplemented, restated, or otherwise modified from time to time,  
13 (a) Amended and Restated Loan Agreement between California Infrastructure and Economic  
14 Development Bank and the Utility, dated September 1, 2010 (Series 2008F); and (b) Loan  
15 Agreement between the California Infrastructure and Economic Development Bank and the  
16 Utility, dated April 1, 2010 (Series 2010 E).

17 **1.150 PC Bond Loan Documents** means each of the following loan agreements, as  
18 amended, supplemented, restated, or otherwise modified from time to time, (a) Loan  
19 Agreement between the California Infrastructure and Economic Development Bank and the  
20 Utility, dated August 1, 2009 (Series 2009 A); (b) Loan Agreement between the California  
21 Infrastructure and Economic Development Bank and the Utility, dated August 1, 2009 (Series  
22 2009 B); (c) Loan Agreement between the California Pollution Control Financing Authority  
23 and the Utility, dated September 1, 1997 (1997 Series B-C); (d) First Supplemental Loan  
24 Agreement between the California Pollution Control Financing Authority and the Utility, dated  
25 December 1, 2003 (1997 Series B); (e) Loan Agreement between the California Pollution  
26 Control Financing Authority and the Utility, dated May 1, 1996 (1996 Series A-G); (f) First  
27 Supplemental Loan Agreement between the California Pollution Control Financing Authority  
28 and the Utility, dated July 1, 1998 (1996 Series A-G); and (g) Third Supplemental Loan  
Agreement between the California Pollution Control Financing Authority and the Utility, dated  
December 1, 2003 (1996 Series C, E, F).

**1.151 PC Bond LOC Documents** means each of the following reimbursement  
agreements, as assigned, amended, supplemented, restated, or otherwise modified from time  
to time: (a) Reimbursement Agreement (Series 2009A) between the Utility and Union Bank,  
N.A., dated June 5, 2014; (b) Reimbursement Agreement (Series 2009B) between the Utility  
and Union Bank, N.A., dated June 5, 2014; (c) Reimbursement Agreement between the Utility  
and Canadian Imperial Bank of Commerce, New York Branch relating to California Pollution  
Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and  
Electric Company) 1997 Series B, dated December 1, 2015; (d) Reimbursement Agreement  
between the Utility and Mizuho Bank Ltd. relating to California Pollution Control Financing  
Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company)

1 1996 Series C, dated December 1, 2015; (e) Reimbursement Agreement between the Utility  
2 and Sumitomo Mitsui Banking Corporation relating to California Pollution Control Financing  
3 Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company)  
4 1996 Series E, dated December 1, 2015; and (f) Reimbursement Agreement between the Utility  
5 and TD Bank N.A. relating to California Pollution Control Financing Authority Pollution  
6 Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series F, dated  
7 December 1, 2015.

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9 **1.152 PC Bond Trustee** means, as applicable, Deutsche Bank National Trust  
10 Company or Deutsche Bank Trust Company Americas, solely in their capacity as indenture  
11 trustee or successor indenture trustee under Indentures for pollution control bonds issued in  
12 connection with the PC Bond Loan Documents or the PC Bond (2008 F and 2010 E)  
13 Documents.

14 **1.153 Person** has the meaning set forth in section 101(41) of the Bankruptcy Code.

15 **1.154 Petition Date** means January 29, 2019, the date on which the Debtors  
16 commenced the Chapter 11 Cases.

17 **1.155 Plan** means this chapter 11 plan, as the same may be amended, supplemented,  
18 or modified from time to time in accordance with the provisions of the Bankruptcy Code and  
19 the terms hereof.

20 **1.156 Plan Document** means any of the documents, other than this Plan, to be  
21 executed, delivered, assumed, or performed in connection with the occurrence of the Effective  
22 Date, including the documents to be included in the Plan Supplement, all of which shall be in  
23 form and substance as provided herein and acceptable to the Plan Proponents.

24 **1.157 Plan Funding** means, collectively, (a) the proceeds from the incurrence of the  
25 Exit Financing, (b) the proceeds of any Rights Offering, if implemented, (c) any other sources  
26 of funding used for distributions under the Plan, including from any underwritten primary or  
27 secondary equity offering, a direct equity investment, and/or other equity-linked securities, and  
28 (d) Cash on hand. For the avoidance of doubt, Plan Funding does not include any Claim that  
has been Reinstated pursuant to the Plan.

**1.158 Plan Supplement** means the forms of certain documents effectuating the  
transactions contemplated herein, which documents shall be filed with the Clerk of the  
Bankruptcy Court no later than fourteen (14) days prior to the deadline set to file objections to  
the confirmation of the Plan, including, but not limited to: (a) the Schedule of Rejected  
Contracts; (b) the Wildfire Trust Agreements; (c) the New Organizational Documents (to the  
extent such New Organizational Documents reflect material changes from the Debtors'  
existing articles of incorporation and bylaws); (d) to the extent known, information required to  
be disclosed in accordance with section 1129(a)(5) of the Bankruptcy Code; (e) the Exit  
Financing Term Sheets; (f) the Fire Victim Claims Resolution Procedures; and (g) the Schedule  
of Assigned Rights and Causes of Action. Such documents shall be consistent with the terms  
hereof, *provided*, that, through the Effective Date, the Plan Proponents shall have the right to

1 amend, modify, or supplement documents contained in, and exhibits to, the Plan Supplement  
2 in accordance with the terms of the Plan.

3 **1.159 Prepetition Executed Settlement Claim** means any liquidated Claim against  
4 a Debtor, other than a 2001 Utility Exchange Claim, arising from a binding award, agreement,  
5 or settlement fully effective prior to the Petition Date, which for the purposes of the Plan shall  
6 be Allowed in the amount set forth in the applicable award, agreement or settlement.

7 **1.160 Priority Non-Tax Claim** means any Claim against a Debtor, other than an  
8 Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as  
9 specified in section 507(a)(3), (4), (5), (6), (7), or (9) of the Bankruptcy Code.

10 **1.161 Priority Tax Claim** means any Claim of a Governmental Unit against a Debtor  
11 of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the  
12 Bankruptcy Code.

13 **1.162 Professional** means an Entity, excluding those Entities entitled to  
14 compensation pursuant to the Ordinary Course Professionals Order that is retained in the  
15 Chapter 11 Cases pursuant to an order of the Bankruptcy Court in accordance with sections  
16 327, 363, or 1103 of the Bankruptcy Code and that is entitled to be compensated for services  
17 rendered and expenses incurred pursuant to sections 327, 328, 329, 330, 331, and 363 of the  
18 Bankruptcy Code.

19 **1.163 Professional Fee Claim** means any Administrative Expense Claim for the  
20 compensation of a Professional and the reimbursement of expenses incurred by such  
21 Professional through and including the Effective Date to the extent such fees and expenses  
22 have not been paid pursuant to any Final Order (including, but not limited to, any fees of a  
23 Professional held back in accordance with the Interim Compensation Order or otherwise). To  
24 the extent the Bankruptcy Court denies or reduces by a Final Order any amount of a  
25 Professional's requested fees and expenses (whether or not paid pursuant to an order granting  
26 interim allowance), then the amount by which such fees or expenses are reduced or denied  
27 shall reduce the applicable Professional Fee Claim.

28 **1.164 Professional Fee Escrow Account** means an interest-bearing account in an  
amount equal to the Professional Fee Reserve Amount and funded by the Debtors in Cash on  
the Effective Date, pursuant to Section 2.2(b) of the Plan.

**1.165 Professional Fee Reserve Amount** means the total amount of Professional Fee  
Claims estimated in accordance with Section 2.2(c) of the Plan.

**1.166 Public Entities** means, collectively, (a) the North Bay Public Entities; (b) the  
Town of Paradise; (c) the County of Butte; (d) the Paradise Park and Recreation District; (e)  
the County of Yuba; and (f) the Calaveras County Water District.

**1.167 Public Entities Operative Complaints** means all complaints filed by the  
Public Entities in relation to the Fires, including the complaints filed in *Calaveras County*

1 *Water District v. PG&E*, No. 34-2018-00238630 (Cal. Super. Ct. Sacramento Cty), the Public  
2 Entity Master Complaint filed in Judicial Council Coordination Proceeding No. 4853, *Butte*  
3 *Fire Cases*, No. JCCP 4853 (Cal. Super. Ct. Sacramento Cty.), *City of Clearlake v. PG&E*  
4 *Corp. et al.*, No. CV419398 (Cal. Super. Ct. Lake Cty.), *City of Napa v. PG&E Corp. et al.*,  
5 No. 19CV000148 (Cal. Super. Ct. Napa Cty.), *City of Santa Rosa v. Pacific Gas and Electric*  
6 *Company, et al.*, No. SCV-262772 (Cal. Super. Ct. Sonoma Cty.), *County of Lake v. PG&E*  
7 *Corp. et al.*, No. CV-419417 (Cal. Super. Ct. Lake Cty.), *Mendocino County v. PG&E*  
8 *Corporation et al.*, No. SCUK-CVPO-18-70440 (Cal. Super. Ct. Mendocino Cty.), *Napa*  
9 *County v. PG&E Corporation et al.*, No. 18CV000238 (Cal. Super. Ct. Napa Cty.), *County of*  
10 *Nevada v. PG&E Corp. et al.*, No. CU19-083418 (Cal. Super. Ct. Nevada Cty.), *County of*  
11 *Sonoma v. PG&E Corporation et al.*, No. SCV-262045 (Cal. Super. Ct. Sonoma Cty.), *County*  
12 *of Yuba v. PG&E Corp. et al.*, No. CVCV19-00045 (Cal. Super. Ct. Yuba Cty.), the Public  
13 Entity Master Complaint filed in Judicial Council Coordination Proceeding No. 4955  
14 (*California North Bay Fire Cases*, No. JCCP 4955 (Cal. Super. Ct. San Francisco Cty.), *Butte*  
15 *County v. PG&E Corp et al.*, No. 19CV00151 (Cal. Super. Ct. Butte Cty.) and *Town of*  
16 *Paradise v. PG&E Corporation et al.*, No. 19CV00259 (Cal. Super. Ct. Butte Cty.).

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1.168 **Public Entities Plan Support Agreements** means the Plan Support Agreements as to Plan Treatment of Public Entities' Wildfire Claims, each dated June 18, 2019, by and between the Debtors and the Public Entities.

1.169 **Public Entities Releasing Parties** means the Public Entities and any subsidiary, affiliate, department, agency, political subdivision, or instrumentality thereof.

1.170 **Public Entities Segregated Defense Fund** means a segregated fund established for the benefit of the Public Entities in the amount of \$10 million, which funds shall be used by the Reorganized Debtors solely to reimburse the Public Entities for any and all legal fees and costs associated with the defense or resolution of any Public Entities Third Party Claims against a Public Entity, in accordance with the Public Entities Plan Support Agreements.

1.171 **Public Entities Settlement** means the settlement of the Public Entities Wildfire Claims pursuant to the terms of the Public Entities Plan Support Agreements and this Plan.

1.172 **Public Entities Settlement Distribution Protocol** means the \$1.0 billion in Cash, to be deposited in a trust account and distributed in accordance with the Plan and the Public Entities Plan Support Agreements, to satisfy the Public Entities Wildfire Claims.

1.173 **Public Entities Third Party Claims** means any past, present, or future Claim held by entities or individuals other than the Debtors or the Public Entities against the Public Entities that in any way arises out of or relates to the Fires, including but not limited to any Claim held by individual plaintiffs or subrogated insurance carriers against the Public Entities for personal injuries, property damage, reimbursement of insurance payments, and/or wrongful death that in any way arises out of or relates to the Fires.

1           **1.174 Public Entities Wildfire Claim** means any Fire Claim against the Debtors,  
2 including any Claim pleaded or asserted or that could have been pleaded or asserted based on  
3 the factual allegations set forth in the Public Entities Operative Complaints or that were filed  
4 or could be filed by the Public Entities in connection with the Chapter 11 Cases whether arising  
5 under California law or any other applicable law of the United States (state or federal) or any  
6 other jurisdiction, in each case whether such claims are absolute or contingent, direct or  
7 indirect, known or unknown, foreseen or unforeseen, in contract, tort or in equity, under any  
8 theory of law.

9           **1.175 PX** means the California Power Exchange Corporation.

10           **1.176 Reference Long-Term Senior Note Documents** means the Indenture  
11 governing the 3.95% Senior Notes due December 1, 2047 referred to in clause (jj) in the  
12 definition of Utility Senior Notes, including all agreements, notes, instruments, and any other  
13 documents delivered pursuant thereto or in connection therewith (in each case, as amended,  
14 supplemented, restated, or otherwise modified from time to time solely with respect to the  
15 3.95% Senior Notes due December 1, 2047).

16           **1.177 Reference Short-Term Senior Note Documents** means the Indenture  
17 governing the 6.05% Senior Notes due March 1, 2034 referred to in clause (q) in the definition  
18 of Utility Senior Notes, including all agreements, notes, instruments, and any other documents  
19 delivered pursuant thereto or in connection therewith (in each case, as amended, supplemented,  
20 restated, or otherwise modified from time to time solely with respect to the 6.05% Senior Notes  
21 due March 1, 2034).

22           **1.178 Reinstatement** means (a) leaving unaltered the legal, equitable, and contractual  
23 rights to which a Claim or Interest entitles the holder of such Claim or Interest in accordance  
24 with section 1124 of the Bankruptcy Code, or (b) if applicable under section 1124 of the  
25 Bankruptcy Code, with respect to any class of Claims or Interests, (i) curing all prepetition and  
26 postpetition defaults other than defaults specified in section 365(b)(2) of the Bankruptcy Code;  
27 (ii) reinstating the maturity date of the Claim or Interest as such maturity existed before the  
28 default; (iii) compensating the holder of such Claim or Interest for damages incurred as a result  
of its reasonable reliance on a contractual provision or such applicable law allowing the  
Claim's acceleration; (iv) compensating the holder of such Claim or Interest (other than the  
Debtors or insiders of the Debtors) for actual pecuniary losses incurred by such holder arising  
from the failure to perform a nonmonetary obligation; and (v) not otherwise altering the legal,  
equitable or contractual rights to which the Claim or Interest entitles the holder thereof. For  
the avoidance of doubt, such Claims or Interests are **Reinstated** when the requirements for  
Reinstatement have been met by the Debtors in accordance with section 1124 of the  
Bankruptcy Code.

**1.179 Released Parties** means, collectively, and in each case in their capacities as  
such: (a) the Debtors and Reorganized Debtors; (b) the Tort Claimants Committee; (c) the DIP  
Facility Agents; (d) the DIP Facility Lenders; (e) the Exit Financing Agents; (f) the Exit  
Financing Lenders; (g) the Backstop Parties; (h) the Public Entities Releasing Parties; (i) the  
Consenting Creditors (solely in their capacity as holders of Subrogation Wildfire Claims); (j)

1 the Shareholder Proponents; (k) the Consenting Noteholders; (l) the Funded Debt Trustees;  
2 and (m) with respect to each of the foregoing entities (a) through (l), such entities'  
3 predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, current  
4 and former officers and directors, principals, equity holders, members, partners, managers,  
5 employees, subcontractors, agents, advisory board members, restructuring advisors, financial  
6 advisors, attorneys, accountants, investment bankers, consultants, representatives,  
7 management companies, fund advisors (and employees thereof), and other professionals, and  
8 such entities' respective heirs, executors, estates, servants, and nominees, in each case in their  
9 capacity as such.

10 **1.180 Releasing Parties** means, collectively, and, in each case, in their capacities as  
11 such: (a) the Debtors; (b) the Reorganized Debtors, (c) any holder of a Claim or Interest that  
12 is solicited and voluntarily indicates on a duly completed Ballot submitted on or before the  
13 Voting Deadline that such holder opts into granting the releases set forth in Section 10.9(b) of  
14 the Plan to the extent permitted by applicable law, *provided that* for the avoidance of doubt  
15 any such a holder who does not indicate on their Ballot that they opt into granting such releases  
16 shall not be a Releasing Party, *provided further* that such holder's decision to opt-in or not to  
17 the releases shall not in any way affect the classification or treatment of such Claim or Interest;  
18 (d) the DIP Facility Agents; (e) the DIP Facility Lenders; (f) the Exit Financing Agents; (g) the  
19 Exit Financing Lenders; (h) the Funded Debt Trustees; (i) the HoldCo Revolver Lenders; (j)  
20 the HoldCo Term Loan Lenders; (k) the Utility Revolver Lenders; (l) the Utility Term Loan  
21 Lenders; (m) the holders of Utility Senior Note Claims; (n) the Public Entities Releasing  
22 Parties; (o) the Statutory Committees; (p) the Backstop Parties; (q) the Consenting Creditors;  
23 (r) the Consenting Noteholders; and (s) with respect to each of the foregoing entities (a)  
24 through (r), such entities' predecessors, successors, assigns, subsidiaries, affiliates, managed  
25 accounts and funds, current and former officers and directors, principals, equity holders,  
26 members, partners, managers, employees, subcontractors, agents, advisory board members,  
27 restructuring advisors, financial advisors, attorneys, accountants, investment bankers,  
28 consultants, representatives, management companies, fund advisors (and employees thereof),  
and other professionals, and such entities' respective heirs, executors, estates, servants, and  
nominees, in each case in their capacity as such.

**1.181 Reorganized Debtors** means each of the Debtors, or any successor thereto, as  
reorganized, pursuant to and under the Plan, on and after the Effective Date.

**1.182 Reorganized HoldCo** means HoldCo as reorganized, pursuant to and under the  
Plan, on and after the Effective Date.

**1.183 Reorganized Utility** means the Utility as reorganized, pursuant to and under  
the Plan, on and after the Effective Date.

**1.184 Restructuring** means the restructuring of the Debtors, the principal terms of  
which are set forth in the Plan, the Plan Documents and the Plan Supplement.

**1.185 Restructuring Transactions** has the meaning set forth in Section 6.2(a) of the  
Plan.

1           **1.186 Rights Offering** means, if implemented, an offering pursuant to which each  
2 Eligible Offeree is entitled to receive subscription rights to acquire shares of New HoldCo  
3 Common Stock in accordance with the Plan, the Rights Offering Procedures, and the Backstop  
4 Commitment Letters.

5           **1.187 Requisite Consenting Creditors** has the meaning set forth in Subrogation  
6 Claims RSA.

7           **1.188 Rights Offering Procedures** means, if applicable, the procedures governing  
8 and for the implementation of the Rights Offering, as approved by the Bankruptcy Court.

9           **1.189 Schedule of Assigned Rights and Causes of Action** means the schedule to be  
10 included in the Plan Supplement that is consistent in all respects with the definition of Assigned  
11 Rights and Causes of Action.

12           **1.190 Schedule of Rejected Contracts** means the schedule of executory contracts  
13 and unexpired leases to be rejected by the Debtors pursuant to the Plan, to be filed as part of  
14 the Plan Supplement.

15           **1.191 Schedules** means the schedules of assets and liabilities and the statements of  
16 financial affairs filed by the Debtors under section 521 of the Bankruptcy Code, Bankruptcy  
17 Rule 1007, and the Official Bankruptcy Forms of the Bankruptcy Rules as such schedules and  
18 statements have been or may be amended, supplemented, or modified from time to time.

19           **1.192 Secured Claim** means any Claim against a Debtor secured by a Lien on  
20 property in which a Debtor's estate has an interest or that is subject to setoff under section 553  
21 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in such estate's  
22 interest in such property or to the extent of the amount subject to setoff, as applicable, as  
23 determined pursuant to sections 506(a) and, if applicable, 1129(b) of the Bankruptcy Code.

24           **1.193 Securities Act** means the Securities Act of 1933, as amended from time to time.

25           **1.194 Security** has the meaning set forth in section 101(49) of the Bankruptcy Code.

26           **1.195 Side B Insurance Coverage** means all director and officer insurance policy  
27 proceeds paid by any insurance carrier to reimburse the Debtors for amounts paid pursuant to  
28 their indemnification obligations to their former directors and officers in connection with any  
Assigned Rights or Causes of Action under Section 1.8 hereof.

**1.196 Statutory Committees** means collectively, the Creditors Committee and the  
Tort Claimants Committee.

**1.197 Subordinated Debt Claim** means any HoldCo Subordinated Debt Claim and  
any Utility Subordinated Debt Claim.

1           **1.198 Subrogation Butte Fire Claim** means any Fire Claim arising from the Butte  
2 Fire (2015) that arises from subrogation (whether such subrogation is contractual, equitable,  
3 or statutory), assignment (whether such assignment is contractual, equitable, or statutory), or  
4 otherwise in connection with payments made or to be made by the applicable insurer to insured  
5 tort victims, and whether arising as a matter of state or federal law, including, without  
6 limitation, under section 509 of the Bankruptcy Code, including attorneys' fees and interest.  
7 Subrogation Butte Fire Claims shall not include the claims of any Governmental Unit (as  
8 defined in section 101(27) of the Bankruptcy Code).

9           **1.199 Subrogation Claims RSA** means that certain Restructuring Support  
10 Agreement, dated as of September 22, 2019, by and among the Debtors and the Consenting  
11 Creditors, as amended, supplemented, restated, or otherwise modified from time to time, in  
12 accordance with its terms.

13           **1.200 Subrogation Claims RSA Approval Order** means the order of the Bankruptcy  
14 Court, dated December 19, 2019, approving the Subrogation Claims RSA and the Allowance  
15 of the Utility Subrogation Wildfire Claims as provided therein [Docket No. 5173].

16           **1.201 Subrogation Wildfire Claim** means any Fire Claim (other than a Fire Claim  
17 arising from the Butte Fire (2015)) that arises from subrogation (whether such subrogation is  
18 contractual, equitable, or statutory), assignment (whether such assignment is contractual,  
19 equitable, or statutory), or otherwise in connection with payments made or to be made by the  
20 applicable insurer to insured tort victims, and whether arising as a matter of state or federal  
21 law, including, without limitation, under section 509 of the Bankruptcy Code, including  
22 attorneys' fees and interest. For the avoidance of doubt, Subrogation Wildfire Claims shall  
23 include both "Paid" and "Reserved" claims, each as defined in the Subrogation Claims RSA.  
24 Subrogation Wildfire Claims shall not include (a) the claims of any Governmental Unit  
25 (as defined in section 101(27) of the Bankruptcy Code) or (b) any Fire Claim asserting direct  
26 injury to a fire victim, regardless of whether the claimant is an insured and has received or will  
27 receive a recovery from their insurer, and any such claims are not the subject of, or  
28 compromised under, the Subrogation Claims RSA.

19           **1.202 Subrogation Wildfire Claim Allocation Agreement** means the agreement  
20 entered into by and among certain holders of Subrogation Wildfire Claims, and which  
21 describes the procedures for the payment of Subrogation Wildfire Claims by the Subrogation  
22 Wildfire Trust, consistent with the terms of the Subrogation Claims RSA.

23           **1.203 Subrogation Wildfire Trust** means one or more trusts established on the  
24 Effective Date, in accordance with Section 6.4 of the Plan, to administer, process, settle,  
25 resolve, liquidate, satisfy and pay all Subrogation Wildfire Claims.

26           **1.204 Subrogation Wildfire Trust Advisory Board** means the advisory board  
27 appointed by the holders of Subrogation Wildfire Claims in accordance with the Subrogation  
28 Wildfire Claim Allocation Agreement to oversee the Subrogation Wildfire Trust in accordance  
with the Plan, the Subrogation Wildfire Trust Agreement, and the Subrogation Wildfire Claim  
Allocation Agreement.

1           **1.205 Subrogation Wildfire Trust Agreement** means that certain trust agreement or  
2 agreements substantially in the form included in the Plan Supplement, which shall be in form  
3 and substance satisfactory to the Ad Hoc Subrogation Group (as defined in the Subrogation  
4 Claims RSA) in accordance with the Subrogation Wildfire Claim Allocation Agreement, and  
5 the Debtors (whose consent will not be unreasonably withheld).

6           **1.206 Subrogation Wildfire Trustee** means the Person selected by the holders of  
7 Subrogation Wildfire Claims in accordance with the Subrogation Wildfire Claim Allocation  
8 Agreement to serve as the trustee or trustees of the Subrogation Wildfire Trust, and any  
9 successor thereto, in each case, appointed pursuant to the Subrogation Wildfire Trust  
10 Agreement; *provided that*, in the event the Debtors intend that a Subrogation Wildfire Trust  
11 will be funded (at least in part) through the issuance of tax-exempt bonds, the identity of the  
12 Person or Persons to be selected to serve as the trustee of such Subrogation Wildfire Trust shall  
13 not impair the use of tax-exempt financing.

14           **1.207 Tax Benefits** mean the difference between the income taxes actually paid by  
15 the Reorganized Utility and the income taxes that the Reorganized Utility would have paid to  
16 the taxing authorities for such taxable year absent the net operating losses of the Utility and  
17 any deductions arising from the payment of Fire Victim Claims and Subrogation Claims.

18           **1.208 Tax Benefits Payment Agreement** means an agreement between the  
19 Reorganized Utility and the Fire Victim Trust pursuant to which the Reorganized Utility agrees  
20 (a) to pay to the Fire Victim Trust an amount of cash equal to (i) up to \$650 million of Tax  
21 Benefits for fiscal year 2020 to be paid on or before January 15, 2021 (the “**First Payment**  
22 **Date**”); and (ii) up to \$700 million of Tax Benefits for fiscal year 2021 to be paid on or before  
23 January 15, 2022 (the “**Final Payment Date**”) plus the amount of any shortfall of the payments  
24 owed on the First Payment Date and the Final Payment Date so that on the Final Payment Date,  
25 the Fire Victim Trust shall have received payments under the Tax Benefits Payment Agreement  
26 in an aggregate cash amount of \$1.350 billion from Tax Benefits or draws upon letters of credit  
27 under the terms of this definition or otherwise; (b) in the event that Tax Benefits in fiscal year  
28 2020 exceed \$650 million, the Reorganized Utility shall use such excess Tax Benefits to  
prepay, on or before the First Payment Date the amount of Tax Benefits to be paid for fiscal  
year 2021; (c) in the event that payments from the Tax Benefits Payment Agreement received  
on or before the First Payment Date are less than \$650 million for any reason (a “**First**  
**Payment Shortfall**”), the Reorganized Utility shall deliver to the Fire Victim Trust an  
unconditional, standby letter of credit, payable at sight (with no approval or confirmation from  
the Reorganized Utility or other drawing conditions) and otherwise in form and substance  
satisfactory to the Fire Victim Trustee, naming the Fire Victim Trust as beneficiary the  
 (“**LOC**”), from an institution acceptable to the Fire Victim Trust within fifteen (15) business  
days of the First Payment Date (the “**LOC Issuance Date**”) in an amount to cover such First  
Payment Shortfall, which may be presented to the issuing bank for payment to the Fire Victim  
Trust on February 9, 2022 to the extent that any amounts remain owing to the Fire Victim Trust  
under the Tax Benefits Payment Agreement on that date; (d) if the Reorganized Utility has not  
delivered such letter of credit within ten (10) days of the LOC Issuance Date, then the Fire  
Victim Trust shall have the right to file a stipulated judgment against the Reorganized Utility,

1 which executed stipulated judgment shall be an exhibit to the Tax Benefits Payment  
2 Agreement, in the amount of the First Payment Shortfall based on a declaration by the Fire  
3 Victim Trustee of the Reorganized Utility's failure to comply with this requirement of the Tax  
4 Benefits Payment Agreement; (e) in the event that payments from the Tax Benefits Payment  
5 Agreement and LOC received on or before the Final Payment Date are less than \$1.350 billion  
6 for any reason (a "**Final Payment Shortfall**") then on February 9, 2022, the Fire Victim Trust  
7 shall have the right to file a stipulated judgment against the Reorganized Utility, which  
8 executed stipulated judgment shall be an exhibit to the Tax Benefits Payment Agreement, in  
9 the amount of the Final Payment Shortfall based on a declaration by the Fire Victim Trustee  
10 of the Reorganized Utility's failure to comply with this requirement of the Tax Benefits  
11 Payment Agreement; (f) in the event there is a change of control as defined within the meaning  
12 of Section of 382 of the Internal Revenue Code after and other than as a result of the occurrence  
13 of the Effective Date, if any, all such payments provided for in (a)(i) and (ii) shall become  
14 automatically due and payable within fifteen days of such change in control (and the letter of  
15 credit, if issued, may be drawn); and (g) in the event that the Reorganized Utility obtains  
16 financing that monetizes or is otherwise secured by any Tax Benefits, the Reorganized Utility  
17 shall use the first \$1.350 billion in proceeds of such financing to make all payments in (a)(i)  
18 and (ii) above to the Fire Victim Trust on January 15, 2021.

12 **1.209 Tax Code** means title 26 of the United States Code, as amended from time to  
13 time.

14 **1.210 Tort Claimants Committee** means the official committee of tort claimants  
15 appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to section 1102 of the  
16 Bankruptcy Code.

17 **1.211 Tort Claimants RSA** means that certain Restructuring Support Agreement,  
18 dated December 6, 2019, by and among the Debtors, the Tort Claimants Committee, the  
19 Consenting Fire Claimant Professionals, and the Shareholder Proponents, as amended,  
20 supplemented, restated, or otherwise modified from time to time, in accordance with its terms.

21 **1.212 Trading Order** means the *Final Order Pursuant to Sections 105(a) and 362 of  
22 the Bankruptcy Code Establishing (1) Notification Procedures and Certain Restrictions  
23 Regarding Ownership and Acquisitions of Stock of the Debtors and (2) a Record Date  
24 Regarding the Ownership of Claims Against the Debtors with Respect to Certain Notification  
25 and Sell-Down Procedures and Requirements*, dated March 27, 2019 [Docket No. 1094].

26 **1.213 U.S. Trustee** means Andrew S. Vara, Acting United States Trustee for  
27 Regions 3 and 9, or such other person appointed to serve as the United States Trustee in respect  
28 of the Chapter 11 Cases.

29 **1.214 Unimpaired** means, with respect to a Claim, Interest, or Class of Claims or  
30 Interests, not "impaired" within the meaning of section 1124 of the Bankruptcy Code.

31 **1.215 Utility** means Debtor Pacific Gas and Electric Company, a California  
32 corporation.

1           **1.216 Utility Common Interest** means any Interest in the Utility that is not a Utility  
2 Preferred Interest.

3           **1.217 Utility Environmental Claim** means any Environmental Claim against the  
4 Utility.

5           **1.218 Utility Fire Victim Claim** means any Fire Victim Claim against the Utility.

6           **1.219 Utility Funded Debt Claim** means any Claim arising under, or related to, the  
7 Utility Funded Debt Documents.

8           **1.220 Utility Funded Debt Claim Interest and Charges Amount** means the sum of  
9 (i) interest on the applicable Utility Funded Debt Claim Principal Amount that was accrued  
10 and unpaid prior to the Petition Date calculated using the applicable non-default contract rate,  
11 (ii) reasonable fees and charges and other obligations owed as of the Petition Date to the extent  
12 provided in the applicable Utility Funded Debt Document, (iii) reasonable attorneys' fees and  
13 expenses of counsel to the agents and certain lenders under the Utility Revolver Documents  
14 and Utility Term Loan Documents and certain holders of claims under PC Bond LOC  
15 Documents solely to the extent provided in the applicable Utility Funded Debt Document, not  
16 to exceed \$7 million in the aggregate; and (iv) interest calculated using the Federal Judgment  
17 Rate on the sum of the applicable Utility Funded Debt Claim Principal Amount plus the  
18 amounts in clauses (i) and (ii) of this definition for the period commencing on the day after the  
19 Petition Date (or with respect to a Utility Funded Debt Claim based upon a PC Bond LOC  
20 Document, the later of the day after the Petition Date and the date on which such  
21 reimbursement obligation was actually paid) and ending on the Effective Date.

22           **1.221 Utility Funded Debt Claim Principal Amount** means the portion of an Utility  
23 Funded Debt Claim consisting of principal outstanding as of the Petition Date, or, with respect  
24 to claims under a PC Bond LOC Document, the reimbursement obligation, actually paid under  
25 such PC Bond LOC Document.

26           **1.222 Utility Funded Debt Documents** means, collectively, the (i) Utility Revolver  
27 Documents, (ii) Utility Term Loan Documents, and (iii) PC Bond Documents.

28           **1.223 Utility General Unsecured Claim** means any General Unsecured Claim  
against the Utility.

**1.224 Utility Ghost Ship Fire Claim** means any Ghost Ship Fire Claim against the  
Utility.

**1.225 Utility Impaired Senior Note Claim Interest Amount** means the sum of  
(i) interest on the applicable Utility Impaired Senior Note Claim Principal Amount that was  
accrued and unpaid prior to the Petition Date calculated using the applicable non-default  
contract rate plus (ii) interest calculated using the Federal Judgment Rate on the sum of the  
applicable principal of an Utility Impaired Senior Note Claim plus the amount in clause (i) of

1 this definition for the period commencing on the day after the Petition Date and ending on the  
2 Effective Date.

3 **1.226 Utility Impaired Senior Note Claim Principal Amount** means the portion of  
4 an Utility Impaired Senior Note Claim consisting of principal outstanding as of the Petition  
Date.

5 **1.227 Utility Impaired Senior Note Claims** means any Claim arising under, or  
related to, the Utility Impaired Senior Note Documents.

6 **1.228 Utility Impaired Senior Note Documents** means, collectively, the Utility  
7 Senior Notes Indentures governing the Utility Impaired Senior Notes, including all agreements,  
8 notes, instruments, and any other documents delivered pursuant thereto or in connection  
9 therewith (in each case, as amended, supplemented, restated, or otherwise modified from time  
to time).

10 **1.229 Utility Impaired Senior Notes** means, collectively, the following series of  
11 notes issued by the Utility pursuant to the Utility Senior Notes Indentures: (a) 6.05% Senior  
12 Notes due 2034; (b) 5.80% Senior Notes due March 1, 2037; (c) 6.35% Senior Notes due  
February 15, 2038; (d) 6.25% Senior Notes due March 1, 2039; (e) 5.40% Senior Notes due  
January 15, 2040; and (f) 5.125% Senior Notes due November 15, 2043.

13 **1.230 Utility Intercompany Claim** means any Intercompany Claim against the  
14 Utility.

15 **1.231 Utility Issuing Lender** means an Issuing Lender (as defined in the Utility  
16 Revolver Credit Agreement).

17 **1.232 Utility Letters of Credit** means any letters of credit issued by a Utility  
18 Revolver Lender pursuant to the Utility Revolver Documents.

19 **1.233 Utility Other Secured Claim** means any Other Secured Claim against the  
20 Utility.

21 **1.234 Utility PC Bond (2008 F and 2010 E) Claim** means any Claim arising under,  
22 or related to, the PC Bond (2008 F and 2010 E) Documents.

23 **1.235 Utility Preferred Interest** means any Interest in the Utility which results or  
24 arises from preferred stock issued by the Utility.

25 **1.236 Utility Priority Non-Tax Claim** means any Priority Non-Tax Claim against  
26 the Utility.

27 **1.237 Utility Public Entities Wildfire Claim** means any Public Entities Wildfire  
28 Claim against the Utility.

1           **1.238 Utility Reinstated Senior Note Claims** means any Claim arising under, or  
2 related to, the Utility Reinstated Senior Note Documents.

3           **1.239 Utility Reinstated Senior Note Documents** means, collectively, the Utility  
4 Senior Notes Indentures governing the Utility Reinstated Senior Notes, including all  
5 agreements, notes, instruments, and any other documents delivered pursuant thereto or in  
6 connection therewith (in each case, as amended, supplemented, restated, or otherwise modified  
7 from time to time).

8           **1.240 Utility Reinstated Senior Notes** means, collectively, all notes issued by the  
9 Utility under the Utility Senior Notes Indentures that (a) will not have matured in accordance  
10 with their terms as of September 30, 2020; and (b) are not (x) Utility Impaired Senior Notes or  
11 (y) Utility Short-Term Senior Notes.

12           **1.241 Utility Revolver Agent** means Citibank, N.A., solely in its capacity as  
13 administrative agent under the Utility Revolver Documents, its successors, assigns, or any  
14 replacement agent appointed pursuant to the terms of the Utility Revolver Documents.

15           **1.242 Utility Revolver Credit Agreement** means that certain Second Amended and  
16 Restated Credit Agreement, dated as of April 27, 2015, by and among Utility, the Utility  
17 Revolver Agent, and the Utility Revolver Lenders, as amended, supplemented, restated, or  
18 otherwise modified from time to time.

19           **1.243 Utility Revolver Documents** means, collectively, the Utility Revolver Credit  
20 Agreement and all other “Loan Documents” (as defined therein), including all other  
21 agreements, documents, and instruments delivered or entered into pursuant thereto or entered  
22 into in connection therewith (in each case, as amended, supplemented, restated, or otherwise  
23 modified from time to time).

24           **1.244 Utility Revolver Lenders** means the lenders under the Utility Revolver Credit  
25 Agreement and each other party that becomes a lender thereunder from time to time in  
26 accordance with the terms of the Utility Revolver Credit Agreement.

27           **1.245 Utility Senior Note Claim** means, collectively, Utility Impaired Senior Note  
28 Claims, Utility Reinstated Senior Note Claims, and Utility Short-Term Senior Note Claims.

**1.246 Utility Senior Notes** means, collectively, the following series of notes issued  
by the Utility pursuant to the Utility Senior Notes Indentures: (a) 3.50% Senior Notes due  
October 1, 2020; (b) 4.25% Senior Notes due May 15, 2021; (c) 3.25% Senior Notes due  
September 15, 2021; (d) 2.45% Senior Notes due August 15, 2022; (e) 3.25% Senior Notes  
due June 15, 2023; (f) 4.25% Senior Notes due August 1, 2023; (g) 3.85% Senior Notes due  
November 15, 2023; (h) 3.75% Senior Notes due February 15, 2024; (i) 3.40% Senior Notes  
due August 15, 2024; (j) 3.50% Senior Notes due June 15, 2025, (k) 2.95% Senior Notes due  
March 1, 2026; (l) 3.30% Senior Notes due March 15, 2027; (m) 3.30% Senior Notes due  
December 1, 2027; (n) 4.65% Senior Notes due August 1, 2028; (o) 6.05% Senior Notes due  
March 1, 2034; (p) 5.80% Senior Notes due March 1, 2037; (q) 6.35% Senior Notes due

1 February 15, 2038; (r) 6.25% Senior Notes due March 1, 2039; (s) 5.40% Senior Notes due  
2 January 15, 2040; (t) 4.50% Senior Notes due December 15, 2041; (u) 4.45% Senior Notes due  
3 April 15, 2042; (v) 3.75% Senior Notes due August 15, 2042; (w) 4.60% Senior Notes due  
4 June 15, 2043; (x) 5.125% Senior Notes due November 15, 2043; (y) 4.75% Senior Notes due  
5 February 15, 2044; (z) 4.30% Senior Notes due March 15, 2045; (aa) 4.25% Senior Notes due  
6 March 15, 2046; (bb) 4.00% Senior Notes due December 1, 2046; and (cc) 3.95% Senior Notes  
7 due December 1, 2047.

8 **1.247 Utility Senior Notes Documents** means, collectively, the Utility Senior Notes  
9 Indentures, the Utility Senior Notes, and all other agreements, documents, and instruments  
10 delivered or entered into pursuant thereto or entered into in connection therewith (in each case,  
11 as amended, restated, modified, or supplemented from time to time).

12 **1.248 Utility Senior Notes Indentures** means, the following senior notes indentures  
13 and supplemental indentures, between the Utility, as issuer, and the Utility Senior Notes  
14 Trustee, governing the Utility Senior Notes, including all agreements, notes, instruments, and  
15 any other documents delivered pursuant thereto or in connection therewith (in each case, as  
16 amended, supplemented, restated, or otherwise modified from time to time): (a) Indenture,  
17 Dated as of April 22, 2005, Supplementing, Amending and Restating the Indenture of  
18 Mortgage, dated as of March 11, 2004, as supplemented by a First Supplemental Indenture,  
19 dated as of March 23, 2004 and a Second Supplemental Indenture, dated as of April 12, 2004  
20 (“**Amended and Restated Indenture, dated as of April 22, 2005**”); (b) First Supplemental  
21 Indenture, Dated as of March 13, 2007 – Supplement to the Amended and Restated Indenture  
22 Dated as of April 22, 2005; (c) Third Supplemental Indenture, Dated as of March 3, 2008 –  
23 Supplement to the Amended and Restated Indenture, Dated as of April 22, 2005; (d) Sixth  
24 Supplemental Indenture, Dated as of March 6, 2009 – Supplement to the Amended and  
25 Restated Indenture, Dated as of April 22, 2005; (e) Seventh Supplemental Indenture, Dated as  
26 of June 11, 2009 – Supplement to the Amended and Restated Indenture, Dated as of April 22,  
27 2005 (f) Eighth Supplemental Indenture Dated as of November 18, 2009 – Supplement to the  
28 Amended and Restated Indenture Dated as of April 22, 2005; (g) Ninth Supplemental  
Indenture, Dated as of April 1, 2010 – Supplement to the Amended and Restated Indenture,  
Dated as of April 22, 2005; (h) Tenth Supplemental Indenture, Dated as of September 15, 2010  
– Supplement to the Amended and Restated Indenture, Dated as of April 22, 2005; (i) Twelfth  
Supplemental Indenture, Dated as of November 18, 2010 – Supplement to the Amended and  
Restated Indenture, Dated as of April 22, 2005; (j) Thirteenth Supplemental Indenture Dated  
as of May 13, 2011 – Supplement to the Amended and Restated Indenture Dated as of April  
22, 2005; (k) Fourteenth Supplemental Indenture Dated as of September 12, 2011 –  
Supplement to the Amended and Restated Indenture Dated as of April 22, 2005; (l) Sixteenth  
Supplemental Indenture, Dated as of December 1, 2011 – Supplement to the Amended and  
Restated Indenture, Dated as of April 22, 2005; (m) Seventeenth Supplemental Indenture,  
Dated as of April 16, 2012 – Supplement to the Amended and Restated Indenture, Dated as of  
April 22, 2005; (n) Eighteenth Supplemental Indenture, Dated as of August 16, 2012 –  
Supplement to the Amended and Restated Indenture, Dated as of April 22, 2005;  
(o) Nineteenth Supplemental Indenture, Dated as of June 14, 2013 – Supplement to the  
Amended and Restated Indenture, Dated as of April 22, 2005; (p) Twentieth Supplemental

1 Indenture, Dated as of November 12, 2013 – Supplement to the Amended and Restated  
2 Indenture, Dated as of April 22, 2005; (q) Twenty-First Supplemental Indenture, Dated as of  
3 February 21, 2014 – Supplement to the Amended and Restated Indenture, Dated as of April  
4 22, 2005; (r) Twenty-Third Supplemental Indenture, Dated as of August 18, 2014 –  
5 Supplement to the Amended and Restated Indenture, Dated as of April 22, 2005; (s) Twenty-  
6 Fourth Supplemental Indenture, Dated as of November 6, 2014 – Supplement to the Amended  
7 and Restated Indenture, Dated as of April 22, 2005; (t) Twenty-Fifth Supplemental Indenture,  
8 Dated as of June 12, 2015 – Supplement to the Amended and Restated Indenture, Dated as of  
9 April 22, 2005; (u) Twenty-Sixth Supplemental Indenture, Dated as of November 5, 2015 –  
10 Supplement to the Amended and Restated Indenture, Dated as of April 22, 2005; (v) Twenty-  
11 Seventh Supplemental Indenture, Dated as of March 1, 2016 – Supplement to the Amended  
12 and Restated Indenture, Dated as of April 22, 2005; (w) Twenty-Eighth Supplemental  
13 Indenture, Dated as of December 1, 2016 – Supplement to the Amended and Restated  
14 Indenture, Dated as of April 22, 2005; (x) Twenty-Ninth Supplemental Indenture, Dated as of  
15 March 10, 2017 – Supplement to the Amended and Restated Indenture, Dated as of April 22,  
16 2005; (y) Indenture, Dated as of November 29, 2017; (z) Indenture, Dated as of August 6,  
17 2018; and (aa) First Supplemental Indenture Dated as of August 6, 2018, to Indenture, Dated  
18 as of August 6, 2018.

12 **1.249 Utility Senior Notes Trustee** means BOKF, N.A., as successor indenture  
13 trustee to The Bank of New York Mellon Trust Company solely in its capacity as indenture  
14 trustee under the Utility Senior Notes Indentures for the applicable Utility Senior Notes, and  
15 their successors and assigns.

15 **1.250 Utility Short-Term Senior Note Claims** means any Claim arising under, or  
16 related to, the Utility Short-Term Senior Note Documents.

16 **1.251 Utility Short-Term Senior Note Claim Interest Amount** means the sum of  
17 (i) interest on the applicable Utility Short-Term Senior Note Claim Principal Amount that was  
18 accrued and unpaid prior to the Petition Date calculated using the applicable non-default  
19 contract rate plus (ii) interest calculated using the Federal Judgment Rate on the sum of the  
20 applicable principal of an Utility Short-Term Senior Note Claim plus the amount in clause (i)  
21 of this definition for the period commencing on the day after the Petition Date and ending on  
22 the Effective Date.

21 **1.252 Utility Short-Term Senior Note Claim Principal Amount** means the portion  
22 of an Utility Short-Term Senior Note Claim consisting of principal outstanding as of the  
23 Petition Date.

23 **1.253 Utility Short-Term Senior Note Documents** means, collectively, the Utility  
24 Senior Notes Indentures governing Utility Short-Term Senior Notes, including all agreements,  
25 notes, instruments, and any other documents delivered pursuant thereto or in connection  
26 therewith (in each case, as amended, supplemented, restated, or otherwise modified from time  
27 to time).

1           **1.254 Utility Short-Term Senior Notes** means, collectively, the following series of  
2 notes issued by the Utility pursuant to the Utility Senior Notes Indentures: (a) 3.50% Senior  
3 Notes due October 1, 2020; (b) 4.25% Senior Notes due May 15, 2021; (c) 3.25% Senior Notes  
4 due September 15, 2021; and (d) 2.45% Senior Notes due August 15, 2022.

5           **1.255 Utility Subordinated Debt Claim** means any Claim against the Utility that is  
6 subject to subordination under section 510(b) of the Bankruptcy Code, including any Claim  
7 for reimbursement, indemnification or contribution.

8           **1.256 Utility Subrogation Wildfire Claim** means any Subrogation Wildfire Claim  
9 against the Utility.

10           **1.257 Utility Term Loan Agent** means The Bank of Tokyo- Mitsubishi UFJ, Ltd.,  
11 solely in its capacity as administrative agent under the Utility Term Loan Documents, its  
12 successors, assigns, or any replacement agent appointed pursuant to the terms of the Utility  
13 Term Loan Documents.

14           **1.258 Utility Term Loan Credit Agreement** means that certain Term Loan  
15 Agreement, dated as of February 23, 2018, by and among the Utility as borrower, the Utility  
16 Term Loan Agent, and the Utility Term Loan Lenders, as amended, supplemented, restated, or  
17 otherwise modified from time to time.

18           **1.259 Utility Term Loan Documents** means, collectively, the Utility Term Loan  
19 Credit Agreement and all other “Loan Documents” (as defined therein), including all other  
20 agreements, documents, and instruments delivered or entered into pursuant thereto or entered  
21 into in connection therewith (in each case, as amended, supplemented, restated, or otherwise  
22 modified from time to time).

23           **1.260 Utility Term Loan Lenders** means the lenders under the Utility Term Loan  
24 Credit Agreement and each other party that becomes a lender thereunder from time to time in  
25 accordance with the terms of the Utility Term Loan Credit Agreement.

26           **1.261 Utility Workers’ Compensation Claim** means any Workers’ Compensation  
27 Claim against the Utility.

28           **1.262 Voting Deadline** means May 15, 2020 at 4:00 p.m. (Prevailing Pacific Time)  
or such other date set by the Bankruptcy Court by which all completed Ballots must be  
received.

**1.263 Wildfire Assistance Program** means the Wildfire Assistance Program  
established and administered pursuant to the Wildfire Assistance Program Orders.

**1.264 Wildfire Assistance Program Orders** means, collectively, the *Order*  
*Authorizing Debtors to Establish and Fund Program to Assist Wildfire Claimants with*  
*Alternative Living Expenses and Other Urgent Needs and (b) Granting Related Relief*, dated  
May 24, 2019 [Docket No. 2223], the *Supplemental Order (a) Approving Appointment of*

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*Administrator and Establishing Guidelines for the Wildfire Assistance Program and (b) Granting Related Relief*, dated June 5, 2019 [Docket No. 2409], and the *Order (a) Establishing Qualified Settlement Fund for the Wildfire Assistance Program and (b) Authorizing QSF Administrator*, dated July 17, 2019 [Docket No. 3026].

**1.265 Wildfire Insurance Policy** means any Insurance Policy that was issued or allegedly issued that does or may afford the Debtors rights, benefits, indemnity, or insurance coverage with respect to any Fire Claim.

**1.266 Wildfire Insurance Proceeds** means any proceeds received by the Debtors under a Wildfire Insurance Policy.

**1.267 Wildfire Legislation (A.B. 1054)** means A.B. 1054, 2019 Assemb. (Cal. 2019).

**1.268 Wildfire Trust Agreements** means, collectively, the Subrogation Wildfire Trust Agreement and the Fire Victim Trust Agreement.

**1.269 Wildfire Trusts** means, collectively, the Subrogation Wildfire Trust and the Fire Victim Trust.

**1.270 Workers' Compensation Claims** means any Claim against the Debtors by an employee of the Debtors for the payment of workers' compensation benefits under applicable law.

1                   **INTERPRETATION; APPLICATION OF DEFINITIONS AND RULES OF CONSTRUCTION.**

2           For purposes herein: (a) the words “herein,” “hereof,” “hereto,” “hereunder,” and other words  
3 of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause  
4 contained therein; (b) in the appropriate context, each term, whether stated in the singular or the plural,  
5 shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter  
6 gender shall include the masculine, feminine, and the neuter gender; (c) except as otherwise provided,  
7 any reference herein to a contract, lease, instrument, release, indenture, or other agreement or  
8 document being in a particular form or on particular terms and conditions means that the referenced  
9 document shall be substantially in that form or substantially on those terms and conditions; (d) the  
10 words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation,  
11 and shall be deemed to be followed by the words “without limitation;” (e) a term used herein that is  
12 not defined herein or by cross reference shall have the meaning assigned to that term in the Bankruptcy  
13 Code; (f) the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the  
14 Plan; (g) the headings in the Plan are for convenience of reference only and shall not limit or otherwise  
15 affect the provisions hereof; (h) in the event that a particular term of the Plan (including any exhibits  
16 or schedules hereto) conflicts with a particular term of the definitive documentation required to be  
17 implemented pursuant to the terms of the Plan or any settlement or other agreement contemplated  
18 hereunder, the Plan shall control; *provided*, for the avoidance of doubt, to the extent the Confirmation  
19 Order conflicts with the Plan, the Confirmation Order shall control for all purposes; (i) except as  
20 otherwise provided, any reference herein to an existing document or exhibit having been filed or to be  
21 filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or  
22 otherwise modified in accordance with the terms of the Plan; (j) any effectuating provisions may be  
23 interpreted by the Reorganized Debtors in a manner consistent with the overall purpose and intent of  
24 the Plan, all without further notice to or action, order, or approval of the court or any other entity, and  
25 such interpretation shall control in all respects; (k) any effectuating provisions relating to the Fire  
26 Victim Claims, Fire Victim Trust, Subrogation Wildfire Claims, or Subrogation Wildfire Trust may  
27 be interpreted by the Fire Victim Trustee or the Subrogation Wildfire Trustee, as applicable, in a  
28 manner consistent with the overall purpose and intent of the Plan, all without further notice to or action,  
order, or approval of the court or any other entity, and such interpretation shall control in all respects;  
(l) except as otherwise provided, any reference to the Effective Date shall mean the Effective Date or  
as soon as reasonably practicable thereafter; and (m) any docket number references in the Plan shall  
refer to the docket number of any document filed with the Bankruptcy Court in the Chapter 11 Cases.

20                   **CERTAIN CONSENT RIGHTS.**

21           Notwithstanding anything in the Plan to the contrary, and without limiting the Debtors’  
22 fiduciary duties, any and all consent rights of any party set forth in the Public Entities Plan Support  
23 Agreements, the Backstop Commitment Letters, the Subrogation Claims RSA, the Tort Claimants  
24 RSA, the Noteholder RSA, or any other plan support agreement that the Debtors hereafter enter into  
25 with any other parties with respect to the form and substance of this Plan, the Plan Supplement, the  
26 Plan Documents, including any amendments, restatements, supplements, or other modifications to  
27 such documents, and any consents, waivers, or other deviations under or from any such documents,  
28 shall be incorporated herein by this reference (including to the applicable definitions in Article I  
hereof) and fully enforceable as if stated in full herein until such time as the Public Entities Plan

1 Support Agreements, the Backstop Commitment Letters, the Subrogation Claims RSA, the Tort  
2 Claimants RSA, the Noteholder RSA, or, as applicable, such other plan support agreements, are  
3 terminated in accordance with their terms.

## 4 **ARTICLE II.**

### 5 **ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND OTHER** 6 **UNCLASSIFIED CLAIMS**

7 **2.1 Administrative Expense Claims.** In full and final satisfaction, settlement,  
8 release, and discharge of any Allowed Administrative Expense Claim against a Debtor, except to the  
9 extent the Debtors or Reorganized Debtors, as applicable, and a holder of an Allowed Administrative  
10 Expense Claim against a Debtor agrees to a less favorable treatment of such Administrative Expense  
11 Claim, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed  
12 Administrative Expense Claim shall receive, in full and final satisfaction, settlement, and discharge of  
13 such Allowed Administrative Expense Claim, an amount in Cash equal to the Allowed amount of such  
14 Administrative Expense Claim; *provided that* any Allowed Administrative Expense Claim that is not  
15 due and payable prior to the Effective Date, shall be paid by the Debtors or the Reorganized Debtors,  
16 as applicable, in the ordinary course of business, consistent with past practice and in accordance with  
17 the terms and subject to the conditions of any orders or agreements governing, instruments evidencing,  
18 or other documents establishing, such liabilities. For the avoidance of doubt, no Administrative  
19 Expense Claims shall be discharged pursuant to the Plan, other than Allowed Administrative Expense  
20 Claims that have been paid in Cash or otherwise satisfied in the ordinary course in an amount equal to  
21 the Allowed amount of such Claim on or prior to the Effective Date.

### 22 **2.2 Professional Fee Claims.**

23 (a) All final requests for the payment of Professional Fee Claims against a Debtor,  
24 including any Professional Fee Claim incurred during the period from the Petition Date through and  
25 including the Effective Date, must be filed and served on the Reorganized Debtors no later than sixty  
26 (60) days after the Effective Date. All such final requests will be subject to approval by the Bankruptcy  
27 Court after notice and a hearing in accordance with the procedures established by the Bankruptcy  
28 Code, the Interim Compensation Order, and any other prior orders of the Bankruptcy Court regarding  
the payment of Professionals in the Chapter 11 Cases, and once approved by the Bankruptcy Court,  
promptly paid in Cash in the Allowed amount from the Professional Fee Escrow Account. If the  
Professional Fee Escrow Account is insufficient to fund the full Allowed amount of all Professional  
Fee Claims, remaining unpaid Allowed Professional Fee Claims will be allocated among and paid in  
full in Cash directly by the Reorganized Debtors.

(b) Prior to the Effective Date, the Debtors shall establish and fund the Professional  
Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. Such funds shall not  
be considered property of the estates of the Debtors or the Reorganized Debtors. Any amounts  
remaining in the Professional Fee Escrow Account after payment in full of all Allowed Professional  
Fee Claims shall promptly be paid to the Reorganized Debtors without any further action or order of  
the Bankruptcy Court.

1 (c) No later than ten (10) Business Days prior to the Effective Date, each  
2 Professional shall provide the restructuring advisors for the Debtors with an estimate of its unpaid  
3 Professional Fee Claims incurred in rendering services to the Debtors or their estates before and as of  
4 the Effective Date, *provided*, that such estimate shall not be deemed to limit the amount of fees and  
5 expenses that are the subject of the Professional's final request for payment of its Professional Fee  
6 Claims whether from the Professional Fee Escrow Account or, if insufficient, from the Reorganized  
7 Debtors. If a Professional does not timely provide an estimate as set forth above, the Debtors or  
8 Reorganized Debtors shall estimate the unpaid and unbilled fees and expenses of such Professional  
9 for purposes of funding the Professional Fee Escrow Account. The total amount of Professional Fee  
10 Claims estimated pursuant to this Section shall comprise the Professional Fee Reserve Amount. The  
11 Professional Fee Reserve Amount, as well as the return of any excess funds in the Professional Fee  
12 Escrow Account after all Allowed Professional Fee Claims have been paid in full, shall be allocated  
13 to the applicable Debtor for whose benefit such Professional Fees Claims were incurred.

9 (d) Except as otherwise specifically provided in the Plan, from and after the  
10 Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any  
11 further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and  
12 documented legal, professional, or other fees and expenses incurred by the Reorganized Debtors.  
13 Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331,  
14 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered  
15 after such date shall terminate, and the Reorganized Debtors may employ and pay any professional in  
16 the ordinary course of business without any further notice to or action, order, or approval of the  
17 Bankruptcy Court.

15 **2.3 DIP Facility Claims.** In full and final satisfaction, settlement, release, and  
16 discharge of the Allowed DIP Facility Claims against the Debtors (subject to the last sentence of this  
17 Section 2.3), on the Effective Date, such Allowed DIP Facility Claims shall be paid in full in Cash by  
18 the Debtors in the Allowed amount of such DIP Facility Claims and all commitments under the DIP  
19 Facility Documents shall terminate. On the Effective Date, any DIP Letters of Credit outstanding shall  
20 be replaced or canceled and returned to the issuing DIP Facility Lender in accordance with the terms  
21 of the applicable DIP Letter of Credit and the DIP Facility Documents. Upon the indefeasible payment  
22 or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on  
23 the Debtors' contingent obligations under the DIP Facility Documents not yet due and payable), the  
24 termination of all commitments thereunder, and the replacement, return, collateralization or backstop  
25 of all outstanding DIP Letters of Credit in accordance with the terms of this Plan, on the Effective  
26 Date, all Liens granted to secure such obligations automatically shall be terminated and of no further  
27 force and effect.

23 **2.4 Priority Tax Claims.** In full and final satisfaction, settlement, release, and  
24 discharge of any Allowed Priority Tax Claim against a Debtor, except to the extent that the Debtors  
25 or Reorganized Debtors, as applicable, and a holder of an Allowed Priority Tax Claim agree to a less  
26 favorable treatment of such Claim, each holder of an Allowed Priority Tax Claim shall receive, at the  
27 option of the Debtors or Reorganized Debtors, (a) Cash in an amount equal to such Allowed Priority  
28 Tax Claim on the Effective Date or as soon as reasonably practicable thereafter, or (b) Cash, in equal  
semi-annual installments and continuing over a period not exceeding five (5) years from and after the

1 Petition Date, together with interest accrued thereon at the applicable nonbankruptcy rate, which as to  
 2 any Allowed Priority Tax Claim of the Internal Revenue Service on behalf of the United States shall  
 3 be the applicable rate specified by the Tax Code, as of the Confirmation Date, applied pursuant to  
 4 section 511 of the Bankruptcy Code, subject to the sole option of the Reorganized Debtors to prepay  
 the entire amount of the Allowed Priority Tax Claim. Any Allowed Priority Tax Claim that is not due  
 and payable on or before the Effective Date shall be paid in the ordinary course of business as such  
 obligation becomes due.

5  
 6 **ARTICLE III.**

7 **CLASSIFICATION OF CLAIMS AND INTERESTS**

8 **3.1 Classification in General.** A Claim or Interest is placed in a particular Class  
 9 for all purposes, including voting, confirmation, and distribution under the Plan and under sections  
 10 1122 and 1123(a)(1) of the Bankruptcy Code; *provided that* a Claim or Interest is placed in a particular  
 11 Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim  
 or Interest is an Allowed Claim or Allowed Interest in that Class and such Allowed Claim or Allowed  
 Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

12 **3.2 Summary of Classification.**

13 (a) The following table designates the Classes of Claims against, and Interests in,  
 14 the Debtors and specifies which of those Classes are (i) Impaired or Unimpaired by the Plan,  
 15 (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy  
 Code, and (iii) presumed to accept or deemed to reject the Plan. In accordance with section 1123(a)(1)  
 of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been  
 classified.

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
<b>Claims Against and Interests in HoldCo</b>			
Class 1A	HoldCo Other Secured Claims	Unimpaired	No (presumed to accept)
Class 2A	HoldCo Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
Class 3A	HoldCo Funded Debt Claims	Unimpaired	No (presumed to accept)
Class 4A	HoldCo General Unsecured Claims	Unimpaired	No (presumed to accept)
Class 5A-I	HoldCo Public Entities Wildfire Claims	Impaired	Yes
Class 5A-II	HoldCo Subrogation Wildfire Claims	Impaired	Yes
Class 5A-III	HoldCo Fire Victim Claims	Impaired	Yes
Class 5A-IV	HoldCo Ghost Ship Fire Claims	Unimpaired	No (presumed to accept)
Class 6A	HoldCo Workers' Compensation Claims	Unimpaired	No (presumed to accept)
Class 7A	HoldCo Environmental Claims	Unimpaired	No (presumed to accept)
Class 8A	HoldCo Intercompany Claims	Unimpaired	No (presumed to accept)
Class 9A	HoldCo Subordinated Debt Claims	Unimpaired	No (presumed to accept)
Class 10A-I	HoldCo Common Interests	Impaired	Yes
Class 10A-II	HoldCo Rescission or Damage Claims	Impaired	Yes
Class 11A	HoldCo Other Interests	Unimpaired	No (presumed to accept)
<b>Claims Against and Interests in the Utility</b>			
Class 1B	Utility Other Secured Claims	Unimpaired	No (presumed to accept)
Class 2B	Utility Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
Class 3B-I	Utility Impaired Senior Note Claims	Impaired	Yes
Class 3B-II	Utility Reinstated Senior Note Claims	Unimpaired	No (presumed to accept)
Class 3B-III	Utility Short-Term Senior Note Claims	Impaired	Yes
Class 3B-IV	Utility Funded Debt Claims	Impaired	Yes
Class 3B-V	Utility PC Bond (2008 F and 2010 E) Claims	Unimpaired	No (presumed to accept)
Class 4B	Utility General Unsecured Claims	Unimpaired	No (presumed to accept)
Class 5B-I	Utility Public Entities Wildfire Claims	Impaired	Yes
Class 5B-II	Utility Subrogation Wildfire Claims	Impaired	Yes
Class 5B-III	Utility Fire Victim Claims	Impaired	Yes
Class 5B-IV	Utility Ghost Ship Fire Claims	Unimpaired	No (presumed to accept)
Class 6B	Utility Workers' Compensation Claims	Unimpaired	No (presumed to accept)
Class 7B	2001 Utility Exchange Claims	Unimpaired	No (presumed to accept)
Class 8B	Utility Environmental Claims	Unimpaired	No (presumed to accept)
Class 9B	Utility Intercompany Claims	Unimpaired	No (presumed to accept)
Class 10B	Utility Subordinated Debt Claims	Unimpaired	No (presumed to accept)
Class 11B	Utility Preferred Interests	Unimpaired	No (presumed to accept)
Class 12B	Utility Common Interests	Unimpaired	No (presumed to accept)

**3.3 Separate Classification of Other Secured Claims.** Each Other Secured Claim, to the extent secured by a Lien on Collateral different from the Collateral securing another Other Secured Claim, shall be treated as being in a separate sub-Class for the purposes of receiving distributions under this Plan.

**3.4 Nonconsensual Confirmation.** In the event any Impaired Class of Claims or Interests entitled to vote on the Plan does not accept the Plan by the requisite statutory majority under

1 section 1126(c) of the Bankruptcy Code, then the Debtors reserve the right to undertake to have the  
2 Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

3 **3.5 Debtors' Rights in Respect of Unimpaired Claims.** Except as otherwise  
4 provided in this Plan, nothing under this Plan shall affect the rights of the Reorganized Debtors in  
5 respect of any Claim that is not "impaired" (within the meaning of such term in section 1124 of the  
6 Bankruptcy Code), including all rights in respect of legal and equitable defenses to, or setoffs or  
7 recoupments against, any such Claim.

## 8 **ARTICLE IV.**

### 9 **TREATMENT OF CLAIMS AND INTERESTS**

#### 10 **4.1 Class 1A – HoldCo Other Secured Claims.**

11 (a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
12 any Allowed HoldCo Other Secured Claim, except to the extent that the Debtors or Reorganized  
13 Debtors, as applicable, and a holder of an Allowed HoldCo Other Secured Claim agree to a less  
14 favorable treatment of such Claim, each holder of an Allowed HoldCo Other Secured Claim shall, at  
15 the option of the Debtors or Reorganized Debtors, (i) retain its HoldCo Other Secured Claim and the  
16 Collateral securing such Claim; (ii) receive Cash in an amount equal to such Allowed Claim, including  
17 the payment of any interest due and payable under section 506(b) of the Bankruptcy Code, on the  
18 Effective Date or as soon as reasonably practicable thereafter; or (iii) receive treatment of such  
19 Allowed HoldCo Other Secured Claim in any other manner that is necessary to satisfy the  
20 requirements of section 1124 of the Bankruptcy Code. In the event a HoldCo Other Secured Claim is  
21 treated under clause (ii) of this Section 4.1(a), the Liens securing such Other Secured Claim shall be  
22 deemed released immediately upon payment.

23 (b) Impairment and Voting: The HoldCo Other Secured Claims are Unimpaired,  
24 and the holders of HoldCo Other Secured Claims are presumed to have accepted the Plan.

#### 25 **4.2 Class 2A – HoldCo Priority Non-Tax Claims.**

26 (a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
27 any Allowed HoldCo Priority Non-Tax Claim, except to the extent that the Debtors or Reorganized  
28 Debtors, as applicable, and a holder of an Allowed HoldCo Priority Non-Tax Claim agree to a less  
29 favorable treatment of such Claim, each holder of an Allowed HoldCo Priority Non-Tax Claim shall  
30 receive, at the option of the Debtors or Reorganized Debtors, as applicable (i) Cash in an amount equal  
31 to such Allowed HoldCo Priority Non-Tax Claim, including interest through the Effective Date  
32 calculated at the Federal Judgment Rate, payable on the Effective Date or as soon as reasonably  
33 practicable thereafter, or (ii) such other treatment consistent with the provisions of section 1129(a)(9)  
34 of the Bankruptcy Code.

35 (b) Impairment and Voting: The HoldCo Priority Non-Tax Claims are  
36 Unimpaired, and the holders of HoldCo Priority Non-Tax Claims are presumed to have accepted the  
37 Plan.  
38

1                   **4.3     Class 3A: HoldCo Funded Debt Claims.**

2                   (a)     Treatment: In full and final satisfaction, settlement, release, and discharge of  
3 any Allowed HoldCo Funded Debt Claim, except to the extent that the Debtors or Reorganized  
4 Debtors, as applicable, and a holder of an Allowed HoldCo Funded Debt Claim agree to a less  
5 favorable treatment of such Claim, on the Effective Date or as soon as reasonably practicable  
6 thereafter, each holder of an Allowed HoldCo Funded Debt Claim shall receive Cash in an amount  
7 equal to (i) the principal amount outstanding as of the Petition Date of such holder's HoldCo Funded  
8 Debt Claim plus all accrued and unpaid interest owed as of the Petition Date at the non-default contract  
9 rate plus (ii) all interest accrued from the Petition Date through the Effective Date at the Federal  
10 Judgment Rate.

11                   (b)     Impairment and Voting: The HoldCo Funded Debt Claims are Unimpaired,  
12 and the holders of HoldCo Funded Debt Claims are presumed to have accepted the Plan.

13                   **4.4     Class 4A: HoldCo General Unsecured Claims.**

14                   (a)     Treatment: In full and final satisfaction, settlement, release, and discharge of  
15 any Allowed HoldCo General Unsecured Claim, except to the extent that the Debtors or the  
16 Reorganized Debtors, as applicable, and a holder of an Allowed HoldCo General Unsecured Claim  
17 agree to a less favorable treatment of such Claim, on the Effective Date or as soon as reasonably  
18 practicable thereafter, each holder of an Allowed HoldCo General Unsecured Claim shall receive Cash  
19 in an amount equal to such holder's Allowed HoldCo General Unsecured Claim. The Allowed amount  
20 of any HoldCo General Unsecured Claim shall include all interest accrued from the Petition Date  
21 through the Effective Date at the Federal Judgment Rate.

22                   (b)     Impairment and Voting: The HoldCo General Unsecured Claims are  
23 Unimpaired, and holders of HoldCo General Unsecured Claims are presumed to have accepted the  
24 Plan.

25                   **4.5     Class 5A-I – HoldCo Public Entities Wildfire Claims.**

26                   (a)     Treatment: On the Effective Date, all HoldCo Public Entities Wildfire Claims  
27 shall be deemed satisfied, settled, released and discharged through the treatment provided to Utility  
28 Public Entities Wildfire Claims. HoldCo Public Entities Wildfire Claims shall be satisfied solely from  
the Cash amount of \$1.0 billion and the Public Entities Segregated Defense Fund, as described in  
Section 4.24(a) of the Plan.

(b)     Impairment and Voting: The HoldCo Public Entities Wildfire Claims are  
Impaired, and holders of HoldCo Public Entities Wildfire Claims are entitled to vote to accept or reject  
the Plan.

**4.6     Class 5A-II – HoldCo Subrogation Wildfire Claims.**

(a)     Treatment: On the Effective Date, all HoldCo Subrogation Wildfire Claims  
shall be deemed satisfied, settled, released and discharged through the treatment provided to Utility

1 Subrogation Wildfire Claims. Pursuant to the Channeling Injunction, each holder of a HoldCo  
2 Subrogation Wildfire Claim shall have its Claim permanently channeled to the Subrogation Wildfire  
3 Trust, and such Claim shall be asserted exclusively against the Subrogation Wildfire Trust in  
4 accordance with its terms, with no recourse to the Debtors, the Reorganized Debtors, or their respective  
5 assets and properties.

6 (b) Impairment and Voting: The HoldCo Subrogation Wildfire Claims are  
7 Impaired, and holders of HoldCo Subrogation Wildfire Claims are entitled to vote to accept or reject  
8 the Plan.

#### 9 **4.7 Class 5A-III – HoldCo Fire Victim Claims.**

10 (a) Treatment: On the Effective Date, all HoldCo Fire Victim Claims shall be  
11 deemed satisfied, settled, released and discharged through the treatment provided to Utility Fire Victim  
12 Claims. Pursuant to the Channeling Injunction, each holder of a HoldCo Fire Victim Claim shall have  
13 its Claim permanently channeled to the Fire Victim Trust, and such Claim shall be asserted exclusively  
14 against the Fire Victim Trust in accordance with its terms, with no recourse to the Debtors, the  
15 Reorganized Debtors, or their respective assets and properties.

16 (b) Impairment and Voting: The HoldCo Fire Victim Claims are Impaired, and  
17 holders of HoldCo Fire Victim Claims are entitled to vote to accept or reject the Plan.

#### 18 **4.8 Class 5A-IV – HoldCo Ghost Ship Fire Claims.**

19 (a) Treatment: On and after the Effective Date, each holder of a HoldCo Ghost Ship  
20 Fire Claim shall be entitled to pursue its Claim against Reorganized HoldCo as if the Chapter 11 Cases  
21 had not been commenced, *provided that* as provided in the Bankruptcy Court's *Order Re: Motion for*  
22 *Relief From Automatic Stay to Permit the Courts of the State of California to Conduct a Jury Trial*  
23 *and Related Pretrial and Post Trial Matters in Connection with the Ghost Ship Fire Cases* [Docket  
24 No. 5280] any recovery or payment with respect to the HoldCo Ghost Ship Fire Claims shall be limited  
25 solely to amounts available under the Debtors' Insurance (as such term is defined in such Order,  
26 including any remaining Self Insured Retention that may still be available at the time of any settlement  
27 or final judgment). Under no circumstances shall any holder of a HoldCo Ghost Ship Fire Claim be  
28 entitled to receive any recovery from the Debtors or Reorganized Debtors, or their respective assets or  
properties other than as provided in the immediately preceding sentence.

(b) Impairment and Voting: The HoldCo Ghost Ship Fire Claims are Unimpaired,  
and the holders of HoldCo Ghost Ship Fire Claims are presumed to have accepted the Plan.

#### **4.9 Class 6A – HoldCo Workers' Compensation Claims.**

(a) Treatment: On and after the Effective Date, each holder of a HoldCo Workers'  
Compensation Claim shall be entitled to pursue its Claim against Reorganized HoldCo as if the  
Chapter 11 Cases had not been commenced.

1 (b) Impairment and Voting: The HoldCo Workers' Compensation Claims are  
2 Unimpaired, and holders of HoldCo Workers' Compensation Claims are presumed to have accepted  
the Plan.

3 **4.10 Class 7A – HoldCo Environmental Claims.**

4 (a) Treatment: On and after the Effective Date, each holder of a HoldCo  
5 Environmental Claim shall be entitled to pursue its Claim against Reorganized HoldCo as if the  
6 Chapter 11 Cases had not been commenced, and each Environmental Order against HoldCo shall also  
survive the Effective Date as if the Chapter 11 Cases had not been commenced.

7 (b) Impairment and Voting: The HoldCo Environmental Claims are Unimpaired,  
8 and holders of HoldCo Environmental Claims are presumed to have accepted the Plan.

9 **4.11 Class 8A – HoldCo Intercompany Claims.**

10 (a) Treatment: On the Effective Date, all Allowed HoldCo Intercompany Claims  
11 shall either be (i) cancelled (or otherwise eliminated) and receive no distribution under the Plan or (ii)  
Reinstated, in each case as determined in the sole discretion of the Debtors or the Reorganized Debtors,  
12 as applicable.

13 (b) Impairment and Voting: The HoldCo Intercompany Claims are Unimpaired,  
and the holders of HoldCo Intercompany Claims are presumed to have accepted the Plan.

14 **4.12 Class 9A – HoldCo Subordinated Debt Claims.**

15 (a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
16 any HoldCo Subordinated Debt Claim, except to the extent that the Debtors or the Reorganized  
17 Debtors, as applicable, and a holder of an Allowed HoldCo Subordinated Debt Claim agree to a less  
18 favorable treatment of such Claim, on the Effective Date or as soon as reasonably practicable  
thereafter, each holder of an Allowed HoldCo Subordinated Debt Claim shall receive Cash in an  
amount equal to such holder's Allowed HoldCo Subordinated Debt Claim.

19 (b) Impairment and Voting: The HoldCo Subordinated Debt Claims are  
20 Unimpaired, and the holders of HoldCo Subordinated Debt Claims are presumed to have accepted the  
Plan.

21 **4.13 Class 10A-I – HoldCo Common Interests.**

22 (a) Treatment: On the Effective Date, subject to the New Organizational  
23 Documents, each holder of a HoldCo Common Interest shall retain such Interest subject to dilution  
24 from any New HoldCo Common Stock, or securities linked to New HoldCo Common Stock, issued  
25 pursuant to the Plan and, if applicable, shall receive a pro rata distribution of any subscription rights  
to be distributed to holders of HoldCo Common Interests in connection with a Rights Offering.

1 (b) Impairment and Voting: The HoldCo Common Interests are Impaired, and the  
2 holders of HoldCo Common Interests are entitled to vote to accept or reject the Plan.

3 **4.14 Class 10A-II – HoldCo Rescission or Damage Claims.**

4 (a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
5 any HoldCo Rescission or Damage Claim, except to the extent that the Debtors or the Reorganized  
6 Debtors, as applicable, and a holder of an Allowed HoldCo Rescission or Damage Claim agree to a  
7 less favorable treatment of such Claim, on the Effective Date or as soon as reasonably practicable  
8 thereafter, each holder of an Allowed HoldCo Rescission or Damage Claim shall receive a number of  
9 shares of New HoldCo Common Stock equal to such holder's HoldCo Rescission or Damage Claim  
10 Share of the outstanding number of common stock of HoldCo as of the Petition Date (526,118,408).

11 (b) Impairment and Voting: The HoldCo Rescission or Damage Claims are  
12 Impaired, and the holders of HoldCo Rescission or Damage Claims are entitled to vote to accept or  
13 reject the Plan.

14 **4.15 Class 11A – HoldCo Other Interests.**

15 (a) Treatment: On the Effective Date, each holder of a HoldCo Other Interest shall  
16 have such holder's HoldCo Other Interest Reinstated.

17 (b) Impairment and Voting: The HoldCo Other Interests are Unimpaired, and the  
18 holders of HoldCo Other Interests are presumed to have accepted the Plan.

19 **4.16 Class 1B – Utility Other Secured Claims.**

20 (a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
21 any Allowed Utility Other Secured Claim, except to the extent that the Debtors or Reorganized  
22 Debtors, as applicable, and a holder of an Allowed Utility Other Secured Claim agree to a less  
23 favorable treatment of such Claim, each holder of an Allowed Utility Other Secured Claim shall, at  
24 the option of the Debtors or Reorganized Debtors, (i) retain its Utility Other Secured Claim and the  
25 Collateral securing such Claim; (ii) receive Cash in an amount equal to such Allowed Claim, including  
26 the payment of any interest due and payable under section 506(b) of the Bankruptcy Code, on the  
27 Effective Date or as soon as reasonably practicable thereafter; or (iii) receive treatment of such  
28 Allowed Utility Other Secured Claim in any other manner that is necessary to satisfy the requirements  
of section 1124 of the Bankruptcy Code. In the event a Utility Other Secured Claim is treated under  
clause (ii) of this Section 4.16(a), the Liens securing such Other Secured Claim shall be deemed  
released immediately upon payment.

(b) Impairment and Voting: The Utility Other Secured Claims are Unimpaired,  
and the holders of Utility Other Secured Claims are presumed to have accepted the Plan.

1                   **4.17    Class 2B – Utility Priority Non-Tax Claims.**

2                   (a)    Treatment: In full and final satisfaction, settlement, release, and discharge of  
3 any Allowed Utility Priority Non-Tax Claim, except to the extent that the Debtors or Reorganized  
4 Debtors, as applicable, and a holder of an Allowed Utility Priority Non-Tax Claim agree to a less  
5 favorable treatment of such Claim, each holder of an Allowed Utility Priority Non-Tax Claim shall  
6 receive, at the option of the Debtors or the Reorganized Debtors, as applicable (i) Cash in an amount  
7 equal to such Allowed Utility Priority Non-Tax Claim, including interest through the Effective Date  
8 calculated at the Federal Judgment Rate, payable on the Effective Date or as soon as reasonably  
9 practicable thereafter, or (ii) such other treatment consistent with the provisions of section 1129(a)(9)  
10 of the Bankruptcy Code.

11                   (b)    Impairment and Voting: The Utility Priority Non-Tax Claims are Unimpaired,  
12 and the holders of Utility Priority Non-Tax Claims are presumed to have accepted the Plan.

13                   **4.18    Class 3B-I – Utility Impaired Senior Note Claims.**

14                   (a)    Treatment: On the Effective Date, holders of Utility Impaired Senior Note  
15 Claims shall receive Cash equal to their Utility Impaired Senior Note Claim Interest Amount and equal  
16 amounts of each issue of the New Utility Long-Term Notes in an aggregate amount equal to such  
17 holder's Utility Impaired Senior Note Claim Principal Amount.

18                   (b)    Impairment and Voting: The Utility Impaired Senior Note Claims are Impaired,  
19 and holders of Utility Impaired Senior Note Claims are entitled to vote to accept or reject the Plan.

20                   **4.19    Class 3B-II – Utility Reinstated Senior Note Claims.**

21                   (a)    Treatment: On the Effective Date, each holder of a Utility Reinstated Senior  
22 Note Claim shall have such holder's Utility Reinstated Senior Note Claim Reinstated.

23                   (b)    Impairment and Voting: The Utility Reinstated Senior Note Claims are  
24 Unimpaired, and holders of Utility Reinstated Senior Note Claims are presumed to have accepted the  
25 Plan.

26                   **4.20    Class 3B-III – Utility Short-Term Senior Note Claims.**

27                   (a)    Treatment: On the Effective Date, holders of Utility Short-Term Senior Note  
28 Claims shall receive Cash equal to their Utility Short-Term Senior Note Claim Interest Amount and  
equal amounts of each issue of New Utility Short-Term Notes in an aggregate amount equal to such  
holder's Utility Short-Term Senior Note Claim Principal Amount.

(b)    Impairment and Voting: The Utility Short-Term Senior Note Claims are  
Impaired, and the holders of Utility Short-Term Senior Note Claims are entitled to vote to accept or  
reject the Plan.

1                   **4.21    Class 3B-IV: Utility Funded Debt Claims.**

2                   (a)    Treatment: On the Effective Date, holders of Utility Funded Debt Claims shall  
3 receive Cash equal to their Utility Funded Debt Claim Interest and Charges Amount and equal amounts  
4 of each issue of the New Utility Funded Debt Exchange Notes in an aggregate amount equal to such  
5 holder's Utility Funded Debt Claim Principal Amount. On the Effective Date, any Utility Letters of  
6 Credit outstanding shall be replaced or canceled and returned to the issuing Utility Revolver Lender  
7 in accordance with the terms of the applicable Utility Letter of Credit and the Utility Revolver  
8 Documents.

9                   (b)    Impairment and Voting: The Utility Funded Debt Claims are Impaired, and  
10 holders of Utility Funded Debt Claims are entitled to vote to accept or reject the Plan.

11                   **4.22    Class 3B-V: Utility PC Bond (2008 F and 2010 E) Claims.**

12                   (a)    Treatment: In full and final satisfaction, settlement, release, and discharge of  
13 any Allowed Utility PC Bond (2008 F and 2010 E) Claim, except to the extent that the Debtors or  
14 Reorganized Debtors, as applicable, and a holder of an Allowed Utility PC Bond (2008 F and 2010 E)  
15 Claim agree to a less favorable treatment of such Claim, on the Effective Date or as soon as reasonably  
16 practicable thereafter, each holder of an Allowed Utility PC Bond (2008 F and 2010 E) Claim shall  
17 receive Cash in an amount equal to (i) the principal amount outstanding as of the Petition Date of such  
18 holder's Utility PC Bond (2008 F and 2010 E) Claim plus all accrued and unpaid interest owed as of  
19 the Petition Date at the non-default contract rate; (ii) all interest accrued from the Petition Date through  
20 the Effective Date at the Federal Judgment Rate; and (iii) fees and charges and other obligations owed  
21 through the Effective Date, solely to the extent provided for under the applicable PC Bond (2008 F  
22 and 2010 E) Documents.

23                   (b)    Impairment and Voting: The Utility PC Bond (2008 F and 2010 E) Claims are  
24 Unimpaired, and the holders of Utility PC Bond (2008 F and 2010 E) Claims are presumed to have  
25 accepted the Plan.

26                   **4.23    Class 4B: Utility General Unsecured Claims.**

27                   (a)    Treatment: In full and final satisfaction, settlement, release, and discharge of  
28 any Allowed Utility General Unsecured Claim, except to the extent that the Debtors or Reorganized  
Debtors, as applicable, and a holder of an Allowed Utility General Unsecured Claim agree to a less  
favorable treatment of such Claim, on the Effective Date or as soon as reasonably practicable  
thereafter, each holder of an Allowed Utility General Unsecured Claim shall receive Cash in an amount  
equal to such holder's Allowed Utility General Unsecured Claim. The Allowed amount of any Utility  
General Unsecured Claim shall reflect all interest accrued from the Petition Date through the Effective  
Date at the Federal Judgment Rate.

(b)    Impairment and Voting: The Utility General Unsecured Claims are  
Unimpaired, and the holders of Utility General Unsecured Claims are presumed to have accepted the  
Plan.

1                   **4.24    Class 5B-I – Utility Public Entities Wildfire Claims.**

2                   (a)    Treatment: In full and final satisfaction, settlement, release, and discharge of  
3 all Allowed Utility Public Entities Wildfire Claims, on the Effective Date, or as soon as reasonably  
4 practicable thereafter, but in no event later than thirty (30) days after the Effective Date, the Public  
5 Entities shall receive an aggregate Cash amount of \$1.0 billion, as provided in the Public Entities Plan  
6 Support Agreements, to be distributed in accordance with the Public Entities Settlement Distribution  
7 Protocol. The Reorganized Debtors shall also establish the Public Entities Segregated Defense Fund,  
8 in accordance with the terms of the Public Entities Plan Support Agreements. Utility Public Entities  
9 Wildfire Claims shall be satisfied solely from the Cash amount of \$1.0 billion and the Public Entities  
10 Segregated Defense Fund, as described above.

11                   (b)    Impairment and Voting: The Utility Public Entities Wildfire Claims are  
12 Impaired, and holders of the Utility Public Entities Wildfire Claims are entitled to vote to accept or  
13 reject the Plan.

14                   **4.25    Class 5B-II – Utility Subrogation Wildfire Claims.**

15                   The Utility Subrogation Wildfire Claims shall be treated as follows:

16                   (a)    Allowance: For purposes of this Plan, and in accordance with the Subrogation  
17 Claims RSA Approval Order, the Utility Subrogation Wildfire Claims shall be settled and Allowed in  
18 the aggregate amount of \$11 billion.

19                   (b)    Treatment: On the Effective Date or as soon as reasonably practicable  
20 thereafter, the Reorganized Debtors shall fund the Subrogation Wildfire Trust with Cash in the amount  
21 of \$11 billion. No postpetition, and pre-Effective Date, interest shall be paid with respect to the Utility  
22 Subrogation Wildfire Claims as Allowed pursuant to the immediately preceding clause (a). All Utility  
23 Subrogation Wildfire Claims shall be satisfied solely from the assets funded to the Subrogation  
24 Wildfire Trust. The Plan may be amended prior to the entry of the Disclosure Statement Order in  
25 accordance with the Subrogation Claims RSA to replace a portion of the Cash consideration with  
26 Non-cash Recovery.

27                   (c)    Professional Fees: On the Effective Date, the Reorganized Debtors shall pay  
28 the reasonable, documented, and contractual professional fees of the Ad Hoc Professionals (as such  
term is defined in the Subrogation Claims RSA) up to an aggregate amount of \$55 million (inclusive  
of all such fees and expenses paid by the Debtors prior to the Effective Date, and which shall include  
success fees, transaction fees or other similar fees). The Reorganized Debtors are authorized to pay  
the professional fees and expenses of Rothschild & Co US Inc., Kekst and Company Incorporated  
d/b/a Kekst CNC, and Wilson Public Affairs, in each case subject to, and in accordance with, the  
Subrogation Claims RSA without the necessity of filing formal fee applications. Solely with respect  
to fees and expenses for professional services rendered by Willkie Farr & Gallagher LLP and Diemer  
& Wei LLP, the Reorganized Debtors are authorized to pay such fees and expenses ten (10) business  
after the receipt by the Debtors and the U.S. Trustee (the “**Review Period**”) of invoices therefor (the  
“**Invoiced Fees**”) and without the necessity of filing formal fee applications. The invoices for such  
Invoiced Fees shall include the number of hours billed and the aggregate expenses incurred by the

1 applicable professional firm; *provided, however*, that any such invoice (i) may be limited and/or  
2 redacted to protect privileged, confidential, or proprietary information and (ii) shall not be required to  
3 contain individual time detail (provided that such invoice shall contain summary data regarding hours  
4 worked by each timekeeper for the applicable professional and such timekeepers' hourly rates). The  
5 Reorganized Debtors and the U.S. Trustee may object to any portion of the Invoiced Fees (the  
6 "**Disputed Invoiced Fees**") within the Review Period by filing with the Court a motion or other  
7 pleading, on at least ten days' prior written notice (but no more than 30 days' notice) of any hearing  
8 on such motion or other pleading, setting forth the specific objections to the Disputed Invoiced Fees  
9 in reasonable narrative detail and the bases for such objections; provided that the Reorganized Debtors  
10 shall pay all amounts that are not the subject of such objection upon the expiration of the Review  
11 Period and shall pay the balance following resolution of any such objection or upon an order of the  
12 Bankruptcy Court.

13 (d) Distributions and Discharge: Funding of the Subrogation Wildfire Trust as  
14 provided above shall be in restitution and in full and final satisfaction, release, and discharge of all  
15 Subrogation Wildfire Claims. Each holder of a Subrogation Wildfire Claim that is party to the  
16 Subrogation Wildfire Claim Allocation Agreement shall receive payment as determined in accordance  
17 with the Subrogation Wildfire Claim Allocation Agreement. Holders of Disputed Subrogation  
18 Wildfire Claims as of the Effective Date shall not receive any payment unless and until such claims  
19 either are resolved consensually as between such holders and the Subrogation Wildfire Trustee or  
20 become Allowed Claims.

21 (e) Channeling Injunction: On the Effective Date, the Debtors' liability for all  
22 Utility Subrogation Wildfire Claims shall be fully assumed by, and be the sole responsibility of, the  
23 Subrogation Wildfire Trust, and all such Claims shall be satisfied solely from the assets of the  
24 Subrogation Wildfire Trust. Pursuant to the Channeling Injunction, each holder of a Utility  
25 Subrogation Wildfire Claim shall have its Claim permanently channeled to the Subrogation Wildfire  
26 Trust, and such Claim shall be asserted exclusively against the Subrogation Wildfire Trust in  
27 accordance with its terms, with no recourse to the Debtors, the Reorganized Debtors, or their respective  
28 assets and properties.

(f) In accordance with the provisions of the Subrogation Claims RSA, the Confirmation Order shall contain the following findings and order:

(i) the resolution of the Debtors' insolvency proceeding provides funding or establishes reserves for, provides for assumption of, or otherwise provides for satisfying any prepetition wildfire claims asserted against the Debtors in the insolvency proceeding in the amounts agreed upon in any pre-insolvency proceeding settlement agreements or any post-insolvency settlement agreements, authorized by the court through an estimation process or otherwise allowed by the court, and

(ii) except with respect to any settlement or other agreement regarding the Fire Victim Claims asserted by Adventist Health System/West and Feather River Hospital d/b/a Adventist Health Feather River, any settlement or other agreement with any holder or holders of a Fire Victim Claim that fixes the amount or terms for satisfaction of such Claim, including by a post-Effective Date trust established for the resolution and payment of such

1 Claim, shall contain as a condition to such settlement or other agreement that the holder or  
2 holders of such Claim contemporaneously execute and deliver a release and waiver of any  
3 potential made-whole claims against present and former holders of Subrogation Wildfire  
Claims, which release shall be substantially in the form attached hereto as Exhibit C.

4 (g) Impairment and Voting: The Utility Subrogation Wildfire Claims are Impaired,  
and holders of Utility Subrogation Wildfire Claims are entitled to vote to accept or reject the Plan.

5 **4.26 Class 5B-III – Utility Fire Victim Claims.**

6 (a) Treatment: In accordance with the requirements of section 3292 of the Wildfire  
7 Legislation (A.B. 1054), on the Effective Date or as soon as reasonably practicable thereafter, the  
8 Reorganized Debtors shall establish and fund the Fire Victim Trust with the Aggregate Fire Victim  
Consideration. Utility Fire Victim Claims shall be satisfied solely from the Fire Victim Trust.

9 (b) Funding of the Fire Victim Trust as provided above shall be in restitution and  
10 full and final satisfaction, release, and discharge of all Fire Victim Claims. Each holder of a Fire  
11 Victim Claim shall receive payment as determined in accordance with the Fire Victim Claims  
Resolution Procedures.

12 (c) On the Effective Date, the Debtors' liability for all Utility Fire Victim Claims  
13 shall be fully assumed by, and be the sole responsibility of the Fire Victim Trust, and all such Claims  
14 shall be satisfied solely from the assets of the Fire Victim Trust. Pursuant to the Channeling  
15 Injunction, each holder of a Utility Fire Victim Claim shall have its Claim permanently channeled to  
16 the Fire Victim Trust, and such Claim shall be asserted exclusively against the Fire Victim Trust in  
accordance with its terms, with no recourse to the Debtors, the Reorganized Debtors, or their respective  
assets and properties.

17 (d) Impairment and Voting: The Utility Fire Victim Claims are Impaired, and  
holders of Utility Fire Victim Claims are entitled to vote to accept or reject the Plan.

18 **4.27 Class 5B-IV – Utility Ghost Ship Fire Claims.**

19 (a) Treatment: On and after the Effective Date, each holder of a Utility Ghost Ship  
20 Fire Claim shall be entitled to pursue its Claim against the Reorganized Utility as if the Chapter 11  
21 Cases had not been commenced, *provided that* as provided in the Bankruptcy Court's *Order Re:*  
22 *Motion for Relief From Automatic Stay to Permit the Courts of the State of California to Conduct a*  
23 *Jury Trial and Related Pretrial and Post Trial Matters in Connection with the Ghost Ship Fire Cases*  
24 *[Docket No. 5280]* any recovery or payment with respect to the Utility Ghost Ship Fire Claims shall  
25 be limited solely to amounts available under the Debtors' Insurance (as such term is defined in such  
Order, including any remaining Self Insured Retention that may still be available at the time of any  
settlement or final judgment). Under no circumstances shall any holder of a Utility Ghost Ship Fire  
Claim be entitled to receive any recovery from the Debtors or Reorganized Debtors, or their respective  
assets or properties other than as provided in the immediately preceding sentence.

1 (b) Impairment and Voting: The Utility Ghost Ship Fire Claims are Unimpaired,  
2 and the holders of Utility Ghost Ship Fire Claims are presumed to have accepted the Plan.

3 **4.28 Class 6B – Utility Workers’ Compensation Claims.**

4 (a) Treatment: On and after the Effective Date, each holder of a Utility Workers’  
5 Compensation Claim shall be entitled to pursue its Claim against the Reorganized Utility as if the  
6 Chapter 11 Cases had not been commenced.

7 (b) Impairment and Voting: The Utility Workers’ Compensation Claims are  
8 Unimpaired, and holders of Utility Workers’ Compensation Claims are presumed to have accepted the  
9 Plan.

10 **4.29 Class 7B – 2001 Utility Exchange Claims.**

11 (a) Treatment: On and after the Effective Date, each holder of a 2001 Utility  
12 Exchange Claim shall be entitled to pursue its Claim against the Reorganized Utility as if the Chapter  
13 11 Cases had not been commenced.

14 (b) Impairment and Voting: The 2001 Utility Exchange Claims are Unimpaired,  
15 and holders of 2001 Utility Exchange Claims are presumed to have accepted the Plan.

16 **4.30 Class 8B – Utility Environmental Claims.**

17 (a) Treatment: On and after the Effective Date, each holder of a Utility  
18 Environmental Claim shall be entitled to pursue its Claim against the Reorganized Utility as if the  
19 Chapter 11 Cases had not been commenced, and each Environmental Order against the Utility shall  
20 also survive the Effective Date as if the Chapter 11 Cases had not been commenced.

21 (b) Impairment and Voting: The Utility Environmental Claims are Unimpaired, and  
22 holders of Utility Environmental Claims are presumed to have accepted the Plan.

23 **4.31 Class 9B – Utility Intercompany Claims.**

24 (a) Treatment: On the Effective Date, all Allowed Utility Intercompany Claims  
25 shall either be (i) cancelled (or otherwise eliminated) and receive no distribution under the Plan or  
26 (ii) Reinstated, in each case as determined in the sole discretion of the Debtors or the Reorganized  
27 Debtors, as applicable.

28 (b) Impairment and Voting: The Utility Intercompany Claims are Unimpaired, and  
holders of Utility Intercompany Claims are presumed to have accepted the Plan.

**4.32 Class 10B – Utility Subordinated Debt Claims.**

(a) Treatment: In full and final satisfaction, settlement, release, and discharge of  
any Utility Subordinated Debt Claim, except to the extent that the Debtors or the Reorganized Debtors,  
as applicable, and a holder of an Allowed Utility Subordinated Debt Claim agree to a less favorable

1 treatment of such Claim, on the Effective Date or as soon as reasonably practicable thereafter, each  
2 holder of an Allowed Utility Subordinated Debt Claim shall receive Cash in an amount equal to such  
holder's Allowed Utility Subordinated Debt Claim.

3 (b) Impairment and Voting: The Utility Subordinated Debt Claims are  
4 Unimpaired, and the holders of Utility Subordinated Debt Claims are presumed to have accepted the  
Plan.

5 **4.33 Class 11B – Utility Preferred Interests.**

6 (a) Treatment: On the Effective Date, all Utility Preferred Interests shall be  
7 Reinstated.

8 (b) Impairment and Voting: The Utility Preferred Interests are Unimpaired, and  
9 holders of Utility Preferred Interests are presumed to have accepted the Plan.

10 **4.34 Class 12B – Utility Common Interests.**

11 (a) Treatment: On the Effective Date, all Utility Common Interests shall be  
12 Reinstated.

13 (b) Impairment and Voting: The Utility Common Interests are Unimpaired, and  
the holders of Utility Common Interests are presumed to have accepted the Plan.

14 **ARTICLE V.**

15 **PROVISIONS GOVERNING DISTRIBUTIONS**

16 **5.1 Distributions Generally.** Except as otherwise provided in the Plan, the  
17 Wildfire Trust Agreements, or the Claims Resolution Procedures the Disbursing Agent shall make all  
18 distributions to the appropriate holders of Allowed Claims, or such other persons designated by this  
Plan, in accordance with the terms of this Plan.

19 **5.2 Plan Funding.** Except as otherwise provided in the Plan, the Wildfire Trust  
20 Agreements, or the Claims Resolution Procedures, distributions of Cash shall be funded from the  
21 proceeds of the Plan Funding or the Wildfire Insurance Proceeds as of the applicable date of such  
distribution as set forth herein.

22 **5.3 No Postpetition or Default Interest on Claims.** Except as otherwise  
23 specifically provided for in this Plan or the Confirmation Order, or another order of the Bankruptcy  
24 Court or required by the Bankruptcy Code, postpetition and/or default interest shall not accrue or be  
25 paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on such Claim on  
26 or after the Petition Date. Except as otherwise provided in the Plan, to the extent that a Disputed Claim  
27 becomes an Allowed Claim after the Effective Date, the holder of such Claim shall not be entitled to  
28 any interest that accrued thereon from and after the Effective Date.

1           **5.4     Date of Distributions.** Unless otherwise provided in this Plan, the Wildfire  
2 Trust Agreements, or the Claims Resolution Procedures, any distributions and deliveries to be made  
3 under this Plan shall be made on the Effective Date or as soon as reasonably practicable thereafter;  
4 *provided*, that the Reorganized Debtors may implement periodic distribution dates to the extent they  
determine appropriate. Holders of Wildfire Claims subject to the Claims Resolution Procedures shall  
receive distributions in accordance with the applicable Claims Resolution Procedures.

5           **5.5     Distribution Record Date.** Except as otherwise provided in the Wildfire Trust  
6 Agreements or the Claims Resolution Procedures, as of the close of business on the Distribution  
7 Record Date, the various lists of holders of Claims and Interests in each Class, as maintained by the  
8 Debtors or their agents, shall be deemed closed, and there shall be no further changes in the record  
9 holders of any Claims or Interests after the Distribution Record Date. None of the Debtors, the  
10 Reorganized Debtors, or the Disbursing Agent shall have any obligation to recognize any transfer of  
11 a Claim or Interest occurring after the close of business on the Distribution Record Date. In addition,  
with respect to payment of any Cure Amounts or disputes over any Cure Amounts, none of the  
Debtors, the Reorganized Debtors, or the Disbursing Agent shall have any obligation to recognize or  
deal with any party other than the non-Debtor party to the applicable executory contract or unexpired  
lease, even if such non-Debtor party has sold, assigned, or otherwise transferred its Claim for a Cure  
Amount.

12           **5.6     Disbursing Agent.** Except as otherwise provided in the Plan or the Wildfire  
13 Trust Agreements, all distributions under this Plan shall be made by the Disbursing Agent, on behalf  
14 of the applicable Debtor, on and after the Effective Date as provided herein. The Disbursing Agent  
15 shall not be required to give any bond or surety or other security for the performance of its duties. The  
16 Debtors or the Reorganized Debtors, as applicable, shall use commercially reasonable efforts to  
17 provide the Disbursing Agent (if other than the Reorganized Debtors) with the amounts of Claims and  
18 the identities and addresses of holders of Claims, in each case, as set forth in the Debtors' or  
19 Reorganized Debtors' books and records. The Debtors or the Reorganized Debtors, as applicable,  
20 shall cooperate in good faith with the Disbursing Agent (if other than the Reorganized Debtors) to  
21 comply with the reporting and withholding requirements outlined in Section 5.15 of this Plan. Wildfire  
22 Claims subject to the Channeling Injunction shall not be administered by the Disbursing Agent and  
23 shall instead be administered by the Wildfire Trusts. Notwithstanding any provision of the Plan to the  
24 contrary, distributions to holders of Allowed Funded Debt Claims and Allowed Utility Senior Note  
25 Claims shall be made to or at the direction of the applicable Funded Debt Trustee, which shall, to the  
26 extent directed by the applicable Funded Debt Trustee, act as Disbursing Agent for distributions to the  
27 respective Holders of Allowed Funded Debt Claims and Allowed Utility Senior Note Claims under  
28 the applicable Funded Debt Documents. The Funded Debt Trustees, as applicable, may transfer such  
distributions or direct the transfer of such distributions by the Debtors or through the facilities of DTC  
(whether by means of book-entry exchange, free delivery, or otherwise) and will be entitled to  
recognize and deal for all purposes under the Plan with holders of Allowed Funded Debt Claims or  
Allowed Utility Senior Note Claims to the extent consistent with the customary practices of DTC or  
the customary practices for administrative agents under syndicated credit facilities (as applicable).  
Distributions in respect of Allowed Funded Debt Claims and Allowed Utility Senior Notes Claims  
shall be subject in all respects to the right of the applicable Funded Debt Trustee to assert its Charging  
Lien, if any, against such distributions. All distributions to be made to holders of Allowed Utility

1 Senior Note Claims shall be eligible to be distributed through the facilities of DTC and as provided  
2 for under the applicable Funded Debt Documents.

### 3 **5.7 Delivery of Distributions.**

4 (a) Except as otherwise provided in the Plan, the Wildfire Trust Agreements, or the  
5 Claims Resolution Procedures, the Disbursing Agent will make the applicable distribution under this  
6 Plan and, subject to Bankruptcy Rule 9010, will make all distributions to any holder of an Allowed  
7 Claim as and when required by this Plan at: (i) the address of such holder on the books and records  
8 of the Debtors or their agents, (ii) the address in the most recent proof of claim filed by such holder,  
9 or (iii) the address in any written notice of address change delivered to the Debtors or the Disbursing  
10 Agent, including any addresses included on any transfers of Claim filed pursuant to Bankruptcy Rule  
11 3001. In the event that any distribution to any holder is returned as undeliverable, no distribution or  
12 payment to such holder shall be made unless and until the Disbursing Agent has been notified of the  
13 then current address of such holder, at which time or as soon thereafter as reasonably practicable, such  
14 distribution shall be made to such holder without interest.

15 (b) The Disbursing Agent, with the Funded Debt Trustees' cooperation and  
16 consistent with Section 5.6 of this Plan, shall make any distributions on account of the Allowed Funded  
17 Debt Claims and Utility Senior Note Claims. At the request of the Debtors or Reorganized Debtors,  
18 each Funded Debt Trustee shall provide a copy of any registry or list of beneficial owners maintained  
19 by the Funded Debt Trustees to the Debtors or Reorganized Debtors, as applicable, as soon as  
20 reasonably practicable following such request and, to the extent specifically requested by the Debtors  
21 or Reorganized Debtors, such Funded Debt Trustee shall freeze such registry on a date specified by  
22 the Debtors or Reorganized Debtors for purposes of permitting distributions to be made pursuant to  
23 this Plan. If the applicable Funded Debt Document so provides, the Disbursing Agent may make  
24 distributions on account of the Allowed Funded Debt Claims, Utility Senior Note Claims, or Utility  
25 PC Bond (2008 F and 2010 E) Claims to the applicable Funded Debt Trustee. The Funded Debt  
26 Trustees shall have no duties or responsibility relating to any form of distribution that is not DTC  
27 eligible and the Disbursing Agent, the Debtors, or the Reorganized Debtors, as applicable, shall seek  
28 the cooperation of DTC so that any distribution on account of an Allowed Funded Debt Claim, Utility  
Senior Note Claim, or Utility PC Bond (2008 F and 2010 E) Claim that is held in the name of, or by a  
nominee of, DTC, shall be made through the facilities of DTC on the Effective Date or as soon as  
practicable thereafter. The Reorganized Debtors shall reimburse the Funded Debt Trustees for any  
reasonable and documented fees and expenses (including the reasonable and documented fees and  
expenses of its counsel and agents) incurred after the Effective Date solely in connection with actions  
explicitly requested by the Reorganized Debtors necessary for implementation of the Plan; *provided*,  
that, for the avoidance of doubt, nothing in the Plan or Confirmation Order shall be considered or  
construed as an explicit request by the Reorganized Debtors authorizing the incurrence of fees and  
expenses by the Funded Debt Trustees.

24 **5.8 Unclaimed Property.** For distributions other than from the Wildfire Trusts, all  
25 distributions payable on account of Claims or Interests that are not deliverable, or have not responded  
26 to a request for information to make such delivery, and remain unclaimed shall be deemed unclaimed  
27 property under section 347(b) of the Bankruptcy Code and shall revert to the Reorganized Debtors or  
28

1 their successors or assigns one year from the later of (a) the Effective Date and (b) the date that is ten  
2 (10) Business Days after the date a Claim is first Allowed, and all claims of any other Entity (including  
3 the holder of a Claim in the same Class) to such distribution shall be discharged and forever barred.  
4 The Reorganized Debtors and the Disbursing Agent shall have no obligation to attempt to locate any  
holder of an Allowed Claim other than by reviewing the Debtors' books and records and filings with  
the Bankruptcy Court.

5 **5.9 Satisfaction of Claims.** Unless otherwise provided herein, any distributions  
6 and deliveries to be made on account of Allowed Claims under this Plan shall be in complete and final  
satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

7 **5.10 Fractional Stock.** No fractional shares or Interests of New HoldCo Common  
8 Stock shall be distributed. If any distributions of New HoldCo Common Stock pursuant to the Plan  
9 or the Plan Documents would result in the issuance of a fractional share or Interest of New HoldCo  
10 Common Stock, then the number of shares or Interests of New HoldCo Common Stock to be issued  
11 in respect of such distribution shall be calculated to one decimal place and rounded up or down to the  
12 closest whole share or Interest (with a half share or Interest or greater rounded up and less than a half  
13 share or Interest rounded down). The total number of shares or Interests of New HoldCo Common  
14 Stock, as applicable, to be distributed in connection with the Plan shall be adjusted as necessary to  
15 account for the rounding provided for in this Section 5.10. No consideration shall be provided in lieu  
of fractional shares or Interests that are rounded down. Neither the Reorganized Debtors nor the  
Disbursing Agent shall have any obligation to make a distribution that is less than (1) share or Interest  
of New HoldCo Common Stock. Any New HoldCo Common Stock that is not distributed in  
accordance with this Section 5.10 shall be returned to, and ownership thereof shall vest in, Reorganized  
HoldCo.

16 **5.11 Manner of Payment under Plan.** Except as specifically provided herein, at  
17 the option of the Debtors or the Reorganized Debtors, as applicable, any Cash payment to be made  
18 under this Plan may be made by check, ACH, wire transfer, or any other method agreed between the  
Debtors or Reorganized Debtors and the holder of the Claim.

19 **5.12 No Distribution in Excess of Amount of Allowed Claim.** Notwithstanding  
20 anything to the contrary in this Plan, no holder of an Allowed Claim shall receive, on account of such  
21 Allowed Claim, distributions in excess of the Allowed amount of such Claim, except to the extent that  
payment of postpetition interest on such Claim is specifically provided for by the Plan, the  
Confirmation Order, or another order of the Bankruptcy Court or required by the Bankruptcy Code.

22 **5.13 Setoffs and Recoupments.** Each Debtor or Reorganized Debtor, as applicable,  
23 or such Entity's successor or designee, may, pursuant to section 553 of the Bankruptcy Code or  
24 applicable nonbankruptcy law, offset or recoup against any Allowed Claim and the distributions to be  
25 made pursuant to this Plan on account of such Allowed Claim any and all Claims, rights, and Causes  
26 of Action that such Debtor or Reorganized Debtor or its successors may hold against the holder of  
27 such Allowed Claim; *provided*, that neither the failure to effect a setoff or recoupment nor the  
allowance of any Claim hereunder will constitute a waiver or release by a Debtor or Reorganized  
Debtor or its successor of any Claims, rights, or Causes of Action that any such entity or its successor  
or designee may possess against such holder.

1                   **5.14    Rights and Powers of Disbursing Agent.**

2                   (a)     The Disbursing Agent shall be empowered to: (i) effect all actions and execute  
3 all agreements, instruments, and other documents necessary to perform its duties under this Plan;  
4 (ii) make all applicable distributions or payments provided for under this Plan; (iii) employ  
5 professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers  
6 (A) as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order  
7 issued after the Effective Date) or pursuant to this Plan or (B) as deemed by the Disbursing Agent to  
8 be necessary and proper to implement the provisions of this Plan.

9                   (b)     To the extent the Disbursing Agent is an Entity other than a Debtor or  
10 Reorganized Debtor, except as otherwise ordered by the Bankruptcy Court, the amount of any  
11 reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date  
12 (including taxes) and any reasonable compensation and expense reimbursement Claims (including for  
13 reasonable attorneys' and other professional fees and expenses) made by the Disbursing Agent shall  
14 be paid in Cash by the Reorganized Debtors.

15                   **5.15    Withholding and Reporting Requirements.**

16                   (a)     In connection with this Plan and all distributions made hereunder, the  
17 Reorganized Debtors and the Disbursing Agent shall comply with all applicable withholding and  
18 reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all  
19 distributions under this Plan shall be subject to any such withholding or reporting requirements. In  
20 the case of a non-Cash distribution that is subject to withholding, the distributing party may withhold  
21 an appropriate portion of such distributed property and sell such withheld property to generate Cash  
22 necessary to pay over the withholding tax. Any amounts withheld pursuant to the preceding sentence  
23 shall be deemed to have been distributed to and received by the applicable recipient for all purposes  
24 of this Plan.

25                   (b)     Notwithstanding the above, each holder of an Allowed Claim that is to receive  
26 a distribution under this Plan shall have the sole and exclusive responsibility for the satisfaction and  
27 payment of any tax obligations imposed on such holder by any federal, state, local, or foreign taxing  
28 authority, including income, withholding, and other tax obligations, on account of such distribution.  
The Reorganized Debtors and the Disbursing Agent have the right, but not the obligation, to not make  
a distribution until such holder has made arrangements satisfactory to any issuing or disbursing party  
for payment of any such tax obligations.

                  (c)     The Reorganized Debtors and the Disbursing Agent may require, as a condition  
to receipt of a distribution, that the holder of an Allowed Claim provide any information necessary to  
allow the distributing party to comply with any such withholding and reporting requirements imposed  
by any federal, state, local, or foreign taxing authority. If the Reorganized Debtors or the Disbursing  
Agent make such a request and the holder fails to comply before the date that is 180 days after the  
request is made, the amount of such distribution shall irrevocably revert to the applicable Reorganized  
Debtor and any Claim in respect of such distribution shall be discharged and forever barred from  
assertion against such Reorganized Debtor or its respective property.

1           **5.16 Credit for Distributions under Wildfire Assistance Program.** If a holder of  
2 an Allowed Fire Claim has received or will receive any distribution from the Wildfire Assistance  
3 Program, such distribution shall be credited against any distribution to be made on account of such  
4 holder's Fire Claim under this Plan and in accordance with the terms of the Wildfire Trust Agreements.

## ARTICLE VI.

### MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

6           **6.1 General Settlement of Claims and Interests.** The Plan shall be deemed a  
7 motion to approve a good-faith compromise and settlement pursuant to which the Debtors and the  
8 holders of Claims against and/or Interests in the Debtors settle all Claims, Interests, and Causes of  
9 Action pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in  
10 consideration for the classification, distributions, releases, and other benefits provided under the Plan,  
11 on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and  
12 settlement of all Claims and Interests and controversies resolved pursuant to the Plan. The  
13 Confirmation Order shall constitute the Court's approval of the compromise, settlement, and release  
14 of all such Claims, Interests, and Causes of Action, as well as a finding by the Bankruptcy Court that  
15 all such compromises, settlements, and releases are mutual and bi-directional and are in the best  
16 interests of the Debtors, their estates, and the holders of Claims, Interests, and Causes of Action, and  
17 is fair, equitable, and reasonable. Except as otherwise provided in the Wildfire Trust Agreements and  
18 the Claims Resolution Procedures, in accordance with the provisions of the Plan, pursuant to section  
19 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order,  
20 or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors, may  
21 compromise and settle all Claims and Causes of Action against, and Interests in, the Debtors and their  
22 estates. The compromises, settlements, and releases described herein shall be deemed nonseverable  
23 from each other and from all other terms of the Plan.

### **6.2 Restructuring Transactions; Effectuating Documents.**

18           (a) Following the Confirmation Date or as soon as reasonably practicable  
19 thereafter, the Debtors or the Reorganized Debtors, as applicable, may take all actions as may be  
20 necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or  
21 necessary to effectuate the Plan or to obtain any of the Plan Funding (collectively, the "**Restructuring  
22 Transactions**"), including (i) the execution and delivery of appropriate agreements or other  
23 documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer,  
24 arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are  
25 consistent with the terms of the Plan, (ii) the execution and delivery of appropriate instruments of  
26 transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or  
27 obligation on terms consistent with the terms of the Plan, (iii) the filing of appropriate certificates or  
28 articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation,  
arrangement, continuance, or dissolution pursuant to applicable state or federal law, (iv) the execution  
and delivery of the Plan Documents, (v) the issuance of securities, all of which shall be authorized and  
approved in all respects in each case without further action being required under applicable law,  
regulation, order, or rule (except such filings, approvals and authorizations as may be required,

1 necessary or desirable for offerings of securities not exempt from the Securities Act pursuant to section  
2 1145 of the Bankruptcy Code), (vi) such other transactions that are necessary or appropriate to  
3 implement the Plan in the most tax efficient manner, (vii) the cancellation of existing securities, and  
4 (viii) all other actions that the applicable Entities determine to be necessary or appropriate, including  
5 making filings or recordings that may be required by applicable law.

6 (b) Each officer, or member of the board of directors, of the Debtors is (and each  
7 officer, or member of the board of directors of the Reorganized Debtors shall be) authorized to issue,  
8 execute, deliver, file, or record such contracts, securities, instruments, releases, indentures, and other  
9 agreements or documents and take such actions as may be necessary or appropriate to effectuate,  
10 implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant  
11 to the Plan in the name of and on behalf of the Reorganized Debtors, all of which shall be authorized  
12 and approved in all respects, in each case, without the need for any approvals, authorization, consents,  
13 or any further action required under applicable law, regulation, order, or rule (including any action by  
14 the stockholders or directors of the Debtors or the Reorganized Debtors) except for those expressly  
15 required pursuant to the Plan.

16 (c) All matters provided for herein involving the corporate structure of the Debtors  
17 or Reorganized Debtors, or any corporate action required by the Debtors or Reorganized Debtors in  
18 connection herewith shall be deemed to have occurred and shall be in effect, without any requirement  
19 of further action by the stockholders or directors of the Debtors or Reorganized Debtors, and with like  
20 effect as though such action had been taken unanimously by the stockholders of the Debtors or  
21 Reorganized Debtors.

22 **6.3 Continued Corporate Existence.** Except as otherwise provided in this Plan  
23 (including pursuant to the Restructuring Transactions), the Debtors shall continue to exist after the  
24 Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective  
25 jurisdictions in which they are incorporated or organized. On and after the Effective Date, without  
26 prejudice to the rights of any party to a contract or other agreement with any Debtor, each Reorganized  
27 Debtor may, in its sole discretion, take such action as permitted by applicable law and such  
28 Reorganized Debtor's organizational documents, as such Reorganized Debtor may determine is  
reasonable and appropriate, including: (i) changing the legal name of a Reorganized Debtor; (ii)  
closing the applicable Chapter 11 Case; and (iii) amending its charter so as to prevent the acquisition,  
sale, or other transaction of any class or classes of stock of Reorganized HoldCo, other than pursuant  
to the Plan, for the purpose of preserving the tax benefits of the Reorganized Debtors if such  
acquisition, sale, or other transaction would result in an increase in the amount of stock of Reorganized  
HoldCo beneficially owned (as determined for applicable tax purposes) by any person or group of  
persons that owns, or as a result of such acquisition, sale, or other transaction would own, at least  
4.75% of any class or classes of stock of Reorganized HoldCo.

29 **6.4 The Subrogation Wildfire Trust.**

30 (a) On or before the Effective Date, the Subrogation Wildfire Trust shall be  
31 established by the Subrogation Wildfire Trustee and on the Effective Date or as soon as reasonably  
32 practicable thereafter, the Debtors shall fund the Subrogation Wildfire Trust as provided in Section  
33 4.25(b) hereof. In accordance with the Subrogation Wildfire Trust Agreement and the Subrogation  
34

1 Wildfire Claim Allocation Agreement, each of which shall become effective as of the Effective Date,  
2 the Subrogation Wildfire Trust shall administer, process, settle, resolve, liquidate, satisfy, and pay all  
3 Subrogation Wildfire Claims. All Subrogation Wildfire Claims shall be channeled to the Subrogation  
4 Wildfire Trust and shall be subject to the Channeling Injunction.

5 (b) Each trust comprising the Subrogation Wildfire Trust is intended to be treated,  
6 and shall be reported, as a “qualified settlement fund” for U.S. federal income tax purposes and shall  
7 be treated consistently for state and local tax purposes, to the extent applicable; *provided*, however,  
8 that the Reorganized Debtors may elect to treat any trust comprising the Subrogation Wildfire Trust  
9 as a “grantor trust” for U.S. federal income tax purposes, in which case each such trust shall be treated  
10 consistently for state and local tax purposes, to the extent applicable. The Subrogation Wildfire Trustee  
11 and all holders of Subrogation Wildfire Claims shall report consistently with the foregoing. The  
12 Subrogation Wildfire Trustee shall be the “administrator,” within the meaning of Treasury Regulations  
13 Section 1.468B-2(k)(3), of the Subrogation Wildfire Trust and, in such capacity, the Subrogation  
14 Wildfire Trustee shall be responsible for filing all tax returns of the Subrogation Wildfire Trust and,  
15 out of the assets of the Subrogation Wildfire Trust, the payment of any taxes due with respect to trust  
16 assets or otherwise imposed on the Subrogation Wildfire Trust (including any tax liability arising in  
17 connection with the distribution of trust assets), and shall be permitted to sell any assets of the  
18 Subrogation Wildfire Trust to the extent necessary to satisfy such tax liability (including any tax  
19 liability arising in connection with such sale).

20 (c) Except as otherwise provided in the Subrogation Wildfire Trust Agreement, or  
21 the Subrogation Wildfire Claim Allocation Agreement, the Subrogation Wildfire Trustee will make  
22 the applicable distribution under the Subrogation Wildfire Trust Agreement and, subject to Bankruptcy  
23 Rule 2002, at: (i) the address of such holder on the books and records of the Debtors or their agents;  
24 (ii) the address provided by such holder on its most recent proof of claim, or (iii) the address in any  
25 written notice of address change delivered to the Debtors prior to the Effective Date, or the  
26 Subrogation Wildfire Trustee after the Effective Date, including any addresses included on any  
27 transfers of Claim filed pursuant to Bankruptcy Rule 3001. In the event that any distribution to any  
28 holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and  
until the Subrogation Wildfire Trustee has been notified of the then-current address of such holder, at  
which time or as soon as reasonably practicable thereafter, such distribution shall be made to such  
holder without interest.

(d) The Subrogation Wildfire Trustee may request an expedited determination of  
taxes under section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the  
Subrogation Wildfire Trust through the termination of the Subrogation Wildfire Trust.

### **6.5 Subrogation Wildfire Trustee.**

(a) Powers and Duties of Trustee. The powers and duties of the Subrogation  
Wildfire Trustee shall include, but shall not be limited to, those responsibilities vested in the  
Subrogation Wildfire Trustee pursuant to the terms of the Subrogation Trust Agreement, or as may be  
otherwise necessary and proper to (i) make distributions to holders of Subrogation Wildfire Claims in  
accordance with the terms of the Plan, Subrogation Trust Agreement, and Subrogation Wildfire Claim  
Allocation Agreement and (ii) carry out the provisions of the Plan relating to the Subrogation Wildfire

1 Trust and the Subrogation Wildfire Claims. The Trustee shall maintain good and sufficient books and  
2 records relating to each Subrogation Wildfire Claim, including the identity of the owner of each  
3 Subrogation Wildfire Claim and the amount and date of all Distributions made on account of each  
4 such Subrogation Wildfire Claim.

5 (b) The Subrogation Wildfire Trustee shall cooperate fully with the Reorganized  
6 Debtors in connection with the preparation and filing by the Reorganized Debtors of any tax returns,  
7 claims for refunds, or other tax filings, and any tax proceedings, to the extent relating to any transfers  
8 to, distributions by, or the operations of the Subrogation Wildfire Trust.

#### 9 **6.6 Subrogation Trust Advisory Board.**

10 (a) Appointment of Subrogation Trust Advisory Board. The Subrogation Trust  
11 Advisory Board shall consist of three (3) initial members selected by holders of Subrogation Wildfire  
12 Claims in accordance with the Subrogation Trust Agreement and the Subrogation Wildfire Claim  
13 Allocation Agreement.

14 (b) Powers and Duties of Subrogation Trust Advisory Board. The Subrogation  
15 Trust Advisory Board shall, as and when requested by the Subrogation Wildfire Trustee, or as is  
16 otherwise either (i) required under the Plan, the Confirmation Order, the Subrogation Trust Agreement  
17 or (ii) contemplated by the Subrogation Wildfire Claim Allocation Agreement, consult with and advise  
18 the Subrogation Wildfire Trustee as to the administration and management of the Subrogation Wildfire  
19 Trust in accordance with the terms of this Plan, the Confirmation Order, and/or the Subrogation Trust  
20 Agreement.

21 (c) The Subrogation Wildfire Trust Advisory Board shall be appointed on the  
22 Effective Date. The rights and responsibilities of the Subrogation Wildfire Trust Advisory Board shall  
23 be set forth in the Subrogation Wildfire Trust Agreement.

#### 24 **6.7 The Fire Victim Trust.**

25 (a) On or before the Effective Date, the Fire Victim Trust shall be established. In  
26 accordance with the Plan, the Confirmation Order, the Fire Victim Trust Agreement and the Fire  
27 Victim Claims Resolution Procedures, the Fire Victim Trust shall, among other tasks described in this  
28 Plan or the Fire Victim Trust Agreement, administer, process, settle, resolve, liquidate, satisfy, and  
29 pay all Fire Victim Claims, and prosecute or settle all Assigned Rights and Causes of Action. All Fire  
30 Victim Claims shall be channeled to the Fire Victim Trust and shall be subject to the Channeling  
31 Injunction. The Fire Victim Trust shall be funded with the Aggregate Fire Victim Consideration. To  
32 the extent, if any, a holder of a Fire Victim Claim asserts damages against the Debtors or the Fire  
33 Victim Trust for amounts covered by a policy of insurance, the Fire Victim Trust may receive a credit  
34 against the Fire Victim Claim of any such holder, its predecessor, successor, or assignee, for insurance  
35 coverage amounts as provided in the Fire Victim Trust Agreement. In addition, coverage provisions  
36 of any insurance policy for losses resulting from a Fire and any funds received by any holder of a Fire  
37 Victim Claim, net of attorney's fees, shall satisfy, to the extent applicable, any amounts of restitution  
38 the Debtors or Reorganized Debtors might be subject to under Cal. Penal Code § 1202.4

1 (b) Each trust comprising the Fire Victim Trust is intended to be treated, and shall  
2 be reported, as a “qualified settlement fund” for U.S. federal income tax purposes and shall be treated  
3 consistently for state and local tax purposes, to the extent applicable; provided, however, that the  
4 Reorganized Debtors may elect to treat any trust comprising the Fire Victim Trust as a “grantor trust”  
5 for U.S. federal income tax purposes, in which case each such trust shall be treated consistently for  
6 state and local tax purposes, to the extent applicable. The Fire Victim Trustee and all holders of Fire  
7 Victim Claims shall report consistently with the foregoing. The Fire Victim Trustee shall be the  
8 “administrator,” within the meaning of Treasury Regulations Section 1.468B-2(k)(3), of the Fire  
9 Victim Trust and, in such capacity, the Fire Victim Trustee shall be responsible for filing all tax returns  
10 of the Fire Victim Trust and, out of the assets of the Fire Victim Trust, the payment of any taxes due  
11 with respect to trust assets or otherwise imposed on the Fire Victim Trust (including any tax liability  
12 arising in connection with the distribution of trust assets), shall be permitted to sell any assets of the  
13 Fire Victim Trust to the extent necessary to satisfy such tax liability (including any tax liability arising  
14 in connection with such sale).

9 (c) On the Effective Date, the Fire Victim Claims Resolution Procedures shall  
10 become effective.

11 (d) No parties other than holders of Fire Victim Claims shall have a right, or  
12 involvement in, the Fire Victim Claims Resolution Procedures, the Fire Victim Trust Agreement, the  
13 administration of the Fire Victims Trust, the selection of a Fire Victim Trustee, settlement fund  
14 administrator, claims administrator, or the Fire Victims Trust Oversight Committee. The Fire Victim  
15 Claims shall be administered by a Fire Victim Trust and the Fire Victims Trust Oversight Committee  
16 independent of the Debtors. The Fire Victim Claims shall be administered, allocated and distributed  
17 in accordance with applicable ethical rules and subject to adequate informed consent procedures. The  
18 Fire Victim Trustee shall receive settlement allocations consistent with Rule 1.8(g) of the Model Rules  
19 of Professional Conduct. The rules and procedures governing the administration and allocation of the  
20 funds from the Fire Victim Trust shall be objectively applied and transparent. No party other than  
21 holders of Fire Victim Claims, including but not limited to the Debtors, the Reorganized Debtors, and  
22 any holders of Claims or Interests other than holders of Fire Victim Claims, shall have any rights to  
23 any of the proceeds in the Fire Victim Trust, or any clawback or reversionary interest of any of the  
24 consideration (whether Cash or otherwise) allocated to any of the holders of Fire Victim Claims  
25 generally or in the total amount funded to the Fire Victim Trust.

## 20 **6.8 Fire Victim Trustee**

21 (a) Powers and Duties of Trustee. The powers and duties of the Fire Victim Trustee  
22 shall include, but shall not be limited to, those responsibilities vested in the Fire Victim Trustee  
23 pursuant to the terms of the Fire Victim Trust Agreement, or as may be otherwise necessary and proper  
24 to (i) make distributions to holders of Fire Victim Claims in accordance with the terms of the Plan and  
25 the Fire Victim Trust Agreement and (ii) carry out the provisions of the Plan relating to the Fire Victim  
26 Trust and the Fire Victim Claims, including but not limited to prosecuting or settling all Assigned  
27 Rights and Causes of Action in his or her capacity as a trustee for the benefit of Fire Victims. On the  
28 Effective Date, pursuant to this Plan and sections 1123, 1141, and 1146(a) of the Bankruptcy Code,  
the Debtors, on behalf of their estates, and the Fire Victim Trustee, will be authorized and directed to,

1 and will execute the Fire Victim Trust Agreement in substantially the form that will be attached to the  
2 Plan Supplement, and will be further authorized and directed to, and will, take all such actions as  
3 required to transfer the Assigned Rights and Causes of Action from the Debtors to the Fire Victim  
4 Trust. The Fire Victim Trustee shall maintain good and sufficient books and records relating to each  
5 Fire Victim Claim, including the identity of the owner of each Fire Victim Claim and the amount and  
6 date of all Distributions made on account of each such Fire Victim Claim. In addition to all powers  
7 enumerated in the Fire Victim Trust Agreement, in this Plan, and in the Confirmation Order, from and  
8 after the Effective Date, the Fire Victim Trust shall succeed to all of the rights and standing of the  
9 Debtors with respect to the Assigned Rights and Causes of Action in its capacity as a trust  
10 administering assets for the benefit of Fire Victims.

11 (b) The Fire Victim Trustee will be appointed as the representative of each of the  
12 Debtors' estates pursuant to sections 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code and as  
13 such will be vested with the authority and power (subject to the Fire Victim Trust Agreement and the  
14 Plan) to, among other things: (i) administer, object to or settle Fire Victim Claims; (ii) make  
15 distributions to holders of Fire Victim Claims in accordance with the terms of the Plan and the Fire  
16 Victim Trust Agreement, and (iii) carry out the provisions of the Plan related to the Fire Victim Trust  
17 and the Fire Victim Claims, including but not limited to prosecuting or settling all Assigned Rights  
18 and Causes of Action in his or her capacity as a trustee for the benefit of holders of Fire Victim Claims.  
19 As the representative of the Debtors' estates, in his or her capacity as a trustee for the benefit of Fire  
20 Victims, the Fire Victim Trustee will succeed to all of the rights and powers of the Debtors and their  
21 estates with respect to all Assigned Rights and Causes of Action assigned and transferred to the Fire  
22 Victim Trust, and the Fire Victim Trustee will be substituted and will replace the Debtors, their estates,  
23 any official committee appointed in these cases if applicable, in all such Assigned Rights and Causes  
24 of Action, whether or not such claims are pending in filed litigation.

25 (c) The Fire Victim Trustee shall cooperate fully with the Reorganized Debtors in  
26 connection with the preparation and filing by the Reorganized Debtors of any tax returns, claims for  
27 refunds, or other tax filings, and any tax proceedings, to the extent relating to any transfers to,  
28 distributions by, or the operations of the Fire Victim Trust.

(d) Except as otherwise provided in the Fire Victim Trust Agreement, or the Fire  
Victim Claims Resolution Procedures, the Fire Victim Trustee will make the applicable distribution  
under the Fire Victim Trust Agreement and, subject to Bankruptcy Rule 2002, at: (i) the address of  
such holder on the books and records of the Debtors or their agents; (ii) the address provided by such  
holder on its most recent proof of claim, or (iii) the address in any written notice of address change  
delivered to the Debtors prior to the Effective Date, or the Fire Victim Trustee after the Effective Date,  
including any addresses included on any transfers of Claim filed pursuant to Bankruptcy Rule 3001.  
In the event that any distribution to any holder is returned as undeliverable, no distribution or payment  
to such holder shall be made unless and until the Fire Victim Trustee has been notified of the then-  
current address of such holder, at which time or as soon as reasonably practicable thereafter, such  
distribution shall be made to such holder without interest.

(e) The Fire Victim Trust Oversight Committee shall be appointed on the Effective  
Date. The Fire Victim Trust Oversight Committee shall consist of members selected and appointed

1 by the Consenting Fire Claimant Professionals and the Tort Claimants Committee. The rights and  
2 responsibilities of the Fire Victim Trust Oversight Committee shall be set forth in the Fire Victim  
Trust Agreement.

3 (f) Unless otherwise expressly provided under this Plan, on the Effective Date, all  
4 Assigned Rights and Causes of Action will vest in the Fire Victim Trust. On and after the Effective  
5 Date, the transfer of the Assigned Rights and Causes of Action to the Fire Victim Trust will be deemed  
6 final and irrevocable and distributions may be made from the Fire Victim Trust. The Confirmation  
Order will provide the Fire Victim Trustee with express authority and standing necessary to take all  
actions to prosecute or settle any and all Assigned Rights and Causes of Action.

7 (g) The Fire Victim Trustee may request an expedited determination of taxes under  
8 section 505(b) of the Bankruptcy Code for all tax returns filed by or on behalf of the Fire Victim Trust  
through the termination of the Fire Victim Trust.

9 **6.9 Public Entities Segregated Defense Fund.**

10 (a) On the Effective Date, the Reorganized Debtors shall fund the Public Entities  
11 Segregated Defense Fund in accordance with the terms of the Public Entities Plan Support  
12 Agreements.

13 (b) The Public Entities Segregated Defense Fund shall be maintained by the  
14 Reorganized Debtors until the later of (i) the expiration of the applicable statute of limitations period  
15 for any and all Public Entities Third Party Claims and (ii) the conclusion of all litigation, including  
16 appeals, involving all Public Entities Third Party Claims.

17 **6.10 Go-Forward Wildfire Fund.**

18 (a) On the Effective Date, the Debtors shall contribute, in accordance with the  
19 Wildfire Legislation (A.B. 1054), an initial contribution of approximately \$4.8 billion and first annual  
20 contribution of approximately \$193 million, to the Go-Forward Wildfire Fund in order to secure the  
21 participation of the Reorganized Debtors therein.

22 (b) The Reorganized Debtors shall also be responsible for ongoing funding  
23 commitments to the Go-Forward Wildfire Fund as required by the terms thereof and the Wildfire  
24 Legislation (A.B. 1054).

25 **6.11 Officers and Board of Directors.**

26 (a) The New Boards for HoldCo and the Utility will, among other things, satisfy  
27 the requirements of the Wildfire Legislation (A.B. 1054) and other applicable law, including with  
28 respect to directors having appropriate experience in safety, finance and utility operations. The  
composition of the New Boards shall be disclosed in accordance with section 1129(a)(5) of the  
Bankruptcy Code.

1 (b) Except as otherwise provided in the Plan Supplement, the officers of the  
2 respective Debtors immediately before the Effective Date, as applicable, shall serve as the initial  
3 officers of each of the respective Reorganized Debtors on and after the Effective Date.

4 (c) Except to the extent that a member of the board of directors of a Debtor  
5 continues to serve as a director of the respective Reorganized Debtor on and after the Effective Date,  
6 the members of the board of directors of each Debtor prior to the Effective Date, in their capacities as  
7 such, shall have no continuing obligations to the Reorganized Debtors on or after the Effective Date  
8 and each such director will be deemed to have resigned or shall otherwise cease to be a director of the  
9 applicable Debtor on the Effective Date.

10 (d) Commencing on the Effective Date, the directors of each of the Reorganized  
11 Debtors shall be elected and serve pursuant to the terms of the applicable organizational documents of  
12 such Reorganized Debtor and may be replaced or removed in accordance with such organizational  
13 documents.

14 **6.12 Management Incentive Plan.** On or after the Effective Date, the Management  
15 Incentive Plan may be established and implemented at the discretion of the New Board and in  
16 compliance with the Wildfire Legislation (A.B. 1054).

17 **6.13 Cancellation of Existing Securities and Agreements.**

18 (a) Except for the purpose of enabling holders of Allowed Claims to receive a  
19 distribution under the Plan as provided herein and except as otherwise set forth in this Plan, the Plan  
20 Supplement or the Confirmation Order, on the Effective Date, all agreements, instruments, and other  
21 documents evidencing any prepetition Claim or any rights of any holder in respect thereof shall be  
22 deemed cancelled, discharged, and of no force or effect. For the avoidance of doubt, in accordance  
23 with Sections 4.13, 4.15, 4.19, 4.33, and 4.34 of the Plan, none of the HoldCo Common Interests, the  
24 HoldCo Other Interests, the Utility Reinstated Senior Note Documents, the Utility Preferred Interests,  
25 or the Utility Common Interests shall be cancelled pursuant to the Plan. The holders of, or parties to,  
26 such cancelled instruments, Securities, and other documentation shall have no rights arising from or  
27 related to such instruments, Securities, or other documentation or the cancellation thereof, except the  
28 rights provided for pursuant to this Plan.

(b) Except as otherwise set forth in the Plan, the Funded Debt Trustees shall be  
released and discharged from all duties and responsibilities under the applicable Funded Debt  
Documents; *provided that*; notwithstanding the releases in Article X of the Plan, entry of the  
Confirmation Order or the occurrence of the Effective Date, each of the Funded Debt Documents or  
agreement that governs the rights of the holder of a Claim shall continue in effect to the extent  
necessary to: (i) enforce the rights, Claims, and interests of the Funded Debt Trustees thereto vis-a-  
vis any parties other than the Released Parties; (ii) allow the holders of Allowed Funded Debt Claims,  
Utility Senior Note Claims, or Utility PC Bond (2008 F and 2010 E) Claim, as applicable, to receive  
distributions under the Plan, to the extent provided for under the Plan; (iii) appear to be heard in the  
Chapter 11 Cases or in any proceedings in this Court or any other court; (iv) preserve any rights of the  
Funded Debt Trustees to payment of fees, expenses, and indemnification obligations from or on any  
money or property to be distributed in respect of the Allowed Funded Debt Claims, Utility Senior Note

1 Claims and Utility PC Bond (2008 F and 2010 E) Claims, solely to the extent provided in the Plan,  
2 including permitting the Funded Debt Trustees to maintain, enforce, and exercise a Charging Lien  
3 against such distributions; and (v) enforce any obligation owed to the Funded Debt Trustees under the  
4 Plan. For the avoidance of doubt, on and after the Effective Date, the Utility Senior Notes Trustee  
shall not be released from any duty or responsibility under or arising from the Utility Reinstated Senior  
Note Documents.

5 **6.14 Cancellation of Certain Existing Security Agreements.** Promptly following  
6 the payment in full or other satisfaction of an Allowed Other Secured Claim, the holder of such  
7 Allowed Other Secured Claim shall deliver to the Debtors or Reorganized Debtors, as applicable, any  
8 Collateral or other property of a Debtor held by such holder, together with any termination statements,  
9 instruments of satisfaction, or releases of all security interests with respect to its Allowed Other  
Secured Claim that may be reasonably required to terminate any related financing statements,  
mortgages, mechanics' or other statutory Liens, or lis pendens, or similar interests or documents.

10 **6.15 Issuance of New HoldCo Common Stock.** On and after the Effective Date,  
11 Reorganized HoldCo is authorized to issue, or cause to be issued, the New HoldCo Common Stock in  
12 accordance with the Plan and the Plan Documents, all without the need for any further corporate,  
limited liability company, or shareholder action. All of the New HoldCo Common Stock distributable  
under the Plan shall be duly authorized, validly issued, and fully paid and non-assessable.

13 **6.16 Exit Financing.** On the Effective Date, the Exit Financing Documents shall be  
14 executed and delivered. The Reorganized Debtors shall be authorized to execute, deliver, and enter  
15 into and perform under the Exit Financing Documents and to consummate the Exit Financing without  
the need for any further corporate action and without further action by the holders of Claims or  
Interests.

16 **6.17 Rights Offering.** If applicable, following approval by the Bankruptcy Court of  
17 the Rights Offering Procedures and, if the offer, issuance and distribution of Securities pursuant to the  
18 Rights Offering is to be registered under the Securities Act, effectiveness of an appropriate registration  
19 statement registering such offer, issuance and distribution under the Securities Act, the Debtors shall,  
20 if they determine to implement the same, commence and consummate the Rights Offering in  
21 accordance therewith. New HoldCo Common Stock shall be issued to each Eligible Offeree that  
22 exercises its respective subscription rights pursuant to the Rights Offering Procedures and the Plan.  
The consummation of the Rights Offering shall be conditioned on the occurrence of the Effective Date,  
and any other condition specified in the Backstop Commitment Letters. Amounts held by the  
subscription agent with respect to the Rights Offering prior to the Effective Date shall not be entitled  
to any interest on account of such amounts and no Eligible Offeree participating in the Rights Offering  
shall have any rights in New HoldCo Common Stock until the Rights Offering is consummated.

23 **6.18 Plan Proponent Reimbursement.** On the Effective Date, the Reorganized  
24 Debtors shall reimburse the Shareholder Proponents for their out-of-pocket expenses (excluding any  
25 professional fees) incurred in connection with the furtherance of the Debtors' reorganization, which  
26 in the aggregate shall not exceed \$150,000.  
27  
28

## 6.19 Securities Act Registrations or Exemptions.

(a) The offer, issuance and distribution of the New HoldCo Common Stock and other Securities as provided hereunder may be exempt from registration under (i) the Securities Act of 1933 and all rules and regulations promulgated thereunder and (ii) any state or local law requiring registration for the offer, issuance, or distribution of Securities, pursuant to section 1145 of the Bankruptcy Code, without further act or action by any Entity, pursuant to another available exemption from registration, such as section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, or pursuant to Article III of the Securities Act, or such offer, issuance and distribution may be registered under the Securities Act pursuant to an appropriate registration statement. Any offer, issuance and distribution of Securities pursuant to any Backstop Commitment Letter may be exempt from registration pursuant to section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

(b) Under section 1145 of the Bankruptcy Code, any securities issued under the Plan that are exempt from such registration pursuant to section 1145(a) of the Bankruptcy Code will be freely tradable by the recipients thereof, subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act of 1933, (ii) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments, (iii) the restrictions, if any, on the transferability of such securities and instruments, including any restrictions on the transferability under the terms of the New Organizational Documents, (iv) any applicable procedures of DTC, and (v) applicable regulatory approval.

## ARTICLE VII.

### PROCEDURES FOR DISPUTED CLAIMS

7.1 Objections to Claims. Except as otherwise provided herein, in the Claims Resolution Procedures, the Subrogation Claims RSA, and in the Wildfire Trust Agreements, the Reorganized Debtors shall be entitled to object to Claims. The Subrogation Wildfire Trustee shall be entitled to object to Subrogation Wildfire Claims. The Fire Victim Trustee shall be entitled to object to Fire Victim Claims. Except as otherwise set forth in the Plan, any objections to Claims shall be served and filed on or before the later of (i) one-hundred and eighty (180) days after the Effective Date and (ii) such later date as may be fixed by the Bankruptcy Court (as the same may be extended by the Bankruptcy Court for cause shown). Fire Victim Claims, other than those Claims arising out of the 2015 Butte fires that were the subject of fully executed prepetition settlement agreements with the Debtor(s) and any other Fire Victim Claim that is settled or Allowed by order of the Bankruptcy Court prior to the Effective Date, are treated as unliquidated Disputed Claims for purposes of the Fire Victim Trust and shall be subject to resolution by the Fire Victim Trust in accordance with the Fire Victim Claims Resolution Procedures.

7.2 Resolution of Disputed Administrative Expense Claims and Disputed Claims. Except as otherwise provided for in the Plan, in the Claims Resolution Procedures, the Subrogation Claims RSA, or in the Wildfire Trust Agreements, on and after the Effective Date, the Reorganized Debtors shall have the authority to compromise, settle, otherwise resolve, or withdraw

1 any objections to Disputed Administrative Expense Claims or Disputed Claims and to compromise,  
2 settle, or otherwise resolve any Disputed Administrative Expense Claims and Disputed Claims without  
3 approval of the Bankruptcy Court, other than with respect to any Professional Fee Claims. On and  
4 after the Effective Date, the Subrogation Wildfire Trustee shall have the authority to compromise,  
5 settle, otherwise resolve, or withdraw any objections to Disputed Subrogation Wildfire Claims without  
6 approval of the Bankruptcy Court. On and after the Effective Date, the Fire Victim Trustee shall have  
7 the authority to compromise, settle, otherwise resolve, or withdraw any objections to Disputed Fire  
8 Victim Claims without approval of the Bankruptcy Court. Notwithstanding the foregoing, and for the  
9 avoidance of doubt, Subrogation Wildfire Claims and Fire Victim Claims may only be compromised,  
10 settled, or resolved pursuant to the applicable Claims Resolution Procedures and Wildfire Trust  
11 Agreement.

8 **7.3 Payments and Distributions with Respect to Disputed Claims.**

9 Notwithstanding anything herein to the contrary, if any portion of a Claim is a Disputed Claim, no  
10 payment or distribution provided hereunder shall be made on account of such Claim (including on  
11 account of the non-Disputed portion of such Claim) unless and until such Disputed Claim becomes an  
12 Allowed Claim.

11 **7.4 Distributions After Allowance.**

12 After such time as a Disputed Claim becomes,  
13 in whole but not in part, an Allowed Claim, the holder thereof shall be entitled to distributions, if any,  
14 to which such holder is then entitled as provided in this Plan. Such distributions shall be made as soon  
15 as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed  
16 Claim (or portion thereof) becomes a Final Order.

15 **7.5 Disallowance of Claims.**

16 Any Claims held by an Entity from which property  
17 is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a  
18 transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy  
19 Code, as determined by a Final Order, shall be deemed disallowed pursuant to section 502(d) of the  
20 Bankruptcy Code, and holders of such Claims may not receive any distributions on account of such  
21 Claims until such time as such Causes of Action against that Entity have been settled or a Final Order  
22 with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been  
23 turned over or paid to the Debtors or the Reorganized Debtors. Except as otherwise provided herein  
24 or by an order of the Bankruptcy Court, all proofs of Claim filed after the Effective Date shall be  
25 disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable  
26 against any Reorganized Debtor, without the need for any objection by the Reorganized Debtors or  
27 any further notice to or action, order, or approval of the Bankruptcy Court, other than a claim for  
28 damages arising from the rejection of an executory contract or unexpired lease.

23 **7.6 Estimation.**

24 Except as otherwise provided in the Plan, the Claims Resolution  
25 Procedures, the Subrogation Claims RSA, and the Wildfire Trust Agreements, the Debtors or the  
26 Reorganized Debtors (or the Subrogation Wildfire Trustee solely with respect to Disputed Subrogation  
27 Wildfire Claims and the Fire Victim Trustee solely with respect to Disputed Fire Victim Claims) may  
28 determine, resolve and otherwise adjudicate all contingent Claims or unliquidated Claims in the  
Bankruptcy Court or such other court of the Debtors', Reorganized Debtors', the Subrogation Wildfire  
Trustee's or the Fire Victim Trustee's choice having jurisdiction over the validity, nature or amount

1 thereof. The Debtors or the Reorganized Debtors (or the Subrogation Wildfire Trustee solely with  
2 respect to Disputed Subrogation Wildfire Claims and the Fire Victim Trustee solely with respect to  
3 Disputed Fire Victim Claims) may at any time request that the Bankruptcy Court estimate any  
4 contingent Claims or unliquidated Claims pursuant to section 502(c) of the Bankruptcy Code for any  
5 reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors (or the  
6 Subrogation Wildfire Trustee solely with respect to Disputed Subrogation Wildfire Claims and the  
7 Fire Victim Trustee solely with respect to Disputed Fire Victim Claims) have previously objected to  
8 such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court  
9 shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection  
10 to any Claim, including, during the pendency of any appeal relating to any such objection. If the  
11 Bankruptcy Court estimates any contingent Claim or unliquidated Claim, that estimated amount shall  
12 constitute the maximum limitation on such Claim, and the Debtors or the Reorganized Debtors (or the  
13 Subrogation Wildfire Trustee solely with respect to Disputed Subrogation Wildfire Claims and the  
14 Fire Victim Trustee solely with respect to Disputed Fire Victim Claims) may pursue supplementary  
15 proceedings to object to the ultimate allowance of such Claim; *provided*, that such limitation shall not  
16 apply to Claims requested by the Debtors to be estimated for voting purposes only. All of the  
17 aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of  
18 one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved  
19 by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the  
20 Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section  
21 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless  
22 the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or  
23 before twenty (20) calendar days after the date such Claim is estimated by the Bankruptcy Court.  
24 Notwithstanding the foregoing, and for the avoidance of doubt, Subrogation Wildfire Claims and Fire  
25 Victim Claims may only be compromised, settled, or resolved pursuant to terms of the applicable  
26 Wildfire Trust Agreement.

## ARTICLE VIII.

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES

#### **8.1 General Treatment.**

20 (a) As of, and subject to, the occurrence of the Effective Date and the payment of  
21 any applicable Cure Amount, all executory contracts and unexpired leases of the Reorganized Debtors  
22 shall be deemed assumed, unless such executory contract or unexpired lease (i) was previously  
23 assumed or rejected by the Debtors, pursuant to a Final Order, (ii) previously expired or terminated  
24 pursuant to its own terms or by agreement of the parties thereto, (iii) is the subject of a motion to  
assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is  
specifically designated as an executory contract or unexpired lease to be rejected on the Schedule of  
Rejected Contracts.

25 (b) Notwithstanding the foregoing, as of and subject to the occurrence of the  
26 Effective Date and the payment of any applicable Cure Amount, all power purchase agreements,  
27  
28

1 renewable energy power purchase agreements, and Community Choice Aggregation servicing  
2 agreements of the Debtors shall be deemed assumed.

3 (c) Subject to the occurrence of the Effective Date, entry of the Confirmation Order  
4 by the Bankruptcy Court shall constitute approval of the assumptions, assumptions and assignments,  
5 or rejections provided for in this Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code.  
6 Each executory contract and unexpired lease assumed pursuant to this Plan shall vest in, and be fully  
enforceable by, the applicable Reorganized Debtor in accordance with its terms, except as modified  
by the provisions of this Plan, any order of the Bankruptcy Court authorizing and providing for its  
assumption or assumption and assignment, or applicable law.

## 7 **8.2 Determination of Cure Disputes and Deemed Consent.**

8 (a) Any monetary defaults under an assumed or assumed and assigned executory  
9 contract or unexpired lease, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code,  
10 by payment of the default amount, as reflected in the applicable cure notice, in Cash on the Effective  
Date, subject to the limitations described below, or on such other terms as the parties to such executory  
contracts or unexpired leases and the Debtors may otherwise agree.

11 (b) At least fourteen (14) days before the deadline set to file objections to  
12 confirmation of the Plan, the Debtors shall distribute, or cause to be distributed, assumption and cure  
13 notices to the applicable third parties. **Any objection by a counterparty to an executory contract  
14 or unexpired lease to the proposed assumption, assumption and assignment, or related Cure  
Amount must be filed, served, and actually received by the Debtors before the deadline set to  
15 file objections to confirmation of the Plan.** Any counterparty to an executory contract or unexpired  
16 lease that fails to object timely to the proposed assumption, assumption and assignment, or Cure  
Amount will be deemed to have assented to such assumption, assumption and assignment, or Cure  
17 Amount. Notwithstanding anything herein to the contrary, in the event that any executory contract or  
unexpired lease is removed from the Schedule of Rejected Contracts after such fourteen (14)-day  
18 deadline, a cure notice with respect to such executory contract or unexpired lease will be sent promptly  
to the counterparty thereof and a noticed hearing set to consider whether such executory contract or  
unexpired lease can be assumed or assumed and assigned, as applicable.

19 (c) In the event of an unresolved dispute regarding (i) any Cure Amount, (ii) the  
20 ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future  
21 performance” (within the meaning of section 365 of the Bankruptcy Code) under the executory  
contract or unexpired lease to be assumed, or (iii) any other matter pertaining to assumption,  
22 assumption and assignment, or the Cure Amounts required by section 365(b)(1) of the Bankruptcy  
Code, such dispute shall be resolved by a Final Order (which order may be the Confirmation Order).

23 (d) If the Bankruptcy Court makes a determination regarding any of the matters set  
24 forth in Section 8.2(c) above with respect to any executory contract or unexpired lease is greater than  
the amount set forth in the applicable cure notice, as set forth in Section 8.8(a) below, the Debtors or  
25 Reorganized Debtors, as applicable, shall have the right to alter the treatment of such executory  
26 contract or unexpired lease, including, without limitation, to add such executory contract or unexpired  
27

1 lease to the Schedule of Rejected Contracts, in which case such executory contract or unexpired lease  
2 shall be deemed rejected as of the Effective Date.

3 (e) Assumption or assumption and assignment of any executory contract or  
4 unexpired lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any  
5 Claims and Causes of Action against any Debtor or defaults by any Debtor arising under any assumed  
6 executory contract or unexpired lease at any time before the date that the Debtors assume or assume  
7 and assign such executory contract or unexpired lease, whether monetary or nonmonetary, including  
8 all Claims arising under sections 503(b)(9) or 546(c) of the Bankruptcy Code, any defaults of  
9 provisions restricting the change in control or ownership interest composition, or any other  
10 bankruptcy-related defaults. Any proofs of Claim filed with respect to an executory contract or  
11 unexpired lease that has been assumed or assumed and assigned shall be deemed disallowed and  
12 expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

13 **8.3 Rejection Damages Claims.** In the event that the rejection of an executory  
14 contract or unexpired lease hereunder results in damages to the other party or parties to such contract  
15 or lease, any Claim for such damages, if not heretofore evidenced by a timely filed proof of Claim,  
16 shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors,  
17 or their respective estates, properties or interests in property, unless a proof of Claim is filed with the  
18 Bankruptcy Court and served upon the Debtors or the Reorganized Debtors, as applicable, no later  
19 than thirty (30) days after the later of (i) the Confirmation Date or (ii) the effective date of the rejection  
20 of such executory contract or unexpired lease, as set forth on the Schedule of Rejected Contracts or  
21 order of the Bankruptcy Court. The Confirmation Order shall constitute the Bankruptcy Court's  
22 approval of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

23 **8.4 Survival of the Debtors' Indemnification Obligations.** Any and all  
24 obligations of the Debtors pursuant to their corporate charters, agreements, bylaws, limited liability  
25 company agreements, memorandum and articles of association, or other organizational documents  
26 (including all Indemnification Obligations) to indemnify current and former officers, directors, agents,  
27 or employees with respect to all present and future actions, suits, and proceedings against the Debtors  
28 or such officers, directors, agents, or employees based upon any act or omission for or on behalf of  
the Debtors shall remain in full force and effect to the maximum extent permitted by applicable law  
and shall not be discharged, impaired, or otherwise affected by this Plan. All such obligations shall  
be deemed and treated as executory contracts that are assumed by the Debtors under this Plan and shall  
continue as obligations of the Reorganized Debtors. Any Claim based on the Debtors' obligations in  
this Section 8.4 herein shall not be a Disputed Claim or subject to any objection, in either case, by  
reason of section 502(e)(1)(B) of the Bankruptcy Code or otherwise.

29 **8.5 Assumption of Employee Benefit Plans.**

30 (a) On the Effective Date, all Employee Benefit Plans are deemed to be, and shall  
31 be treated as, executory contracts under this Plan and, on the Effective Date, shall be assumed pursuant  
32 to sections 365 and 1123 of the Bankruptcy Code. All outstanding payments which are accrued and  
33 unpaid as of the Effective Date pursuant to the Employee Benefit Plans shall be made by the  
34 Reorganized Debtors on the Effective Date or as soon as practicable thereafter.

1 (b) The deemed assumption of the Employee Benefit Plans pursuant to this Section  
2 8.5 shall result in the full release and satisfaction of any Claims and Causes of Action against any  
3 Debtor or defaults by any Debtor arising under any Employee Benefit Plan at any time before the  
4 Effective Date. Any proofs of Claim filed with respect to an Employee Benefit Plan shall be deemed  
disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy  
Court.

5 (c) Notwithstanding anything to the contrary in the Plan, the Reorganized Debtors  
6 shall continue and assume the Pacific Gas and Electric Company Retirement Plan (“**Defined Benefit**  
7 **Plan**”) subject to the Employee Retirement Income Securities Act, the Internal Revenue Code, and  
8 any other applicable law, including (i) the minimum funding standards in 26 U.S.C. §§ 412, 430, and  
29 U.S.C. §§ 1082, 1083 and (ii) premiums under 29 U.S.C. §§ 1306 and 1307. All proofs of claim  
filed by the Pension Benefit Guaranty Corporation with respect to the Defined Benefit Plan are deemed  
withdrawn on the Effective Date.

9 **8.6 Collective Bargaining Agreements.**

10 (a) On or prior to the Effective Date, and subject to the occurrence of the Effective  
11 Date, the Reorganized Debtors shall assume the Collective Bargaining Agreements.

12 **8.7 Insurance Policies.**

13 (a) All Insurance Policies (including all D&O Liability Insurance Policies and tail  
14 coverage liability insurance), surety bonds, and indemnity agreements entered into in connection with  
15 surety bonds to which any Debtor is a party as of the Effective Date shall be deemed to be and treated  
16 as executory contracts and shall be assumed by the applicable Debtors or Reorganized Debtor and  
shall continue in full force and effect thereafter in accordance with their respective terms.

17 **8.8 Reservation of Rights.**

18 (a) The Debtors may amend the Schedule of Rejected Contracts and any cure notice  
19 until the later of (i) 4:00 p.m. (Pacific Time) on the Business Day immediately prior to the  
20 commencement of the Confirmation Hearing or (ii) if Section 8.2(d) is applicable, the Business Day  
21 that is seven (7) Business Days following the determination by the Bankruptcy Court, in order to add,  
22 delete, or reclassify any executory contract or unexpired lease; *provided*, that if the Confirmation  
Hearing is adjourned for a period of more than two (2) consecutive calendar days, the Debtors’ right  
to amend such schedules and notices shall be extended to 4:00 p.m. (Pacific Time) on the Business  
Day immediately prior to the adjourned date of the Confirmation Hearing, with such extension  
applying in the case of any and all subsequent adjournments of the Confirmation Hearing.

23 (b) Neither the exclusion nor the inclusion by the Debtors of any contract or lease  
24 on any exhibit, schedule, or other annex to this Plan or in the Plan Supplement, nor anything contained  
25 in this Plan or in the Plan Documents, will constitute an admission by the Debtors that any such  
26 contract or lease is or is not an executory contract or unexpired lease or that the Debtors or the  
Reorganized Debtors or their respective affiliates has any liability thereunder.

1 (c) Except as explicitly provided in this Plan, nothing herein shall waive, excuse,  
2 limit, diminish, or otherwise alter any of the defenses, claims, Causes of Action, or other rights of the  
3 Debtors or the Reorganized Debtors under any executory or non-executory contract or unexpired or  
4 expired lease.

4 (d) Nothing in this Plan will increase, augment, or add to any of the duties,  
5 obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors, as applicable,  
6 under any executory or non-executory contract or unexpired or expired lease.

6 **8.9 Modifications, Amendments, Supplements, Restatements, or Other**  
7 **Agreements.** Unless otherwise provided in the Plan, each executory contract or unexpired lease that  
8 is assumed shall include all modifications, amendments, supplements, restatements, or other  
9 agreements that in any manner affect such executory contract or unexpired lease, and executory  
10 contracts and unexpired leases related thereto, if any, including easements, licenses, permits, rights,  
11 privileges, immunities, options, rights of first refusal, and any other interests, unless any of the  
12 foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the  
13 Plan.

## 11 ARTICLE IX.

### 12 EFFECTIVENESS OF THE PLAN

13 **9.1 Conditions Precedent to Confirmation of the Plan.** The following are  
14 conditions precedent to confirmation of the Plan:

15 (a) The Disclosure Statement Order has been entered by the Bankruptcy Court;

16 (b) The Bankruptcy Court shall have entered the Confirmation Order in form and  
17 substance acceptable to the Debtors;

18 (c) The Debtors have received the CPUC Approval, other than the approval  
19 referred to in Section 1.38(c) of the Plan;

20 (d) The Subrogation Claims RSA shall be in full force and effect;

21 (e) The Tort Claimants RSA shall be in full force and effect;

22 (f) The Noteholder RSA shall be in full force and effect; and

23 (g) The Backstop Commitment Letters, if necessary for the Plan Funding, shall be  
24 in full force and effect and binding on all parties thereto, and shall not have been terminated by the  
25 parties thereto.

25 **9.2 Conditions Precedent to the Effective Date.** The following are conditions  
26 precedent to the Effective Date of the Plan:  
27  
28

1 (a) The Confirmation Order shall have been entered by the Bankruptcy Court no  
2 later than the June 30, 2020 date set forth in section 3292(b) of the Wildfire Legislation (A.B. 1054)  
3 or any extension of such date and such order shall be in full force and effect, and no stay thereof shall  
4 be in effect;

4 (b) The Subrogation Claims RSA shall be in full force and effect;

5 (c) The Tort Claimants RSA shall be in full force and effect;

6 (d) The Noteholder RSA shall be in full force and effect;

7 (e) The adversary proceeding commenced by the Tort Claimants Committee  
8 against the Ad Hoc Group of Subrogation Claim Holders (Complaint for Declaratory Judgment  
9 Subordinating and Disallowing Claims and For an Accounting, *Official Comm. of Tort Claimants v.*  
10 *Ad Hoc Grp. of Subrogation Claim Holders*, Adv. Pro. No. 19-3053 (N.D. Cal. Nov. 8, 2019), ECF.  
11 No. 1) shall have been dismissed with prejudice;

10 (f) The Tax Benefits Payment Agreement shall be in full force and effect, and shall  
11 have received any necessary approvals;

12 (g) The Debtors shall have implemented all transactions contemplated by this Plan;

13 (h) All documents and agreements necessary to consummate the Plan shall have  
14 been effected or executed;

15 (i) The Bankruptcy Court approval for the Debtors to participate in and fund the  
16 Go-Forward Wildfire Fund shall be in full force and effect;

16 (j) The Debtors shall have obtained the Plan Funding;

17 (k) The Debtors shall have received all authorizations, consents, legal and  
18 regulatory approvals, rulings, letters, no-action letters, opinions, or documents that are necessary to  
19 implement and consummate the Plan and the Plan Funding and that are required by law, regulation,  
20 or order;

20 (l) The CPUC Approval shall be in full force and effect;

21 (m) The Subrogation Wildfire Trust shall have been established and the Subrogation  
22 Wildfire Trustee shall have been appointed;

23 (n) The Fire Victim Trust shall have been established, the Fire Victim Trustee shall  
24 have been appointed and the Tax Benefits Payment Agreement shall have been fully executed; and

25 (o) The Plan shall not have been materially amended, altered or modified from the  
26 Plan as confirmed by the Confirmation Order, unless such material amendment, alteration or  
27 modification has been made in accordance with Section 12.6 of the Plan.  
28

1                   **9.3    Satisfaction of Conditions.** Except as otherwise provided herein, any actions  
2 required to be taken on the Effective Date shall take place and shall be deemed to have occurred  
3 simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other  
4 such action. If the Debtors determine that any of the conditions precedent set forth in Sections 9.1 or  
5 9.2 hereof cannot be satisfied and the occurrence of such conditions is not waived pursuant to Section  
6 9.4, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

7                   **9.4    Waiver of Conditions.** The conditions set forth in Sections 9.1 or 9.2 may be  
8 waived or modified only by the Plan Proponents with the consent of the Backstop Parties holding a  
9 majority of the Aggregate Backstop Commitment Amount (such consent not to be unreasonably  
10 withheld, conditioned or delayed), without notice, leave, or order of the Bankruptcy Court or any  
11 formal action other than proceedings to confirm or consummate the Plan; *provided* that for Sections  
12 9.1(d) and 9.2(b) of the Plan only, the consent of the Requisite Consenting Creditors shall also be  
13 required; *provided further* that for Sections 9.1(e) and 9.2(c) of the Plan only, the consent of the  
14 Requisite Consenting Fire Claimant Professionals (as such term is defined in the Tort Claimants RSA)  
15 shall also be required.

16                   **9.5    Effect of Non-Occurrence of Effective Date.** If the Effective Date does not  
17 occur on or before December 31, 2020, then: (a) the Plan will be null and void in all respects; and  
18 (b) nothing contained in the Plan or the Disclosure Statement shall: (i) constitute a waiver or release  
19 of any Claims, Interests, or Causes of Action by any Entity; (ii) prejudice in any manner the rights of  
20 any Debtor or any other Entity; or (iii) constitute an admission, acknowledgment, offer, or undertaking  
21 of any sort by any Debtor or any other Entity.

## ARTICLE X.

### EFFECT OF CONFIRMATION

22                   **10.1   Binding Effect.** Except as otherwise provided in section 1141(d)(3) of the  
23 Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the  
24 Confirmation Order, the provisions of this Plan shall bind every holder of a Claim against or Interest  
25 in any Debtor and inure to the benefit of and be binding on such holder's respective successors and  
26 assigns, regardless of whether the Claim or Interest of such holder is Impaired under this Plan and  
27 whether such holder has accepted this Plan.

28                   **10.2   Vesting of Assets.** Upon the Effective Date, pursuant to sections 1141(b) and  
29 (c) of the Bankruptcy Code, all assets and property of the Debtors shall vest in the Reorganized  
30 Debtors, as applicable, free and clear of all Claims, Liens, charges, and other interests, except as  
31 otherwise provided herein. The Reorganized Debtors may operate their businesses and use, acquire,  
32 and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and  
33 in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy  
34 Code, except as otherwise provided herein.

35                   **10.3   Release and Discharge of Debtors.** Upon the Effective Date and in  
36 consideration of the distributions to be made hereunder, except as otherwise expressly provided herein,  
37 each holder (as well as any representatives, trustees, or agents on behalf of each holder) of a Claim or  
38

1 Interest and any affiliate of such holder shall be deemed to have forever waived, released, and  
2 discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and  
3 from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date; *provided,*  
4 *however,* that any liability of the Debtors arising from any fire occurring after the Petition Date,  
5 including the Kincade fire, that has not been satisfied in full as of the Effective Date shall not be  
6 discharged, waived, or released. In addition, (a) from and after the Effective Date neither the automatic  
7 stay nor any other injunction entered by the Bankruptcy Court shall restrain the enforcement or defense  
8 of any claims for fires occurring after the Petition Date, including the Kincade fire or the Lafayette  
9 fire in any court that would otherwise have jurisdiction if the Chapter 11 Cases had not been filed and  
10 (b) no claims for fires or motions for allowance of claims for fires occurring after the Petition Date  
11 need to be filed in the Chapter 11 Cases. Upon the Effective Date, all such Persons shall be forever  
12 precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting  
13 any such discharged Claim against or Interest in the Debtors.

9 **10.4 Term of Injunctions or Stays.** Unless otherwise provided herein or in a Final  
10 Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105  
11 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain  
12 in full force and effect until the later of the Effective Date and the date indicated in the order providing  
13 for such injunction or stay. The Trading Order shall remain enforceable as to transfers through the  
14 Effective Date with respect to those persons having “beneficial ownership” of “PG&E Stock” (as such  
15 terms are defined in Trading Order). Accordingly, the Trading Order has no applicability or effect  
16 with respect to the trading of stock of Reorganized HoldCo after the Effective Date.

14 **10.5 Injunction Against Interference with Plan.** Upon entry of the Confirmation  
15 Order, all holders of Claims against and Interests in the Debtors and other parties in interest, along  
16 with their respective present or former employees, agents, officers, directors, principals, and affiliates,  
17 shall be enjoined from taking any actions to interfere with the implementation or consummation of the  
18 Plan; *provided, that* nothing herein or in the Confirmation Order shall preclude, limit, restrict or  
19 prohibit any party in interest from seeking to enforce the terms of the Plan, the Confirmation Order,  
20 or any other agreement or instrument entered into or effectuated in connection with the consummation  
21 of the Plan.

19 **10.6 Injunction.**

20 (a) Except as otherwise provided in this Plan or in the Confirmation Order, as of  
21 the entry of the Confirmation Order but subject to the occurrence of the Effective Date, all Persons  
22 who have held, hold, or may hold Claims or Interests are, with respect to any such Claim or Interest,  
23 permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting, or  
24 continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind  
25 (including, any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting,  
26 directly or indirectly, a Debtor, a Reorganized Debtor, or an estate or the property of any of the  
27 foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in  
28 interest to, any of the foregoing Persons mentioned in this subsection (i) or any property of any such  
transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment),  
collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any

1 judgment, award, decree, or order against a Debtor, a Reorganized Debtor, or an estate or its property,  
2 or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any  
3 of the foregoing Persons mentioned in this subsection (ii) or any property of any such transferee or  
4 successor; (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any  
5 encumbrance of any kind against a Debtor, a Reorganized Debtor, or an estate or any of its property,  
6 or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing  
7 Persons mentioned in this subsection (iii) or any property of any such transferee or successor;  
8 (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply  
9 with the provisions of this Plan to the full extent permitted by applicable law; and (v) commencing or  
10 continuing, in any manner or in any place, any action that does not comply with or is inconsistent with  
11 the provisions of this Plan; *provided*, that nothing contained herein shall preclude such Persons who  
12 have held, hold, or may hold Claims against a Debtor or an estate from exercising their rights, or  
13 obtaining benefits, pursuant to and consistent with the terms of this Plan, the Confirmation Order, or  
14 any other agreement or instrument entered into or effectuated in connection with the consummation  
15 of the Plan.

16 (b) By accepting distributions pursuant to this Plan, each holder of an Allowed  
17 Claim will be deemed to have affirmatively and specifically consented to be bound by this Plan,  
18 including, the injunctions set forth in this Section.

#### 19 **10.7 Channeling Injunction.**

20 (a) **The sole source of recovery for holders of Subrogation Wildfire Claims and  
21 Fire Victim Claims shall be from the Subrogation Wildfire Trust and the Fire Victim Trust, as  
22 applicable. The holders of such Claims shall have no recourse to or Claims whatsoever against  
23 the Reorganized Debtors or their assets and properties. Consistent with the foregoing, all  
24 Persons that have held or asserted, or that hold or assert any Subrogation Wildfire Claim or  
25 Fire Victim Claim shall be permanently and forever stayed, restrained, and enjoined from  
26 taking any action for the purpose of directly or indirectly collecting, recovering, or receiving  
27 payments, satisfaction, or recovery from any Reorganized Debtor or its assets and properties  
28 with respect to any Fire Claims, including all of the following actions:**

(i) **commencing, conducting, or continuing, in any manner, whether  
directly or indirectly, any suit, action, or other proceeding of any kind in any forum with  
respect to any such Fire Claim, against or affecting any Reorganized Debtor, or any  
property or interests in property of any Reorganized Debtor with respect to any such  
Fire Claim;**

(ii) **enforcing, levying, attaching, collecting or otherwise recovering, by  
any manner or means, or in any manner, either directly or indirectly, any judgment,  
award, decree or other order against any Reorganized Debtor or against the property of  
any Reorganized Debtor with respect to any such Fire Claim;**

(iii) **creating, perfecting, or enforcing in any manner, whether directly  
or indirectly, any Lien of any kind against any Reorganized Debtor or the property of  
any Reorganized Debtor with respect to any such Fire Claims;**

1 (iv) asserting or accomplishing any setoff, right of subrogation,  
2 indemnity, contribution, or recoupment of any kind, whether directly or indirectly,  
3 against any obligation due to any Reorganized Debtor or against the property of any  
4 Reorganized Debtor with respect to any such Fire Claim; and

5 (v) taking any act, in any manner, in any place whatsoever, that does  
6 not conform to, or comply with, the provisions of the Plan Documents, with respect to  
7 any such Fire Claim.

8 (b) **Reservations.** Notwithstanding anything to the contrary in this Section 10.7 of  
9 the Plan, this Channeling Injunction shall not enjoin:

10 (i) the rights of holders of Subrogation Fire Claims and Fire Victim Claims  
11 to the treatment afforded them under the Plan, including the right to assert such Claims in  
12 accordance with the applicable Wildfire Trust Agreements solely against the applicable  
13 Wildfire Trust whether or not there are funds to pay such Fire Claims; and

14 (ii) the Wildfire Trusts from enforcing their rights under the Wildfire Trust  
15 Agreements.

16 (c) **Modifications.** There can be no modification, dissolution, or termination of  
17 the Channeling Injunction, which shall be a permanent injunction.

18 (d) **No Limitation on Channeling Injunction.** Nothing in the Plan, the  
19 Confirmation Order, or the Wildfire Trust Agreements shall be construed in any way to limit the scope,  
20 enforceability, or effectiveness of the Channeling Injunction provided for herein and in the  
21 Confirmation Order.

22 (e) **Bankruptcy Rule 3016 Compliance.** The Debtors' compliance with the  
23 requirements of Bankruptcy Rule 3016 shall not constitute an admission that the Plan provides for an  
24 injunction against conduct not otherwise enjoined under the Bankruptcy Code.

25 **10.8 Exculpation.** Notwithstanding anything herein to the contrary, and to the  
26 maximum extent permitted by applicable law, and except for the Assigned Rights and Causes of  
27 Action solely to the extent preserved by Section 10.9(g), no Exculpated Party shall have or incur,  
28 and each Exculpated Party is hereby released and exculpated from, any Claim, Interest,  
obligation, suit, judgment, damage, demand, debt, right, Cause of Action, loss, remedy, or  
liability for any claim (including, but not limited to, any claim for breach of any fiduciary duty  
or any similar duty) in connection with or arising out of the administration of the Chapter 11  
Cases; the negotiation and pursuit of the Public Entities Plan Support Agreements, the Backstop  
Commitment Letters, the Subrogation Claims RSA, the Tort Claimants RSA, the Noteholder  
RSA, the Exit Financing Documents, the Plan Funding, the DIP Facilities, the Disclosure  
Statement, the Plan, the Restructuring Transactions, the Wildfire Trusts (including the Plan  
Documents, the Claims Resolution Procedures and the Wildfire Trust Agreements), or any  
agreement, transaction, or document related to any of the foregoing, or the solicitation of votes  
for, or confirmation of, this Plan; the funding of this Plan; the occurrence of the Effective Date;

1 the administration of this Plan or the property to be distributed under this Plan; any  
2 membership in (including, but not limited to, on an *ex officio* basis), participation in, or  
3 involvement with the Statutory Committees; the issuance of Securities under or in connection  
4 with this Plan; or the transactions in furtherance of any of the foregoing; except for Claims  
5 related to any act or omission that is determined in a Final Order by a court of competent  
6 jurisdiction to have constituted actual fraud or willful misconduct, but in all respects such  
7 Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties  
8 and responsibilities pursuant to this Plan. The Exculpated Parties and each of their respective  
9 affiliates, agents, directors, officers, employees, advisors, and attorneys have acted in compliance  
10 with the applicable provisions of the Bankruptcy Code with regard to the solicitation and  
11 distributions pursuant to this Plan and, therefore, are not, and on account of such distributions  
12 shall not be, liable at any time for the violation of any applicable law, rule, or regulation  
13 governing the solicitation of acceptances or rejections of this Plan or such distributions made  
14 pursuant to this Plan, including the issuance of Securities thereunder. This exculpation shall be  
15 in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any  
16 other applicable law or rules protecting such Exculpated Parties from liability.

#### 10.9 Releases.

11 (a) *Releases by the Debtors.* As of and subject to the occurrence of the Effective  
12 Date, except for the rights that remain in effect from and after the Effective Date to enforce this  
13 Plan and the Plan Documents, and except for the Assigned Rights and Causes of Action solely  
14 to the extent preserved by Section 10.9(g), for good and valuable consideration, the adequacy of  
15 which is hereby confirmed, including, the service of the Released Parties to facilitate the  
16 reorganization of the Debtors, the implementation of the Restructuring, and except as otherwise  
17 provided in this Plan or in the Confirmation Order, the Released Parties are deemed forever  
18 released and discharged, to the maximum extent permitted by law and unless barred by law, by  
19 the Debtors, the Reorganized Debtors, and the Debtors' estates, in each case on behalf of  
20 themselves and their respective successors, assigns, and representatives and any and all other  
21 Entities who may purport to assert any Cause of Action derivatively, by or through the foregoing  
22 Entities, from any and all claims, interests, obligations, suits, judgments, damages, demands,  
23 debts, rights, Causes of Action, losses, remedies, or liabilities whatsoever, including any  
24 derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or  
25 the Debtors' estates, whether known or unknown, foreseen or unforeseen, existing or hereinafter  
26 arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or the Debtors'  
27 estates would have been legally entitled to assert in their own right (whether individually or  
28 collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or  
relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11  
Cases, the Fires, the purchase, sale, or rescission of the purchase or sale of any Security of the  
Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving  
rise to, any Claim or Interest that is treated in this Plan, the business or contractual  
arrangements between any Debtor and any Released Party, the DIP Facilities, the Plan Funding,  
the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11  
Cases, the Restructuring Transactions, the Public Entities Plan Support Agreements, the  
Backstop Commitment Letters, the Subrogation Claims RSA, the Tort Claimants RSA, the

1 Noteholder RSA, the Exit Financing Documents, the negotiation, formulation, or preparation of  
2 the Disclosure Statement and this Plan and related agreements, instruments, and other  
3 documents (including the Plan Documents, the Claims Resolution Procedures, the Wildfire  
4 Trust Agreements, Public Entities Plan Support Agreements, the Backstop Commitment  
5 Letters, the Subrogation Claims RSA, the Tort Claimants RSA, the Noteholder RSA, and the  
6 Exit Financing Documents), the solicitation of votes with respect to this Plan, any membership  
7 (including, but not limited to, on an *ex officio* basis), participation in, or involvement with the  
8 Statutory Committees, or any other act or omission, transaction, agreement, event, or other  
9 occurrence, and in all respects such Entities shall be entitled to reasonably rely upon the advice  
10 of counsel with respect to their duties and responsibilities pursuant to this Plan.

7 (b) *Releases by Holders of Claims and Interests.* As of and subject to the  
8 occurrence of the Effective Date, except for the rights that remain in effect from and after the  
9 Effective Date to enforce the Plan and the Plan Documents, and except for the Assigned Rights  
10 and Causes of Action solely to the extent preserved by Section 10.9(g), for good and valuable  
11 consideration, the adequacy of which is hereby confirmed, including, the service of the Released  
12 Parties to facilitate the reorganization of the Debtors and the implementation of the  
13 Restructuring, and except as otherwise provided in the Plan or in the Confirmation Order, the  
14 Released Parties, are deemed forever released and discharged, to the maximum extent permitted  
15 by law and unless barred by law, by the Releasing Parties from any and all claims, interests,  
16 obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses,  
17 remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on  
18 behalf of the Debtors, and any claims for breach of any fiduciary duty (or any similar duty),  
19 whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law,  
20 equity, or otherwise, that such holders or their affiliates (to the extent such affiliates can be  
21 bound) would have been legally entitled to assert in their own right (whether individually or  
22 collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or  
23 relating to, or in any manner arising from, in whole or in part, the Debtors, the Fires, the  
24 Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the  
25 Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving  
26 rise to, any Claim or Interest that is treated in the Plan, the business or contractual  
27 arrangements between any Debtor and any Released Party, the DIP Facilities, the Plan Funding,  
28 the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11  
Cases, the Restructuring Transactions, the Public Entities Plan Support Agreement, the  
Backstop Commitment Letters, the Subrogation Claims RSA, the Tort Claimants RSA, the  
Noteholder RSA, the Exit Financing Documents, the negotiation, formulation, or preparation of  
the Disclosure Statement, the Plan and related agreements, instruments, and other documents  
(including the Plan Documents, the Claims Resolution Procedures, the Wildfire Trust  
Agreements, Public Entities Plan Support Agreements, the Backstop Commitment Letters, the  
Subrogation Claims RSA, the Tort Claimants RSA, the Noteholder RSA, and the Exit Financing  
Documents), the solicitation of votes with respect to the Plan, any membership in (including, but  
not limited to, on an *ex officio* basis), participation in, or involvement with the Statutory  
Committees, or any other act or omission, transaction, agreement, event, or other occurrence,  
and in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel  
with respect to their duties and responsibilities pursuant to the Plan. Notwithstanding the above,

1 the holders of Environmental Claims, Workers' Compensation Claims and 2001 Utility  
2 Exchange Claims retain the right to assert such Claims against the Reorganized Debtors in  
3 accordance with the terms of the Plan; and nothing herein shall be deemed to impose a release  
4 by holders of Fire Victim Claims of insurance claims arising under their insurance policies  
against holders of Subrogation Wildfire Claims, other than any rights such holder may elect to  
release as part of any settlement as set forth in Section 4.25(f)(ii) hereof.

5 (c) *Only Consensual Non-Debtor Releases.* Except as set forth under Section  
6 4.25(f)(ii) hereof, for the avoidance of doubt, and notwithstanding any other provision of this  
7 Plan, nothing in the Plan is intended to, nor shall the Plan be interpreted to, effect a  
8 nonconsensual release by a holder of a Claim in favor of a party that is not a Debtor, it being  
9 acknowledged that such holder shall be deemed to release a party that is not a Debtor under the  
10 Plan solely to the extent that such holder consensually elects to provide such Plan release in  
accordance with the opt-in release procedures set forth herein or in any applicable Ballot. The  
holder of a Claim shall receive the same amount of consideration under the Plan whether or not  
such holder elects to release a party that is not a Debtor in accordance with the opt-in release  
procedures set forth herein or in any applicable Ballot.

11 (d) *Release of Liens.* Except as otherwise specifically provided in the Plan or  
12 in any contract, instrument, release, or other agreement or document created pursuant to the  
13 Plan, including the Exit Financing Documents, on the Effective Date and concurrently with the  
14 applicable distributions made pursuant to the Plan and, in the case of a Secured Claim,  
15 satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date,  
16 all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of  
17 the estates shall be fully released and discharged, and all of the right, title, and interest of any  
holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert  
to the Reorganized Debtors and their successors and assigns, in each case, without any further  
approval or order of the Bankruptcy Court and without any action or filing being required to  
be made by the Debtors.

18 (e) *Waiver of Statutory Limitations on Releases.* Each releasing party in any  
19 general release contained in the Plan expressly acknowledges that although ordinarily a general  
20 release may not extend to claims which the releasing party does not know or suspect to exist in  
21 his favor, which if known by it may have materially affected its settlement with the party  
22 released, each releasing party has carefully considered and taken into account in determining to  
23 enter into the above releases the possible existence of such unknown losses or claims. Without  
24 limiting the generality of the foregoing, and solely with respect to any general release under this  
25 Plan, each releasing party expressly waives any and all rights conferred upon it by any statute  
26 or rule of law which provides that a release does not extend to claims which the claimant does  
27 not know or suspect to exist in its favor at the time of executing the release, which if known by  
28 it may have materially affected its settlement with the released party, including the provisions  
of California Civil Code section 1542. The releases contained in this Article X of the Plan are  
effective regardless of whether those released matters are presently known, unknown, suspected  
or unsuspected, foreseen or unforeseen.

1 (f) **Injunction Related to Releases and Exculpation.** The Confirmation Order  
2 shall permanently enjoin the commencement or prosecution by any Person or Entity, whether directly,  
3 derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts,  
4 rights, Causes of Action, losses, or liabilities released pursuant to this Plan, including, the claims,  
5 obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities  
6 released or exculpated in this Plan. For the avoidance of doubt, this injunction shall not apply to the  
7 rights of the Fire Victims Trust to prosecute and settle any Assigned Rights and Causes of Action  
8 solely to the extent provided for in the Plan. Notwithstanding the above, the holders of Environmental  
9 Claims, Workers' Compensation Claims and 2001 Utility Exchange Claims retain the right to assert  
10 such Claims against the Reorganized Debtors in accordance with the terms of the Plan.

11 (g) **No Release or Exculpation of Assigned Rights and Causes of Action.**  
12 Notwithstanding any other provision of the Plan, including anything in Section 10.8 and/or 10.9, the  
13 releases, discharges, and exculpations contained in this Plan shall not release, discharge, or exculpate  
14 any Person from the Assigned Rights and Causes of Action.

15 **10.10 Subordination.** The allowance, classification, and treatment of all Allowed  
16 Claims and Interests and the respective distributions and treatments thereof under this Plan take into  
17 account and conform to the relative priority and rights of the Claims and Interests in each Class in  
18 connection with any contractual, legal, and equitable subordination rights relating thereto, whether  
19 arising under general principles of equitable subordination, sections 510(a), 510(b), or 510(c) of the  
20 Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve  
21 the right to reclassify any Allowed Claim (other than any DIP Facility Claims) or Interest in  
22 accordance with any contractual, legal, or equitable subordination relating thereto.

23 **10.11 Retention of Causes of Action/Reservation of Rights.**

24 (a) Except as otherwise provided in Section 10.9 hereof, nothing herein or in the  
25 Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of  
26 Action that the Debtors or the Reorganized Debtors may have or which the Reorganized Debtors may  
27 choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or  
28 any applicable nonbankruptcy law, including (i) any and all Claims against any Person or Entity, to  
the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for setoff which  
seeks affirmative relief against the Debtors, the Reorganized Debtors, or their officers, directors, or  
representatives and (ii) for the turnover of any property of the Debtors' estates.

(b) Nothing herein or in the Confirmation Order shall be deemed to be a waiver or  
relinquishment of any rights or Causes of Action, right of setoff, or other legal or equitable defense  
that the Debtors had immediately prior to the Petition Date, against or with respect to any Claim left  
unimpaired by the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert  
all such claims, Causes of Action, rights of setoff, and other legal or equitable defenses that they had  
immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and  
all of the Reorganized Debtors' legal and equitable rights with respect to any Claim left unimpaired  
by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases  
had not been commenced.

1 (c) The Reorganized Debtors reserve and shall retain the applicable Causes of  
2 Action notwithstanding the rejection of any executory contract or unexpired lease during the Chapter  
3 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any  
4 Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors in  
5 accordance with the terms hereof. The Reorganized Debtors shall have the exclusive right, authority,  
6 and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise,  
7 release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the  
8 foregoing without the consent or approval of any third party or further notice to or action, order, or  
9 approval of the Bankruptcy Court.

10 (d) Notwithstanding anything to the contrary in the Plan, no claims shall be brought  
11 under Section 547 of the Bankruptcy Code to recover any payments made to any Person or Entity as  
12 a result of damages caused by wildfires.

13 **10.12 Preservation of Causes of Action.** No Entity may rely on the absence of a  
14 specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action  
15 against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all  
16 available Causes of Action against them. The Debtors and the Reorganized Debtors expressly reserve  
17 all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly  
18 provided herein.

19 **10.13 Special Provisions for Governmental Units.** Solely with respect to  
20 Governmental Units, nothing herein shall limit or expand the scope of discharge, release, or injunction  
21 to which the Debtors or the Reorganized Debtors are entitled under the Bankruptcy Code. Further,  
22 nothing herein, including Sections 10.8 and 10.9 hereof, shall discharge, release, enjoin, or otherwise  
23 bar (a) any liability of the Debtors or the Reorganized Debtors to a Governmental Unit arising on or  
24 after the Confirmation Date with respect to events occurring on or after the Confirmation Date, (b) any  
25 liability to a Governmental Unit that is not a Claim, (c) any valid right of setoff or recoupment of a  
26 Governmental Unit, (d) any police or regulatory action by a Governmental Unit, (e) any environmental  
27 liability to a Governmental Unit that the Debtors, the Reorganized Debtors, any successors thereto, or  
28 any other Person or Entity may have as an owner or operator of real property after the Effective Date,  
or (f) any liability to a Governmental Unit on the part of any Persons or Entities other than the Debtors  
or the Reorganized Debtors, *provided*, that nothing in this Section 10.13 shall affect the Debtors'  
releases in Section 10.9 hereof, nor shall anything herein enjoin or otherwise bar any Governmental  
Unit from asserting or enforcing, outside the Bankruptcy Court, any of the matters described in clauses  
(a) through (f) above.

**10.14 Document Retention and Cooperation with the Fire Victim Trust.** On and  
after the Effective Date, the Reorganized Debtors may maintain documents in accordance with the  
Debtors' standard document retention policy, as may be altered, amended, modified, or supplemented  
by the Reorganized Debtors. The Debtors and the Reorganized Debtors shall respond to reasonable  
requests of the Fire Victim Trust for any non-privileged information and documents related to the  
Assigned Claims and Causes of Action and the Fire Victim Claims or as reasonably necessary for the  
administration of the Fire Victim Trust.



1 (g) To hear and determine any application to modify the Plan in accordance with  
2 section 1127 of the Bankruptcy Code and to remedy any defect or omission or reconcile any  
3 inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including  
4 the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects  
5 thereof;

6 (h) To hear and determine all applications under sections 330, 331, and 503(b) of  
7 the Bankruptcy Code for awards of compensation for services rendered and reimbursement of  
8 expenses incurred prior to the Effective Date;

9 (i) To hear and determine disputes arising in connection with or related to the  
10 interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions  
11 or payments contemplated herein, or any agreement, instrument, or other document governing or  
12 relating to any of the foregoing;

13 (j) To hear and determine disputes arising in connection with Disputed Claims;

14 (k) To take any action and issue such orders as may be necessary to construe,  
15 enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan  
16 following consummation;

17 (l) To recover all assets of the Debtors and property of the Debtors' estates,  
18 wherever located;

19 (m) To determine such other matters and for such other purposes as may be provided  
20 in the Confirmation Order;

21 (n) To hear and determine matters concerning state, local, and federal taxes in  
22 accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited  
23 determination of taxes under section 505(b) of the Bankruptcy Code);

24 (o) To enforce all orders previously entered by the Bankruptcy Court;

25 (p) To hear and determine any other matters related hereto and not inconsistent with  
26 the Bankruptcy Code and title 28 of the United States Code;

27 (q) To resolve any disputes concerning whether a Person or entity had sufficient  
28 notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection  
with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for  
responding or objecting to a Cure Amount, in each case, for the purpose for determining whether a  
Claim or Interest is discharged hereunder or for any other purpose;

(r) To determine any other matters or adjudicate any disputes that may arise in  
connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order, the Plan  
Supplement, or any document related to the foregoing; *provided*, that the Bankruptcy Court shall not

1 retain jurisdiction over disputes concerning documents contained in the Plan Supplement that have a  
2 jurisdictional, forum selection or dispute resolution clause that refers disputes to a different court;

3 (s) To hear and determine all disputes involving the existence, nature, or scope of  
4 the Debtors' discharge;

5 (t) To hear and determine any rights, claims, or Causes of Action held by or  
6 accruing to the Debtors, the Reorganized Debtors, or the Fire Victim Trust pursuant to the Bankruptcy  
7 Code or any federal or state statute or legal theory;

8 (u) To hear and determine any dispute involving the Wildfire Trusts, including but  
9 not limited to the interpretation of the Wildfire Trust Agreements;

10 (v) To hear any other matter not inconsistent with the Bankruptcy Code; and

11 (w) To enter a final decree closing the Chapter 11 Cases.

12 To the extent that the Bankruptcy Court is not permitted under applicable law to preside over  
13 any of the forgoing matters, the reference to the "Bankruptcy Court" in this Article XI shall be deemed  
14 to be replaced by the "District Court." Nothing in this Article XI shall expand the exclusive  
15 jurisdiction of the Bankruptcy Court beyond that provided by applicable law.

## 16 **ARTICLE XII.**

### 17 **MISCELLANEOUS PROVISIONS**

18 **12.1 Dissolution of Statutory Committees.** On the Effective Date, the Statutory  
19 Committees shall dissolve, the current and former members of the Statutory Committees, including  
20 any *ex officio* members, and their respective officers, employees, counsel, advisors and agents, shall  
21 be released and discharged of and from all further authority, duties, responsibilities and obligations  
22 related to and arising from and in connection with the Chapter 11 Cases, except for the limited purpose  
23 of (i) prosecuting requests for allowances of compensation and reimbursement of expenses incurred  
24 prior to the Effective Date and objecting to any such requests filed by other Professionals, including  
25 any appeals in connection therewith, (ii) having standing and a right to be heard in connection with  
26 any pending litigation, including appeals, to which such committee is a party, or (iii) prosecuting any  
27 appeals of the Confirmation Order.

28 **12.2 Substantial Consummation.** On the Effective Date, the Plan shall be deemed  
to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

**12.3 Exemption from Transfer Taxes.** Pursuant to section 1146(a) of the  
Bankruptcy Code, the issuance, transfer, or exchange of any Security or property hereunder or in  
connection with the transactions contemplated hereby, the creation, filing, or recording of any  
mortgage, deed of trust, or other security interest, the making, assignment, filing, or recording of any  
lease or sublease, or the making or delivery of any deed, bill of sale, or other instrument of transfer  
under, in furtherance of, or in connection with the Plan, or any agreements of consolidation, deeds,

1 bills of sale, or assignments executed in connection with any of the transactions contemplated herein,  
2 shall constitute a “transfer under a plan” within the purview of section 1146 of the Bankruptcy Code  
3 and shall not be subject to or taxed under any law imposing a stamp tax or similar tax, to the maximum  
4 extent provided by section 1146(a) of the Bankruptcy Code. To the maximum extent provided by  
section 1146(a) of the Bankruptcy Code and applicable nonbankruptcy law, the Restructuring  
Transactions shall not be taxed under any law imposing a stamp tax or similar tax.

5 **12.4 Expedited Tax Determination.** The Reorganized Debtors may request an  
6 expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for  
7 or on behalf of the Debtors or the Reorganized Debtors for all taxable periods of the Debtors through  
the Effective Date.

8 **12.5 Payment of Statutory Fees.** On the Effective Date, and thereafter as may be  
9 required, each of the Debtors shall pay all the respective fees payable pursuant to section 1930 of  
chapter 123 of title 28 of the United States Code, together with interest, if any, pursuant to section  
10 3717 of title 31 of the United States Code, until the earliest to occur of the entry of (i) a final decree  
closing such Debtor’s Chapter 11 Case, (ii) a Final Order converting such Debtor’s Chapter 11 Case  
11 to a case under chapter 7 of the Bankruptcy Code, or (iii) a Final Order dismissing such Debtor’s  
Chapter 11 Case.

12 **12.6 Plan Modifications and Amendments.** Subject to the Certain Consent Rights  
13 set forth in Article I of this Plan, the Plan may be amended, modified, or supplemented by the Plan  
Proponents, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise  
14 permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code,  
except as the Bankruptcy Court may otherwise direct, so long as such action does not materially and  
15 adversely affect the treatment of holders of Claims or Interests hereunder. The Plan Proponents may  
institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any  
16 inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary  
to carry out the purposes and effects of the Plan and any holder of a Claim or Interest that has accepted  
17 the Plan shall be deemed to have accepted the Plan as so amended, modified, or supplemented. Prior  
to the Effective Date, the Plan Proponents may make appropriate technical adjustments and  
18 modifications to the Plan without further order or approval of the Bankruptcy Court; *provided*, that  
such technical adjustments and modifications do not materially and adversely affect the treatment of  
19 holders of Claims or Interests.

20 **12.7 Revocation or Withdrawal of Plan.** The Plan Proponents may revoke,  
21 withdraw, or delay consideration of the Plan prior to the Confirmation Date, either entirely or with  
respect to one or more of the Debtors, and to file subsequent amended plans of reorganization. If the  
22 Plan is revoked, withdrawn, or delayed with respect to fewer than all of the Debtors, such revocation,  
withdrawal, or delay shall not affect the enforceability of the Plan as it relates to the Debtors for which  
23 the Plan is not revoked, withdrawn, or delayed. If the Plan Proponents revoke the Plan in its entirety,  
the Plan shall be deemed null and void. In such event, nothing herein shall be deemed to constitute a  
24 waiver or release of any Claim by or against the Debtors or any other Person or to prejudice in any  
25 manner the rights of the Debtors or any other Person in any further proceedings involving the Debtors.  
26  
27  
28

1           **12.8 Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from  
2 exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter  
3 arising out of the Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and  
4 shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent  
5 jurisdiction with respect to such matter.

6           **12.9 Severability.** If, prior to entry of the Confirmation Order, any term or provision  
7 of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy  
8 Court, in each case at the election and request of the Debtors may alter and interpret such term or  
9 provision to make it valid or enforceable to the maximum extent practicable, consistent with the  
10 original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or  
11 provision shall then be applicable as altered or interpreted. Notwithstanding any such holding,  
12 alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full  
13 force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration,  
14 or interpretation. The Confirmation Order shall constitute a judicial determination and provide that  
15 each term and provision hereof, as it may have been altered or interpreted in accordance with the  
16 foregoing, is (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be  
17 deleted or modified except in accordance with the terms of the Plan; and (c) nonseverable and mutually  
18 dependent.

19           **12.10 Governing Law.** Except to the extent the Bankruptcy Code or other U.S.  
20 federal law is applicable, or to the extent a schedule hereto, or a schedule in the Plan Supplement  
21 expressly provides otherwise, the rights, duties, and obligations arising hereunder shall be governed  
22 by, and construed and enforced in accordance with, the laws of the State of California, without giving  
23 effect to the principles of conflicts of law thereof to the extent they would result in the application of  
24 the laws of any other jurisdiction.

25           **12.11 Schedules and Exhibits.** The schedules and exhibits to the Plan and the Plan  
26 Supplement are incorporated into, and are part of, the Plan as if set forth herein.

27           **12.12 Successors and Assigns.** All the rights, benefits, and obligations of any Person  
28 named or referred to herein shall be binding on, and inure to the benefit of, the heirs, executors,  
administrators, successors, and/or assigns of such Person.

**12.13 Time.** In computing any period of time prescribed or allowed herein, unless  
otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule  
9006 shall apply.

**12.14 Notices.** To be effective, all notices, requests, and demands to or upon the  
Debtors shall be in writing (including by facsimile or electronic transmission) and, unless otherwise  
expressly provided herein, shall be deemed to have been duly given or made when actually delivered,  
or in the case of notice by facsimile transmission, when received and telephonically confirmed,  
addressed as follows:

**If to the Debtors, to:**

PG&E Corporation and Pacific Gas and  
Electric Company  
77 Beale Street  
San Francisco, CA 94105  
Attn: Janet Loduca, Senior Vice President and  
General Counsel  
E-mail: janet.loduca@pge.com

Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019-7475  
Attn: Kevin J. Orsini, Paul H. Zumbro  
Telephone: (212) 474-1000  
Email: korsini@cravath.com,  
pzumbro@cravath.com

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attn: Stephen Karotkin, Ray C. Schrock,  
Jessica Liou and Matthew Goren  
Telephone: (212) 310-8000  
E-mail: stephen.karotkin@weil.com,  
ray.schrock@weil.com,  
jessica.liou@weil.com,  
matthew.goren@weil.com

Keller Benvenuti Kim LLP  
650 California Street, Suite 1900  
San Francisco, CA 94108  
Attn: Tobias S. Keller, Peter J. Benvenuti,  
Jane Kim  
Telephone: (415) 496-6723  
Facsimile: (650) 636-9251  
Email: tkeller@kblkllp.com,  
pbenvenuti@kblkllp.com, jkim@kblkllp.com

**If to the Shareholder Proponents, to:**

Jones Day  
555 South Flower Street  
Fiftieth Floor  
Los Angeles, CA 90071-2300  
Attn: Bruce S. Bennett, Joshua M. Mester  
and James O. Johnston  
Telephone: (213) 489-3939  
E-mail: bbennett@jonesday.com,  
jmester@jonesday.com,  
jjohnston@jonesday.com

**If to the Creditors Committee, to:**

Milbank LLP  
55 Hudson Yards  
New York, New York 10001-2163  
Attn: Dennis F. Dunne  
Telephone: (212) 530-5000  
Email: ddunne@milbank.com

Milbank LLP  
2029 Century Park East, 33rd Floor  
Los Angeles, CA US 90067-3019  
Attn: Thomas A. Kreller  
Telephone: (424) 386-4000  
Email: tkreller@milbank.com

**If to the Tort Claimants Committee, to:**

Baker & Hostetler LLP  
600 Montgomery Street, Suite 3100  
San Francisco, CA 94111  
Attn: Robert Julian and Cecily A. Dumas  
Telephone: (628) 208 6434  
Email: rjulian@bakerlaw.com and  
cdumas@bakerlaw.com

Baker & Hostetler LLP  
11601 Wilshire Boulevard, Suite 1400  
Los Angeles, CA 90025  
Attn: Eric E. Sagerman and Lauren T. Attard  
Telephone (310) 820 8800  
Email: esagerman@bakerlaw.com,  
lattard@bakerlaw.com

**If to the U.S. Trustee, to:**

United States Department of Justice  
Office of the U.S. Trustee  
450 Golden Gate Avenue, Suite 05-0153  
San Francisco, CA 94102  
Attn: Andrew R. Vara and Timothy S.  
Laffredi  
Telephone: (415) 705-3333  
Email: Andrew.R.Vara@usdoj.gov and  
Timothy.S.Laffredi@usdoj.gov

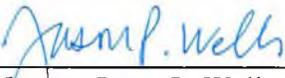
After the occurrence of the Effective Date, the Reorganized Debtors have authority to send a notice to Entities that in order to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the occurrence of the Effective Date, the Reorganized Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities that have filed such renewed requests.

**12.15 Reservation of Rights.** Except as otherwise provided herein, this Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of this Plan, any statement or provision of this Plan, or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to any Claims or Interests prior to the Effective Date.

1 Dated: March 16, 2020  
2 San Francisco, California

3 Respectfully submitted,

4  
5 PG&E CORPORATION

6 By:   
7 Name: Jason P. Wells  
8 Title: Executive Vice President and Chief Financial  
9 Officer

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Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153-0119

PACIFIC GAS AND ELECTRIC COMPANY

By: David Thomason

Name: David S. Thomason

Title: Vice President, Chief Financial Officer and  
Controller

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153-0119

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1 Dated: March 16, 2020  
2 San Francisco, California

3 Respectfully submitted,

4 PG&E CORPORATION

5  
6 By: \_\_\_\_\_  
7 Name: Jason P. Wells  
8 Title: Executive Vice President and Chief Financial  
9 Officer

10 PACIFIC GAS AND ELECTRIC COMPANY

11 By: \_\_\_\_\_  
12 Name: David S. Thomason  
13 Title: Vice President, Chief Financial Officer and  
14 Controller

15 SHAREHOLDER PROPONENTS:

16 Abrams Capital Management, L.P.,  
17 on behalf of certain funds and accounts it  
18 manages or advises  
19 By: Abrams Capital Management LLC,  
20 its general partner

21  
22 By: David Abrams  
23 Name: David Abrams  
24 Title: Manager

25 Knighthead Capital Management, LLC,  
26 on behalf of certain funds and accounts  
27 it manages or advises

28 By: \_\_\_\_\_  
Name: Thomas A. Wagner  
Title: Managing Member

1 Dated: March 16, 2020  
2 San Francisco, California

3 Respectfully submitted,

4 PG&E CORPORATION

5  
6 By: \_\_\_\_\_

7 Name: Jason P. Wells

8 Title: Executive Vice President and Chief Financial  
9 Officer

10 PACIFIC GAS AND ELECTRIC COMPANY

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

12 Name: David S. Thomason

13 Title: Vice President, Chief Financial Officer and  
14 Controller

15 SHAREHOLDER PROPONENTS:

16 Abrams Capital Management, L.P.,  
17 on behalf of certain funds and accounts it  
18 manages or advises

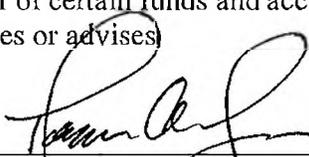
19 By: Abrams Capital Management LLC,  
20 its general partner

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

22 Name: David Abrams

23 Title: Manager

24 Knighthead Capital Management, LLC,  
25 on behalf of certain funds and accounts  
26 it manages or advises

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

28 Name: Thomas A. Wagner

Title: Managing Member

**Exhibit A**

**Fires**

1. Butte Fire (2015)
2. North Bay Wildfires (2017)
  - a. LaPorte
  - b. McCourtney
  - c. Lobo
  - d. Honey
  - e. Redwood / Potter Valley
  - f. Sulphur
  - g. Cherokee
  - h. 37
  - i. Blue
  - j. Pocket
  - k. Atlas
  - l. Cascade
  - m. Nuns
  - n. Adobe
  - o. Norrbom
  - p. Pressley
  - q. Partrick
  - r. Pythian / Oakmont
  - s. Maacama
  - t. Tubbs
  - u. Point
  - v. Sullivan
3. Camp Fire (2018)

**Exhibit B****IBEW Agreement**

1. The IBEW Collective Bargaining Agreements (as defined in the Plan) that were extended by Letter of Agreement 18-09 shall be further extended through and including 12/31/25.
2. In conjunction with the extension of the IBEW Collective Bargaining Agreements, a 3.75% General Wage Increase shall be applied on the January 1st of each year of the extension (i.e., 2022, 2023, 2024 and 2025).
3. The Summary Plan Description (SPD), also referred to as the Summary of Benefits Handbook, and the Plan Document shall be extended through and including 12/31/25.<sup>2</sup> The Reorganized Debtors and IBEW Local 1245 shall use the SPD to provide negotiated benefits information to IBEW Local 1245-represented employees and further agree that the Medical, Dental and Vision Benefit Agreement and Benefit Agreement covering Life Insurance, Long Term Disability, Retirement, Savings Fund Plan and TRASOP and PAYSOP Plans effective January 1, 1994; letter agreements negotiated between the parties; and items agreed to during general negotiations will provide the basis of bargaining history and in case of conflict, will prevail as the governing documents.
4. Health Reimbursement Accounts, deductibles, out of pocket maximums, co-payments, and employee premium contributions for all eligible IBEW Local 1245-represented employees pursuant to the Benefits Agreements remain at the 2020 amounts in dollar terms and are extended through and including 12/31/25.
5. The Reorganized Debtors shall not implement involuntary lay-offs of IBEW Local 1245-represented employees (except for cause) unless agreed to by IBEW Local 1245.

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<sup>2</sup> Per Letter of Agreement 01-25-PGE, there are three types of documents describing IBEW-represented employee benefits: 1) the Collective Bargaining Agreement (including all applicable letters of agreements) negotiated by the parties, 2) the Summary Plan Description (SPD), also referred to as the Summary of Benefits Handbook, and 3) the Plan Document (collectively, the “**Benefits Agreements**”).

6. The Reorganized Debtors' management and IBEW Local 1245 leadership agree to work together for the mutual benefit of all parties and will focus their attention and skills on improving safety and the safety culture at the Reorganized Debtors.
7. The Reorganized Debtors will continue to operate the Diablo Canyon Power Plant through the term of the current operating licenses.

**Exhibit C****MUTUAL MADE WHOLE RELEASE**

The terms “Claimant” and “Insurer,” are defined in Paragraph G. below.

\_\_\_\_\_, Trustee of the Fire Victim Trust, the undersigned party or personal representative (referred to herein as “Claimant”), individually and on behalf of the estate of the Claimant, and the Insurer (collectively, the “Parties” or “Releasees”) agree as follows:

- A. Whereas, the Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization dated \_\_\_\_\_ (the “Plan”), was confirmed by an order of the United States Bankruptcy Court for the Northern District of California entered on \_\_\_\_\_, 2020, and the Plan became effective on \_\_\_\_\_, 2020.
- B. Whereas the Plan provides for the treatment of all allowed Fire Victim Claims (as defined in the Plan) against the Debtors through the Fire Victim Trust (as defined in the Plan) and for the discharge of the Debtors from any further or other liability on account of all Fire Victim Claims.
- C. Whereas the Plan provides for the treatment of all allowed Subrogation Wildfire Claims (as defined in the Plan) against the Debtors through the Subrogation Wildfire Trust (as defined in the Plan) and for the discharge of the Debtors from any further or other liability on account of all Subrogation Wildfire Claims.
- D. Whereas, the Plan provides that the Fire Victim Claims are administered by a Fire Victim Trust and a Fire Victim Trustee who operates independent from the Debtors, holders of the Fire Subrogation Claims, and the Insurer. Neither the Debtors, holders of the Fire Subrogation Claims, nor the Insurer shall have any right to participate in the administration of the Fire Victim Trust, review any allocation or distribution decision of the Trustee or Trust Oversight Committee, including that of the Claimant, or make any claim for money against the Trust or the Trustee in any way or at any time.
- E. Whereas, the Trustee and Fire Victim Trust Oversight Committee have reviewed and advised the Claimant of (a) the total amount paid into the Fire Victim Trust available for compensation to the Fire Victims, (b) the total number of claims made against the Fire Victim Trust, (c) the process by which trust funds will be allocated and distributed, and (d) the total allocated amount from the Fire Victim Trust to the Claimant (“Total Allocation Award”).

- F. Whereas, the Claimant has reviewed the Total Allocation Award.
- G. Whereas, the Plan provides the Claimant and the Insurer execute a mutual limited release after the Claimant has reviewed the Total Allocation Award wherein the Claimant agrees to release only their claim against the Insurer under the Made Whole Doctrine (see Paragraph 1) and no other claim, cause of action, defense or remedy against the Insurer, and the Insurer agrees to release the Claimant as described herein in Paragraph 3. For the purpose of this Release, "Claimant" includes the Claimant's heirs, legal representatives, successor or assigns and "Insurer" includes the Claimants' insurance carriers, their past and present holders of insurance subrogation claims against the Debtors (and their direct and indirect assignors or assignees), and each of their directors, officers, agents, consultants, financial advisers, employees, attorneys, predecessors, successors and assigns.
- H. Whereas, nothing in this Release is an affirmation, representation, or an acknowledgment that the Claimant has in fact been fully compensated for their damages covered by the contract of insurance between the Insurer and the Claimant. The parties agree that Court's approval of the Plan and the Claimants' acceptance of the Total Allocation Award does not establish that the Claimant has been fully compensated under California law for their compensable damages as a result of the fire to the extent those damages are covered by insurance.
- I. Whereas, the Insurer has agreed to the terms, provisions, and agreements of this Mutual Release in a separate agreement dated \_\_\_\_\_, 20\_\_, affirming, adopting, and attaching a copy of this Mutual Release ("Insurer Adoption Agreement"). This Mutual Release is conditioned upon the Insurer, or the Insurer's successor on behalf of the Insurer, filing in the Chapter 11 case the Insurer Adoption Agreement, which states the Insurer releases, as to the Made Whole Doctrine only, each Claimant who signs and agrees to the terms of this Mutual Release. The terms, provisions, and agreements of the Insurer Adoption Agreement are incorporated herein by reference. Insurer's consent and agreement to the terms, provisions, and agreements of this Mutual Release shall be effective upon the signature of the Claimant.
- J. Whereas, this release is not required for the Trustee to allocate and distribute preliminary awards to individuals on a case by case basis for humanitarian or urgent needs.

NOW, THEREFORE, in consideration for the agreements described in this Release and other good and valuable consideration, the Claimant and the Insurer agree as follows:

1. By accepting the Total Allocation Award, the Claimant hereby waives and releases their rights, known or unknown, to assert the Made Whole Doctrine against the Insurer. Claimant is not waiving or releasing any other claim, cause of action, defense, or remedy against Insurer. Also, by signing this agreement, the Claimant is not agreeing as a factual matter that the Claimant has been fully compensated for each and every category of their damages under California law.

2. The Claimant is not releasing any claims the Claimant may have against the Insurer other than the Claimant's foregoing waiver set forth in Paragraph 1. The Parties to this Release further agree and acknowledge that the Claimant is not releasing any claims, except and only to the extent set forth above, they might have against the Insurer, including but not limited to those claims or causes of action related to: (1) the policy of insurance and what is still owed or to be paid under the policy terms and conditions; (2) the right to pursue claims already made or to make new or continued claims under the policy; (3) claims handling issues; (4) delay in paying claims under the policy; (5) inadequate or untimely communication relating to the claim; (6) unreasonable positions taken relating to coverage, payment of the claim, acknowledging coverage, or day-to-day claims decisions; (7) actions or inactions of insurance agents or brokers in underwriting, securing, adjusting, calculating or recommending coverage; (8) coverage issues over policy language; (9) any action for bad faith or breach of the covenant of good faith and fair dealing; (10) any claims to reform or modify the terms of any policy; (12) any rights to recover damages for breach of contract or tort (including punitive damages), penalties or equitable relief; (13) any claims of violations of statutory or regulatory obligations; or (14) any claim for unfair business acts or practices.

3. The Insurer agrees to release and waive any right to make claim for any amount paid to the Claimant pursuant to the Fire Victim Trust or to assert as a defense, offset or reduction, the money paid to the Claimant from the Fire Victim Trust, which belongs solely to the Claimant. The Claimant agrees to make no claim on the money paid to the Insurer from the Subrogation Wildfire Trust. In agreeing to this limited release, Insurer is not releasing any claim, cause of action, defense, or remedy it may have against the Claimant other than Claimant's foregoing release of any Made Whole Doctrine claim.

4. The Insurer is not releasing any claims the Insurer may have against Claimant other than the Insurer's foregoing waiver set forth in Paragraph 3. The Parties to this Release further agree and acknowledge that the Insurer is not releasing any claims, except and only to the extent set forth above, it might have against the Claimant, including but not limited to those claims related to: (1) the policy of insurance and what is still owed or to be paid under the policy terms and conditions; (2) defenses to garden variety claims handling issues unrelated to the Made Whole Doctrine; (3) defenses related to delay in paying claims under the policy; (4) defenses to alleged inadequate or untimely communication relating to the claim; (5) defenses to alleged unreasonable positions taken relating to coverage, payment of the claim, acknowledging coverage, or day-to-day claims decisions; (6) defenses to actions or inactions of insurance agents or brokers in securing coverage; (7) coverage issues over policy language unrelated to Made Whole Doctrine; or (8) defenses to any common law action for bad faith unrelated to Made Whole Doctrine.

5. The Insurer further agrees that the Total Allocation Award shall not be the subject of discovery or mentioned in any pleadings in any state or federal court action or admissible in evidence in any state or federal court action for any of the causes of action or claims for relief identified in Paragraphs 2 or 4. Claimant agrees that the amount paid to Insurer from the Subrogation Wildfire Trust shall not be the subject of discovery or mentioned in any pleadings in any state or federal court action or admissible in evidence in any state or federal court action.

6. To the extent that the Claimant brings a claim for breach of contract, wrongful denial of coverage and/or bad faith against the Insurer, the Insurer shall not assert in any way or at any time that the Claimant should have or could have pursued that claim against the Debtors, the Fire Victim Trust, or any other party. The Insurer agrees that that it will not assert in any action or proceeding covered under Paragraph 2 or 4 that the Claimant has been compensated as a result of the Claimant's settlement with the Debtors.

7. Both the Claimant and the Insurer agree that this Release gives the parties released the status of third-party beneficiary of the Release, and such Releasees may enforce this Release and any rights or remedies set forth herein.

8. This Release contains the entire agreement between the parties as to the subject matter hereof and is effective immediately upon signing. Likewise the release in Paragraph 1 is effective immediately upon signing. If there is a conflict between this Release and any other prior or contemporaneous agreement between the parties concerning the subject matter of the Release, the Release controls.

9. The law of the State of California shall govern the interpretation of this Release. The Bankruptcy Court has jurisdiction to resolve any disputes under this agreement.

10. Each Releasor states that he, she, or it is of legal age, with no mental disability of any kind, is fully and completely competent, and is duly authorized to execute this Release on Releasor's own behalf. Releasor further states that this Release has been explained to Releasor and that Releasor knows the contents as well as the effect thereof. Releasor further acknowledges that Releasor executed this Release after consulting with Releasor's attorney or the opportunity to consult with an attorney.

11. For avoidance of doubt, the Made Whole Doctrine is described herein. Subrogation is a doctrine that permits an insurance company, or its assignees, to assert the rights and remedies of an insured against a third party tortfeasor. The Made Whole Doctrine is a common law exception to insurer's right of subrogation. The Made Whole Doctrine, under certain circumstances, could preclude an insurer from recovering any third-party funds unless and until the insured has been made whole for the loss. Both the Claimant and Insurer agree that this Release does not modify, abrogate or affect any prior release or waiver between the Parties arising from the Fire.

12. Consistent with the foregoing, it is expressly understood and agreed by claimant that claimant is waiving and releasing all known or unknown claims under the Made Whole Doctrine. It is expressly understood and agreed by insurer that insurer is waiving and releasing all known or unknown claims under the Made Whole Doctrine as to claimant.

Executed on this [●] day of [●], 20[●].

**BY CLAIMANT (Add Name):**

\_\_\_\_\_  
Signature of Claimant or Representative

\_\_\_\_\_  
Printed Name of Signator

\_\_\_\_\_  
Capacity of Signator

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**Exhibit B to the Disclosure Statement**  
**Financial Projections**

**Introduction<sup>1</sup>**

The following income and cash flow statements for the annual periods from January 1, 2020 through December 31, 2024 (the “**Projection Period**”) and the balance sheet as of the end of the year for each of the years 2020 through 2024 for the Debtors (“**Consolidated Financial Projections**”) are based on forecasts of operating results during the five-year period ending December 31, 2024. Included below is a summary of key assumptions to the Consolidated Financial Projections (in each case, the “**Assumptions**”). The Consolidated Financial Projections and the Assumptions should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their advisors, have prepared these Consolidated Financial Projections to assist the Bankruptcy Court in determining whether the Plan meets the feasibility test of section 1129(a)(11) of the Bankruptcy Code.

Other than limited information related to rate base and capital expenditures, the Debtors generally do not publish their projections or their anticipated financial position or results of operations. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated projections to holders of Claims or Interests, or to include such information in documents required to be filed with the U.S. Securities and Exchange Commission (the “**SEC**”) or otherwise make public such information.

The Consolidated Financial Projections have been prepared by the management of the Debtors, in consultation with the Debtors’ financial and restructuring advisors, Lazard Freres & Co. LLC and AP Services, LLC. The Consolidated Financial Projections were not prepared to comply with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants or the rules and regulations of the SEC, and by their nature are not financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

The Debtors independent accountants have neither examined nor compiled the accompanying Consolidated Financial Projections and accordingly do not express an opinion or any other form of assurance with respect to the Consolidated Financial Projections, assume no responsibility for the Consolidated Financial Projections and disclaim any association with the Consolidated Financial Projections.

The Consolidated Financial Projections do not reflect the impact of fresh start reporting in accordance with American Institute of Certified Public Accountants statement of position 90-7, financial reporting by entities in reorganization under the Bankruptcy Code. The Debtors do not expect to be subject to fresh start reporting at or following the Effective Date.

The Consolidated Financial Projections contain forward-looking statements that are not historical facts, including statements about the beliefs, expectations, estimates, future plans and strategies of the Debtors, as well as forecasts based on our Plan which reflects settlements reached with various parties, regarding settlement of liabilities in connection with the 2018 Camp fire, 2017 Northern California wildfires and the 2015 Butte fire, the confirmation of the Plan on the Effective Date, the continuing availability of sufficient borrowing capacity or other financing to fund operations, the Utility’s participation in the

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<sup>1</sup> Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Disclosure Statement to which this Appendix is attached.

statewide wildfire fund created by AB 1054, the Debtors' anticipated sources and uses upon emergence from Chapter 11, the outcome of regulatory cases and the effect on earnings of such cases, projections of wildfire-related expenditures, anticipated regulatory and legislative policy, anticipated capital expenditures of the Debtors, anticipated costs of operations of the Debtors, efficiency initiatives, dividend payments (both Utility preferred stock and PG&E Corporation common stock), credit ratings and the various assumptions described in detail below. These statements are based on current expectations and assumptions, which management believes are reasonable, and on information currently available to management, but are necessarily subject to various risks and uncertainties. In addition to the risk that these assumptions prove to be inaccurate, factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include factors disclosed in PG&E Corporation's and the Utility's annual report on Form 10-K for the year ended December 31, 2019 and other reports filed with the SEC, which are available on PG&E Corporation's website at [www.pgecorp.com](http://www.pgecorp.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). Additional factors include, but are not limited to, those associated with the Chapter 11 cases of PG&E Corporation and the Utility that commenced on January 29, 2019. PG&E Corporation and the Utility undertake no obligation to publicly update or revise any forward-looking statements, whether due to new information, future events or otherwise, except to the extent required by law.

The Consolidated Financial Projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtors, may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, many of which are beyond the control of the Debtors. The Debtors caution that no representations can be made or are made as to the accuracy of the Consolidated Financial Projections or to the Debtors' ability to achieve the projected results. Some assumptions inevitably will be incorrect. Moreover, events and circumstances occurring subsequent to the date on which these Consolidated Financial Projections were prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The Debtors do not intend and do not undertake any obligation to update or otherwise revise the Consolidated Financial Projections to reflect events or circumstances existing or arising after the date of these Consolidated Financial Projections. Therefore, the Consolidated Financial Projections may not be relied upon as a guarantee or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Plan, holders of Claims and Interests must make their own determinations as to the reasonableness of such assumptions and the reliability of the Consolidated Financial Projections.

These Consolidated Financial Projections were developed for purposes of the formulation and negotiation of the Plan and to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their affiliates.

### **Use of Non-GAAP Financial Measures**

The Consolidated Financial Projections contain financial information based on "non-GAAP core earnings" in order to provide a measure that allows investors to compare the underlying financial performance of the business from one period to another, exclusive of non-core items.

"Non-GAAP core earnings" is a non-GAAP financial measure and is calculated as income available for common shareholders less non-core items. "Non-core items" includes items that management does not consider representative of ongoing earnings and affect comparability of financial results between periods. The Debtors use non-GAAP core earnings to understand and compare operating results across reporting periods for various purposes including internal budgeting and forecasting, short- and long-term operating

planning, and employee incentive compensation. The Debtors believe that non-GAAP core earnings provides additional insight into the underlying trends of the business, allowing for a better comparison against historical results and expectations for future performance.

Non-GAAP core earnings is not a substitute or alternative for GAAP measures such as consolidated income available for common shareholders and may not be comparable to similarly titled measures used by other companies.

### **Select Assumptions for PG&E's Financial Forecast 2020-2024**

The Consolidated Financial Projections contained herein are based on, but not limited to, factors such as general business, economic, competitive, regulatory, market, financial and environmental conditions, as well as the assumptions detailed below. Many of these factors and assumptions are beyond the control of the Debtors and do not take into account the uncertainty and disruptions of business that may accompany an in-court restructuring. Accordingly, the assumptions should be reviewed in conjunction with a review of the risk factors set forth in the Disclosure Statement and in the Debtors' public filings.

#### **General Assumptions**

- In light of the forms of distribution contemplated by the Plan (which include cash as well as new PG&E Corporation common stock and the new debt securities of the Utility), the Consolidated Financial Projections were developed on a consolidated basis rather than on a separate legal entity basis. The Consolidated Financial Projections were developed by management with the assistance of the Debtors' advisors and are presented solely for purposes of the formulation and negotiation of the Plan in order to present the anticipated impact of the Plan. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness, or reliability of the information, opinions, or conclusions expressed herein.
- The Consolidated Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated on June 30, 2020.
- The Consolidated Financial Projections assume that the Utility secures an investment grade rating from at least one rating agency on the secured debt of the Utility.
- The Consolidated Financial Projections assume the achievement of various efficiency initiatives, including, among other things, resource planning, contract management, monetization of excess renewable energy, and real estate optimizations. These efficiency initiatives reduce operating and capital expenditures by approximately \$1 billion on average through 2024.
- The Consolidated Financial Projections also assume that: (1) there will be no material change in legislation or regulations, or the administration thereof, that would have an unexpected effect on the operations of the Debtors; and (2) there will be no change in generally accepted accounting principles in the United States that would have a material effect on the reported financial results of the Debtors.

### **Assumptions Underlying Revenue Projections and Cost Recovery**

#### ***Base Revenue***

The Consolidated Financial Projections assume:

- Base revenues for electric distribution, natural gas distribution and electric generation operations are consistent with the Utility's proposed settlement agreement (the "2020 GRC Settlement") filed on December 20, 2019 with the California Public Utility Commission ("CPUC") in its 2020 General Rate Case ("GRC") for 2020-2022. Spending for wildfire-related programs included in the 2020 GRC Settlement associated with system hardening, vegetation management, public

safety power shutoffs and excess liability insurance, is anticipated to be well above amounts specified, and this incremental spending is recoverable through balancing accounts up to a two-year lag. Base revenue for the years 2023 and 2024 assumes an increase in authorized annual revenue requirement sufficient to cover the forecasted GRC costs and authorized rate of return.

- Formula rates for the recovery of costs for electric transmission facilities are determined by the Transmission Owner (“TO”) rate cases with the Federal Energy Regulatory Commission (“FERC”). Under the formula rate mechanism, transmission revenues are updated to the actual cost of service annually. All prudently incurred transmission wildfire-related costs are assumed to be fully recoverable consistent with the formula rate mechanism.
- Base revenues for the Utility’s natural gas transmission and storage services are consistent with the final decision issued in the Utility’s 2019 gas transmission and storage (“GT&S”) case, as approved by the CPUC on September 12, 2019 for 2019-2022. Base revenue for the years 2023 and 2024 assumes an increase in the authorized GT&S annual revenue requirement sufficient to cover forecasted expenses, except for amounts not recoverable. Aggregate GT&S capital expenditures of \$576 million over the years 2011 through 2014 (the “GT&S Expenditures”) that are currently subject to audit by the CPUC are assumed to be approved by the CPUC and restored to the Utility’s rate base in 2020. Restoration of the GT&S Expenditures is subject to a subsequent CPUC proceeding following the audit. The CPUC has advised the Utility that litigation in respect of such proceeding will likely commence in the second half of 2020 with resolution occurring in 2021. The impact of this delay may result in a shift of the associated earnings available for common stock from 2020 to 2021 and a potential delay in associated cost recovery.
- Base operating and maintenance expenses excluding wildfire-related costs are forecast to be generally in line with the Utility’s settlements and final decisions in its rate cases, including those described above.

### *Incremental Wildfire-Related and Other Costs*

The Consolidated Financial Projections assume full recovery of wildfire-related costs currently deferred as regulatory assets on the balance sheet and additional future spending beyond the programs included in the 2020 GRC Settlement:

- Full recovery over the Projection Period of approximately \$2.5 billion of costs related to restoration, prevention, and insurance that are on the Utility’s balance sheet as deferred costs as of December 31, 2019. Interim rate relief and accelerated will be granted by the CPUC allowing approximately \$1.4 billion of these costs to be recovered in 2020 and 2021 on an accelerated basis.
- Consistent with the Utility’s settlement agreement in the Order Instituting Investigation into the 2017 Northern California Wildfires and the 2018 Camp Fire (the “Wildfire OII”) submitted to the CPUC on December 17, 2019, the Utility will receive no recovery of costs totaling approximately \$1.675 billion contemplated by the Wildfires OII settlement relating to certain wildfire-related costs and shareholder-funded system enhancement initiatives. On February 27, 2020, a Presiding Officer’s Decision (POD) was issued in the Wildfire OII proceeding which proposes modifications to the settlement agreement (as so modified, the “Revised Settlement”) that would add \$462 million of disallowances for wildfire mitigation (\$198 million) and system enhancement initiatives (\$64 million), and a payment to the state general fund (\$200 million). The Revised Settlement, if accepted, is subject to Bankruptcy Court approval. Parties have 30 days to appeal the POD. PG&E is still evaluating its options, including appeal. The impact of the modifications to the settlement proposed by the POD is not reflected in the Consolidated Financial Projections. The impact of the modifications to the settlement proposed by the POD on the Consolidated

Financial Projections, if implemented, would be a decrease in earnings available for common stock and cashflow in 2020 as it relates to the payment to the general fund. Additionally, the proposed disallowed wildfire mitigation and system enhancement costs would impact earnings available for common stock primarily in 2020 and 2021, and cash flow impacts from the loss of anticipated revenue would be expected to impact future years. The modifications to the settlement proposed by the POD, if implemented, would also require any tax savings associated with the shareholder payments under the settlement agreement to be applied to wildfire mitigation expenses that would otherwise have been recovered from ratepayers when realized. The initial settlement of \$1.675 billion and the additional \$262 million established by the POD are assumed to be tax deductible and the resulting tax savings could be as much as \$542 million based on the company's 28% effective net tax rate. The realization of these tax savings depend on many other variables and the timing of the savings is expected after 2024.

- For wildfire-related programs, including wildfire-related inspections and maintenance costs, that are in addition to programs requested in the 2020 GRC Settlement, recovery of costs will be allowed by the CPUC through memorandum accounts and collected on a three-year lag.
- Recovery of incremental capital expenditures in 2020 and 2021 related to implementing microgrid-enabling distributed generation, consistent with its proposal for cost recovery authorization submitted to the CPUC in connection with the CPUC's Order Instituting Rulemaking regarding microgrids.
- Pursuant to the requirements of Assembly Bill ("AB") 1054, approximately \$3.2 billion of fire risk mitigation capital expenditures will be excluded from the Utility's equity rate base and will therefore not earn a return on equity. Such expenditures are assumed to be substantially incurred over the period from August 2019 through December 31, 2022 and are assumed to be funded with debt until securitization bond proceeds are received.

### Assumptions Underlying Regulatory and Policy Projections

The Consolidated Financial Projections assume:

- The Utility's authorized Return on Equity will be 10.25% (as authorized through 2023 by the CPUC in its final decision issued December 19, 2019) throughout the Projection Period. The Consolidated Financial Projections also reflect a capital structure that is consistent with the terms of the Restructuring Support Agreement (the "Noteholder RSA") dated January 22, 2020, resulting in a weighted-average cost of debt of approximately 4.3%<sup>2</sup> upon PG&E Corporation's and the Utility's emergence from Chapter 11.
- Consistent with the terms of AB 1054, an initial contribution by the Utility to the Go-Forward Wildfire Fund established thereunder of \$4.8 billion upon emergence, to be amortized over ten years and ongoing contributions by the Utility to the Go-Forward Wildfire Fund of \$193 million per year over the Projection Period.
- The payment of various penalties by the Utility, including general fund payments, shareholder-paid initiatives, and agreements not to seek rate recovery for specified expenses pursuant to the following Orders Instituting Investigation ("OII's"):
  - Locate & Mark OII: In February 2020, the presiding officer in this OII issued a decision modifying the settlement agreement between the Utility and the CPUC submitted on October 3, 2019. Consistent with the terms of the settlement agreement, as modified, the Consolidated Financial Projections assume payments and unrecovered expenses by the Utility in the amount of \$110 million during 2020-2022.

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<sup>2</sup> Inclusive of amortization of fees.

- Phase II Ex-Parte OII: On December 5<sup>th</sup>, 2019, the CPUC approved a settlement agreement between certain public entities and the Utility pursuant to which the Utility agreed to pay an incremental penalty of \$10 million. The Consolidated Financial Projections assume that this penalty is paid in 2020.
- Wildfires OII: As described above, on December 17, 2019, the Utility submitted a settlement agreement to the CPUC in connection with the Wildfires OII in which it agreed not to seek cost recovery for \$1.675 billion of wildfire-related expenditures. The Consolidated Financial Projections assume that these costs will not be recovered (See above for information related to the February 27, 2020 POD).

### Financing Considerations

- The financing assumptions underlying the Consolidated Financial Projections are consistent with the Utility's testimony filed with the CPUC on January 31, 2020 in connection with the CPUC's Plan of Reorganization OII. The Consolidated Financial Projections assume total sources of funding and corresponding uses of approximately \$59 billion (\$57.65 billion upon emergence), as summarized in the following tables:

#### *Expected Sources (in millions)*

Equity issuance for cash	\$9,000
Equity issued into Fire Victim Trust (as defined below)	6,750
New PG&E Corporation Debt	4,750
Reinstated Utility Debt	9,575
New Utility Notes	23,775
Insurance Proceeds	2,200
Cash immediately prior to Emergence	1,600
Deferred Wildfire Claims Settlement	1,350
<b>Total Sources</b>	<b>\$59,000</b>

#### *Expected Uses (in millions)*

Payment to holders of wildfire-related claims	\$24,150
2017/2018 Wildfire Claims Settlement (Deferred Payment)	1,350
Contributions to Go-Forward Wildfire Fund pursuant to AB 1054	5,000
Repayment of Debtor-In-Possession Financing	2,000
Pre-petition Debt to be repaid or reinstated	22,180
Trade Claims and Other Costs	2,300
Accrued Interest	1,270
Cash immediately following Emergence	750
<b>Total Uses</b>	<b>\$59,000</b>

- The Consolidated Financial Projections assume, in connection with PG&E Corporation and the Utility's exit financing, that the CPUC will authorize the exclusion of \$6 billion of temporary New Utility Notes from the Utility's capital structure. The Consolidated Financial Projections further assume that the CPUC will authorize the securitization of \$7 billion of wildfire-related claims costs by March 31, 2021 that will be rate-neutral on a net present value basis to customers,

the proceeds of which will be used to retire the \$6 billion of temporary New Utility Notes and to make payments as part of the \$1.35 billion deferred settlement to the trust to be established under the Plan for the benefit of holders of wildfire-related claims (“**Fire Victim Trust**”). The authorization to securitize \$7 billion of wildfire claims on an NPV neutral basis results in a \$2.1 billion charge at inception as a result of an undiscounted regulatory liability associated with revenue credits funded by the NOL monetization. Securitization revenues, revenue credits, and interest expense on the \$7 billion of securitized debt are fully offset by net amortization of the securitization regulatory asset and undiscounted regulatory liability.

- The securitization proposal reflected in the forecast includes revenue credits of \$1.15 billion in 2021 and \$397 million in 2022 that are not funded by NOL monetization. The timing and amounts of customer credits are still to be determined and are subject to material change and regulatory approval.
- The Consolidated Financial Projections assume that the equity commitment premium due under the equity backstop letters will equal 119 million shares of PG&E Corporation common stock, payable on the Effective Date. Assuming that the Debtors implement the capital structure described above by drawing on the equity backstop commitments and based on the Debtors’ forecasted Normalized Estimated Net Income (as defined in the equity backstop commitment letters), the value of the equity commitment premium would be approximately \$1.2 billion at the currently estimated Backstop Price (as defined in the equity backstop commitment letters). The value of the equity commitment premium could exceed this amount in the event that PG&E Corporation successfully consummates a marketed equity offering or rights offering in lieu of drawing on the equity backstop commitments or if the Debtors implement an alternative capital structure, under certain conditions.
- The Consolidated Financial Projections assume that the Debtors will face no incremental wildfire liabilities related to pre-petition wildfires beyond the \$25.5 billion of wildfire-related claims that the Debtors have committed as of the date hereof to pay under the Plan pursuant to various settlement agreements with the holders of wildfire-related claims. The Consolidated Financial Projections further assume the Debtors will not face any liabilities related to postpetition wildfires that are not covered by insurance.
- Common dividends are assumed to be restored once Utility equity ratio achieves 52% on a regulatory basis and are moderated to allow PG&E Corporation debt reduction throughout the forecast period. This assumption does not reflect a commitment on the Board or management's part to a specific future dividend policy.
- The Consolidated Financial Projections assume that additional equity is raised in 2021. This financing need may either be met through equity issuance or maintaining Holding Company debt levels.

**PG&E Corporation Consolidated**  
**CONDENSED CONSOLIDATED PROJECTED INCOME STATEMENTS**  
(\$ millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>INCOME STATEMENT</b>					
<b>Net Operating Revenues</b>	15,512	15,408	16,866	18,256	19,028
<i>Memo: Total Cost of Energy</i>	3,400	3,716	3,684	3,450	3,490
<b>Operating Expenses</b>					
Operating and maintenance	(8,807)	(8,869)	(8,700)	(8,921)	(8,972)
Depreciation, amort. & decommissioning	(3,444)	(3,693)	(3,916)	(4,229)	(4,510)
Net securitization regulatory deferral		(1,083)	265	(137)	(142)
<b>Total Operating Expenses</b>	<u>(12,251)</u>	<u>(13,645)</u>	<u>(12,351)</u>	<u>(13,287)</u>	<u>(13,624)</u>
<b>Operating Income</b>	3,261	1,763	4,515	4,970	5,405
<b>Total Interest Expense</b>	(1,296)	(1,759)	(1,843)	(1,918)	(1,969)
<b>State Wildfire Insurance Fund Contribution and Prepayment Amortization</b>	(672)	(672)	(672)	(672)	(672)
<b>Other Income/(Expense), net</b>	<u>(1,479)</u>	<u>(166)</u>	<u>(166)</u>	<u>(180)</u>	<u>(193)</u>
<b>Income Before Income Taxes</b>	(186)	(834)	1,834	2,200	2,571
Income tax provision	232	793	24	(73)	(187)
Preferred dividend requirement	(14)	(14)	(14)	(14)	(14)
<b>TOTAL EARNINGS AVAIL FOR COMMON STOCK</b>	<b>32</b>	<b>(55)</b>	<b>1,844</b>	<b>2,113</b>	<b>2,370</b>
<b>Non-GAAP Core Earnings Adjustments</b>					
Bankruptcy and Legal Costs	1,487	28			
Investigation Remedies and Delayed Cost Recovery	110	42	48		
GT&S Capital Audit	(191)				
Amortization of Wildfire Insurance Fund Contribution	484	484	484	484	484
Net Securitization Inception Charge		1,539			
<b>NON-GAAP CORE EARNINGS</b>	<b>1,922</b>	<b>2,038</b>	<b>2,376</b>	<b>2,597</b>	<b>2,854</b>

Forecasted 2021 Normalized Estimated Net Income ("NENI"), as defined in the Backstop Commitment Letter filed with the SEC on December 26, 2019, excludes the following items that are otherwise included in the presentation of forecasted 2021 Core Earnings: approximately \$55 million related to unrecoverable Gas Transmission and Storage costs, approximately \$45 million related to delayed capital recovery and approximately \$20 million of earnings below authorized amounts. In addition to the adjustments referenced above, NENI includes the post-tax annual contribution to the Go-Forward Wildfire Fund, which is excluded from Core Earnings.

**PG&E Corporation Consolidated**  
**CONDENSED CONSOLIDATED PROJECTED BALANCE SHEETS**  
(\$ millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	757	1,096	752	677	647
Accounts Receivable	2,788	2,721	2,937	3,166	3,283
Regulatory Balancing Accounts, net of Liabilities (1)	747	1,619	1,677	1,040	743
Prepaid Expenses, Inventories and Collateral	1,742	1,836	1,920	1,993	2,057
<b>Total Current Assets</b>	<b>6,035</b>	<b>7,272</b>	<b>7,286</b>	<b>6,876</b>	<b>6,730</b>
<b>Net Property, Plant and Equipment</b>	<b>66,340</b>	<b>71,347</b>	<b>75,809</b>	<b>80,991</b>	<b>85,277</b>
<b>Other Noncurrent Assets</b>					
Nuclear Decommissioning Assets	3,291	3,409	3,527	3,645	3,763
Wildfire Fund Contribution	4,320	3,840	3,360	2,880	2,400
Regulatory Assets and Other	8,804	8,551	8,343	8,372	8,568
<b>Total Other Noncurrent Assets</b>	<b>16,415</b>	<b>15,800</b>	<b>15,230</b>	<b>14,897</b>	<b>14,730</b>
<b>TOTAL ASSETS</b>	<b>88,790</b>	<b>94,418</b>	<b>98,325</b>	<b>102,764</b>	<b>106,738</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts Payable	2,152	2,140	2,063	2,005	1,986
Short Term Borrowing	1,720	2,000	2,000	2,000	2,000
Other Current Liabilities	1,648	1,853	1,631	1,421	1,350
Accrued Wildfire Liability (Gross)	1,350	0	0	0	0
<b>Total Current Liabilities</b>	<b>6,870</b>	<b>5,992</b>	<b>5,694</b>	<b>5,426</b>	<b>5,336</b>
<b>Noncurrent Liabilities</b>					
Deferred Income Taxes	(320)	(1,112)	(1,148)	(1,084)	(909)
Long-term debt	37,843	34,690	35,961	36,936	37,061
<i>Memo: HoldCo Portion of Long Term Debt</i>	4,750	3,500	3,100	2,900	2,250
Securitized bonds	0	7,676	8,287	8,864	9,403
Regulatory Liabilities	9,716	11,250	11,527	12,436	13,426
Asset Retirement Obligations	6,002	6,161	6,320	6,320	6,320
Other	6,099	6,086	6,328	6,673	7,005
<b>Total Noncurrent Liabilities</b>	<b>59,340</b>	<b>64,752</b>	<b>67,276</b>	<b>70,144</b>	<b>72,306</b>
<b>Shareholders' Equity</b>					
Total Shareholders' Equity	22,328	23,422	25,103	26,941	28,845
Noncontrolling Interest - Preferred Stock of Subsidiary	252	252	252	252	252
<b>Total Shareholders' Equity</b>	<b>22,580</b>	<b>23,674</b>	<b>25,355</b>	<b>27,193</b>	<b>29,097</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>88,790</b>	<b>94,418</b>	<b>98,325</b>	<b>102,764</b>	<b>106,738</b>

**PG&E Corporation Consolidated**  
**CONDENSED CONSOLIDATED PROJECTED STATEMENTS OF CASH FLOWS**  
(\$ millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>CASH FLOW STATEMENT</b>					
<b>Cash Flows From Operations:</b>					
Net Income	46	(42)	1,858	2,127	2,384
Depreciation and Amortization	3,439	3,683	3,907	4,219	4,500
Net Amortization of Securitization Regulatory Assets and Liabilities		(1,054)	(265)	137	142
Share-Based Equity Backstop Commitment Premium	1,222				
Wildfire Insurance Fund Amortization	480	480	480	480	480
Wildfire Insurance Fund Contribution	(4,800)				
Change in Deferred Taxes	(232)	(793)	(36)	64	175
Changes in Operating Assets and Liabilities	52	192	(374)	(340)	(208)
Change in Balancing Accounts and Regulatory Assets	(221)	1,452	125	815	479
Other Noncurrent Assets and Liabilities	110	42	39	55	25
Change in Other Working Capital	155	50	68	(71)	(57)
Payment of Liabilities Subject to Compromise, net of Insurance Proceeds	(25,547)	(1,350)			
Net Cash from Operations	(25,295)	2,661	5,802	7,485	7,921
<b>Investing Activities:</b>					
Capital Expenditures	(8,086)	(8,140)	(7,730)	(8,702)	(8,015)
Net Change in Nuclear Decommissioning Funds	(118)	(118)	(118)	(118)	(118)
Proceeds from Asset Sales	1,322	0	0	0	0
Net Cash Used In Investing	(6,882)	(8,258)	(7,848)	(8,820)	(8,133)
<b>Financing Activities:</b>					
Holding Company Financing	19,850	(100)	(400)	(200)	(650)
Short and Long Term Utility Debt Issued (Matured/Repurchased)	11,552	(1,626)	1,668	1,172	772
Securitization Bonds Issued	0	7,676	611	576	540
Preferred Dividends Disbursed	(42)	(14)	(14)	(14)	(14)
Common dividends	0	0	(164)	(275)	(466)
Net Cash Provided by Financing	31,360	5,936	1,701	1,259	182
<b>NET CHANGE IN CASH</b>	<b>(817)</b>	<b>339</b>	<b>(344)</b>	<b>(75)</b>	<b>(30)</b>

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