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

17 **In re:**

18 **PG&E CORPORATION,**

19 **- and -**

20 **PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

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

24 ** 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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EXHIBITS

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

1 **I. INTRODUCTION**

2 On March 16, 2020, PG&E Corporation (“**PG&E Corp.**” or “**HoldCo**”) and Pacific Gas and
3 Electric Company (the “**Utility**” and together with PG&E Corp., “**PG&E**” or the “**Debtors**”), and
4 certain funds and accounts managed or advised by Abrams Capital Management, LP and certain funds
5 and accounts managed or advised by Knighthead Capital Management, LLP (the “**Shareholder**
6 **Proponents**” and, together with the Debtors, the “**Plan Proponents**”) filed the *Debtors’ and*
7 *Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated March 16, 2020* [Docket No.
8 6320] (as it may be amended, modified or supplemented, and together with any exhibits or schedules
9 thereto, the “**Plan**”). This disclosure statement (as it may be amended, modified or supplemented, and
10 together with any exhibits or schedules hereto, the “**Disclosure Statement**”) is being provided to you in
11 connection with the solicitation of votes to accept or reject the Plan. A copy of the Plan is annexed to
12 this Disclosure Statement as **Exhibit A**. Unless otherwise defined herein, capitalized terms used in this
13 Disclosure Statement have the meanings ascribed to such terms in the Plan.

14 The Plan is supported by the following parties:

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

25 **THESE PARTIES BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF**
26 **THE PLAN IS THE FASTEST WAY FOR FIRE VICTIMS AND OTHER CLAIMANTS TO**
27 **RECEIVE PAYMENTS ON THEIR CLAIMS, AND THAT IF THE PLAN IS NOT APPROVED**
28 **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
19 5. The assignment of rights under the 2015 Insurance Policies to resolve any Claims
20 related to Fires in those policy years, other than the rights of the Debtors to be
21 reimbursed under the 2015 Insurance Policies for claims submitted to and paid by
22 the Debtors prior to the Petition Date.

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

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
court system;
- 10 • Second, to restore PG&E’s financial stability and assure that PG&E has access to the
11 capital and resources necessary to sustain and support its ongoing operations and to
12 enable PG&E to continue investing in its systems infrastructure and critical safety and
wildfire prevention initiatives, including investing in PG&E’s Community Wildfire
13 Safety Program (a program to further reduce wildfire risks and help keep the customers
and communities PG&E serves safe through enhanced real-time monitoring and
14 intelligence, safety measures, and electrical system equipment);
- 15 • Third, to work collaboratively and constructively with State regulators and policy makers
to (i) address safety, operational and structural reforms; (ii) determine the most effective
16 way for PG&E to provide safe and reliable electric and natural gas service to its
customers and communities for the long term; and (iii) address the significant increase
17 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
- 18 • Fourth, to enable PG&E to continue its extensive restoration and rebuilding efforts to
19 assist the communities affected by the 2017 and 2018 Northern California wildfires.

20
21 For further information regarding the commencement of the Chapter 11 Cases, please refer to
the Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 28, 2019
22 and the *Amended Declaration of Jason P. Wells in Support of First Day Motions and Related Relief*
[Docket No. 263].

23
24 **B. Certain Significant Events During the Chapter 11 Cases**

25 The following sections briefly summarize certain significant events occurring during the Chapter
26 11 Cases.

1 1. **Estimation of Aggregate Wildfire Liabilities**

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

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

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

15 2. **Bankruptcy Court Lifts Automatic Stay to Allow Tubbs Cases to Proceed in 16 State Court**

17 The Tort Claimants Committee and the Ad Hoc Subrogation Group, on July 2 and 3, 2019,
18 respectively, filed motions (the "**Tubbs Lift Stay Motions**") seeking relief from the automatic stay to
19 allow certain elderly or infirm individuals (collectively, with certain indispensable parties, the "**Tubbs
20 Preference Claimants**") to pursue state court litigation relating to the 2017 Tubbs fire (the "**Tubbs
21 Cases**"). The Bankruptcy Court considered the Tubbs Lift Stay Motions at the hearing on August 14,
22 2019. On August 21, 2019, the Bankruptcy Court entered an order granting the Tubbs Lift Stay Motions,
23 allowing the Tubbs Cases to proceed to trial in Superior Court for the State of California (the "**Superior
24 Court**").

25 In light of the Tort Claimants RSA, the Superior Court entered an order vacating the existing
26 trial dates for the Tubbs Cases and setting a hearing for March 2, 2020, to show cause regarding
27 dismissal of the Tubbs Cases. Upon entry into and pursuant to the Tort Claimants RSA, the Debtors
28 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.

29 3. **Debtors Settle Plan Treatment of Public Entities Wildfire Claims and Enter 30 Into Public Entities Plan Support Agreements**

31 On June 18, 2019, the Debtors and the Public Entities¹ entered into those certain *Plan Support
32 Agreements as to Plan Treatment of Public Entities' Wildfire Claims* (the "**Public Entities Plan**

33 ¹ The "**Public Entities**" include the City of Clearlake, the City of Napa, the City of Santa Rosa, the
34 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
 Protocol,” and the Reorganized Debtors will establish a \$10 million segregated defense fund for the
 benefit of the Public Entities.

5 The Public Entities Plan Support Agreements provide that each may be terminated by the
 6 applicable Public Entity under certain circumstances, including (i) if the Federal Emergency
 7 Management Agency (“**FEMA**”) or the California Governor’s Office of Emergency Services (“**Cal**
 8 **OES**”) fails to agree that no reimbursement is required from the Public Entities on account of assistance
 rendered by either agency in connection with the Fires, and (ii) by any individual Public Entity, if a
 material amount of Public Entities Third Party Claims is filed against such Public Entity and such Public
 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
 Subrogation Claims RSA). Pursuant to the Subrogation Claims RSA, holders of approximately 96% of
 all Subrogation Wildfire Claims (in dollar amount) agreed, among other things, to support and vote in
 favor of the Plan, in consideration of, among other things, an Allowed Subrogation Wildfire Claim of
 \$11 billion that will be paid in full in Cash under the Plan, and the payment of up to \$55 million in
 reasonable, documented and contractual fees of certain of the Ad Hoc Subrogation Group’s
 16 professionals. On December 19, 2019, the Bankruptcy Court entered an order [Docket No. 5173]
 17 authorizing the Debtors to enter into, and approving the terms of, the Subrogation Claims RSA and the
 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
 holding Fire Victim Claims, the Official Committee of Unsecured Creditors (the “**Creditors**
 24 **Committee**”), the Ad Hoc Noteholders Committee, certain agencies of the United States of America
 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
 Agency, the Sonoma Valley County Sanitation District and the County of Yuba (collectively, the “**North**
 28 **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
 8 California asserting fire-related Claims are not signatories to the Tort Claimants RSA. On December
 9 19, 2019, the Bankruptcy Court entered an order [Docket No. 5174] authorizing the Debtors’ and TCC’s
 10 entry into, and approving the terms of, the Tort Claimants RSA and the settlements embodied therein.

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

17 **7. Debtors Settle with Ad Hoc Noteholders Committee and Enter Into Noteholder**
 18 **RSA**

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

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

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

9 ***Inverse Condemnation:*** On November 27, 2019, following briefing and oral argument
 10 on the issue, the Bankruptcy Court issued a memorandum decision determining that the doctrine of
 11 inverse condemnation applies to the Utility. Following the decision, the Bankruptcy Court certified the
 12 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 **5267** and **6013**, and as may be further amended, modified or supplemented, the “**Exit Financing**
 3 **Motion**”), seeking approval of certain exit financing commitment letters providing for up to \$12 billion
 4 in equity commitments (as further amended, modified and supplemented, the “**Equity Backstop**
 5 **Commitment Letters**”) and up to \$34.35 billion in debt commitments (as further amended, modified
 6 and supplemented, the “**Debt Backstop Commitment Letters**,” and together with the Equity Backstop
 7 Commitment Letters, the “**Exit Financing Commitment Letters**”). On January 22, 2020, the Governor
 8 filed an objection to the Exit Financing Motion [Docket No. 5445] (the “**Governor’s Objection**”),
 9 which focused primarily on the Governor’s proposal to alter the Debtors’ corporate governance
 10 structure. On January 22, 2020, the Debtors reached a settlement with the Ad Hoc Noteholders
 11 Committee regarding the treatment of the Utility’s pre-petition funded debt under the Plan. The
 12 Bankruptcy Court approved the settlement on February 5, 2020. In light of the settlement with the Ad
 13 Hoc Noteholders Committee, the Debtors further amended the Exit Financing Commitment Letters to,
 14 among other things, reduce the aggregate Utility debt commitments and revise the provisions of the
 15 letters affected thereby. On March 3, 2020, the Debtors filed an amended Exit Financing Motion to
 16 reflect the updated Exit Financing Commitment Letters. Following a hearing on March 16, 2020, the
 17 Bankruptcy Court granted the relief requested in the Exit Financing Motion [Docket Nos. 6321 and
 18 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

22 In connection with the Government Claims Objections and other contested matters, on February
 23 18, 2020, the Bankruptcy Court issued an order [Docket No. 5810] for, among other things, mediation
 24 of classification issues related to the FEMA Claims and Cal OES Claims. Pursuant to the Plan, and as
 25 described in more detail below, the FEMA Claims, Cal OES Claims, and other Fire-related government
 26 agency Claims are classified as Fire Victim Claims to be channeled to and, if Allowed, paid from the
 27 Fire Victim Trust. FEMA, Cal OES, and certain other federal and state government agencies, however,
 28 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 Legislation²**

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

² 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
based on land area in the applicable utility's service territory classified as high fire threat districts and
adjusted to account for risk mitigation efforts. The Utility's initial Go-Forward Wildfire Fund allocation
metric will be 64.2% (representing an initial contribution of approximately \$4.8 billion and annual
contributions of approximately \$193 million). In addition, all initial and annual contributions will be
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.

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

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

14 **IV. BACKGROUND AND OVERVIEW OF THE PLAN**³

15 This section summarizes certain key provisions of the Plan. This section is intentionally not a
 16 recitation of the entirety of the Plan, a copy of which is annexed hereto as **Exhibit A**. For additional
 17 information regarding the Plan not discussed in this section, please refer to the following select Plan
 18 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>

19 **A. Plan Background**

20 Over the past several months, the Debtors and their advisors have worked diligently with their
 21 key economic stakeholders, regulators, and other parties in interest on the terms of a comprehensive,
 22 global restructuring that will fairly and equitably address all Fire Victim Claims and other prepetition
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 25
 26 ³ **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.

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

3 A central component of the Plan is approximately \$47.1 billion of capital to be provided through
 4 any combination of (i) new credit facilities, including exit revolving loan facilities, senior term loan
 5 facilities and/or bridge loan facilities; (ii) new debt securities issued by the Utility (the “**New Utility**
 6 **Notes**”); (iii) new debt securities issued by HoldCo (the “**New Holdco Notes**” and, together with the
 7 New Utility Notes, the “**New Debt Securities**”); (iv) issuance of new PG&E Corp. common stock (“**New**
 8 **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.

9 **B. Classification and Treatment of Claims and Interests**⁴

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

Claims and Interests	Summary of Treatment
Impaired Claims Entitled to Vote	
Fire Victim Claims	(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. (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&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&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

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⁴ 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) Impairment and Voting: Impaired; Entitled to vote on the Plan.</p>
<p>Subrogation Wildfire Claims</p>	<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) Impairment and Voting: Impaired; Entitled to vote on the Plan.</p>
<p>Public Entities Wildfire Claims</p>	<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) Impairment and Voting: Impaired; Entitled to vote on the Plan.</p>
<p>Utility Impaired Senior Note Claims</p>	<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.⁵</p> <p>(c) Impairment and Voting: Impaired; Entitled to vote on the Plan.</p>
<p>Utility Short-Term Senior Note Claims</p>	<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.⁶</p> <p>(c) Impairment and Voting: Impaired; Entitled to vote on the Plan.</p>

⁵ 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.

⁶ 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>: Impaired; Entitled to vote on the Plan.</p>
HoldCo Common Interests	<p>(a) <u>Description</u>: The existing publicly traded common stock of PG&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>: Impaired; Entitled to vote on the Plan.</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>: Impaired; Entitled to vote on the Plan</p>
Unimpaired Claims Not Entitled to Vote	
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 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	<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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>Other Secured Claims</p>	<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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>Priority Non-Tax Claims</p>	<p>(a) <u>Description</u>: All prepetition Claims against PG&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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>HoldCo Funded Debt Claims</p>	<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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>Utility PC Bond (2008 F and 2010 E) Claims</p>	<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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>Utility Reinstated Senior Note Claims</p>	<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>: Unimpaired; Not entitled to vote on the Plan.</p>
<p>General Unsecured Claims</p>	<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>
<p>Ghost Ship Fire Claims</p>	

	(c) <u>Impairment and Voting</u> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.
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> : Unimpaired; Not entitled to vote on the Plan.

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 Agreement⁷
 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

⁷ The Tax Benefits Payment Agreement has not yet been finalized.

1 Wildfire Trust Agreement and Subrogation Wildfire Claim Allocation Agreement.⁸ 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, jminias@willkie.com, bmccallen@willkie.com,
 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

⁸ 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].

Also, as set forth in the above chart, holders of common stock of PG&E Corp. shall retain their 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.

E. Equity Financing⁹

In order to finance the transactions contemplated by the Plan, the Debtors expect to raise \$9 billion through one or more issuances of new PG&E Corp. common stock. The equity issuances could include one or more of the following structures: public or private offerings in the equity capital markets (a “**Market Offering**”), a rights offering to holders of PG&E Corp.’s common stock (a “**Rights Offering**”) or drawing under the Equity Backstop Commitment Letters between PG&E Corp. and the 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.

- **Market Offering:** PG&E Corp. may undertake a Market Offering if the per share price at which shares of common stock are offered in the Market Offering corresponds to an implied price to earnings ratio of at least 13.5 times (subject to adjustment). The implied 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.
- **Rights Offering:** PG&E Corp. may undertake a Rights Offering to holders of PG&E Corp.’s common stock if the subscription price of the rights issued in the Rights Offering corresponds to an implied price to earnings ratio of 12.0 times (subject to adjustment) based on Normalized Estimated Net Income as provided in the Equity Backstop Commitment Letters. In a Rights Offering, PG&E Corp. would distribute rights to holders of PG&E Corp. common stock ratably based on the number of shares of common stock they hold. The rights would be freely transferable and would include oversubscription privileges, meaning that holders that exercise their rights may request 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.
- **Backstop Draw:** To the extent that PG&E Corp. does not raise the necessary equity capital through a Market Offering or Rights Offering, PG&E Corp. expects to draw on the commitments under the Equity Backstop Commitment Letters, which provide for up to \$12 billion of proceeds from the sale of shares to the Backstop Parties. The Backstop 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

⁹ The following is a summary of the equity financing contemplated by the Plan and is qualified in its 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.¹⁰ 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

¹⁰ 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**¹¹

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.

¹¹ 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 Parties¹² 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,¹³ **including any holder of a Claim or Interest that is solicited and voluntarily**

28 ¹² 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.

¹³ 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

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

Any holder of a Claim or Interest who does not indicate on their Ballot that they opt into granting such releases shall not be a Releasing Party. Additionally, 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. The holder of a Claim or Interest 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 in the applicable Ballot.

The holders of Environmental Claims, Workers' Compensation Claims and 2001 Utility Exchange Claims retain the right to assert such Claims against the Reorganized Debtors in accordance with the terms of the Plan. Furthermore, nothing in the Plan shall be deemed to impose a release 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) of the Plan, which addresses the "Made-Whole Releases" described further below.

(c) *Made-Whole Releases.* As described in Section 4.25(f)(ii) of the Plan, 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 the Fire Victim Trust, shall contain as a condition to such settlement or other agreement that the holder or holders of such Claim contemporaneously execute and deliver a release and waiver of any potential made-whole

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 Parties¹⁴ 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:

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

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

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

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

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

21 *See Section 10.7 of the Plan.*

22 3. Release and Discharge of Debtors

23 Upon the Effective Date and in consideration of the distributions to be made hereunder,
 24 except as otherwise expressly provided herein, each holder (as well as any representatives,
 25 trustees, or agents on behalf of each holder) of a Claim or Interest and any affiliate of such holder
 26 shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent
 27 permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests,
 28 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:

25 Class 5A-I	HoldCo Public Entities Wildfire Claims	Impaired
26 Class 5A-II	HoldCo Subrogation Wildfire Claims	Impaired
27 Class 5A-III	HoldCo Fire Victim Claims	Impaired
28 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

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

1 **B. Voting Deadline**

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

6 The Debtors have engaged Prime Clerk LLC as their solicitation agent (the “**Solicitation**
7 **Agent**”) to assist in the transmission of voting materials and in the tabulation of votes with respect to
8 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.**

9 **C. Voting Procedures**

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

15 **1. How to Vote**

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

21 **2. Withdrawal of Ballots**

22 Any voter that has delivered a valid Ballot may withdraw its vote, subject to Bankruptcy Rule
23 3018, by delivering a written notice of withdrawal to the Solicitation Agent before the Voting Deadline,
24 which notice of withdrawal, to be valid, must be (i) signed by the party who signed the Ballot to be
25 revoked and (ii) received by the Solicitation Agent before the Voting Deadline. The Plan Proponents
26 may contest the validity of any withdrawals.

27 Any voter that has delivered a valid Ballot may not change its vote, except in accordance with
28 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.

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.**

1 **B. Best Interest Test**

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

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

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

18 The Debtors’ costs of liquidation under chapter 7 would include the fees payable to a trustee in
19 bankruptcy as well as those fees that might be payable to attorneys and other professionals that the
20 trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 Cases
21 allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers,
22 accountants, and other professionals for the Debtors and Statutory Committees appointed in the Chapter
23 11 Cases, and costs and expenses of members of such committees, as well as other compensation Claims.
24 Furthermore, additional Claims would arise by reason of the breach or rejection of obligations incurred
25 and leases and executory contracts assumed or entered into by the Debtors during the pendency of the
26 Chapter 11 Cases. The foregoing types of Claims, costs, expenses, fees, and such other Claims that may
27 arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those
28 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&E Corporation and 3 Pacific Gas & 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 & 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 & 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 & 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
 4 One Bryant Park
 5 New York, New York 10036
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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.

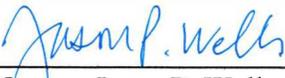
2 **IX. CONCLUSION**

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 PG&E CORPORATION

5
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
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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
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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
22 By: David Abrams
23 Name: David Abrams
24 Title: Manager

25
26 Knighthead Capital Management, LLC,
27 on behalf of certain funds and accounts
28 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 Knighthood 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

LL

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Exhibit A to the Disclosure Statement

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

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13 *Attorneys for Debtors*
14 *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**
REJECT THE PLAN.

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

20 **In re:**

21 **PG&E CORPORATION,**

22 **- and -**

23 **PACIFIC GAS AND ELECTRIC COMPANY,**

24 **Debtors.**

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

28 ** 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)

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

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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 Knighthead 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,
 propose the following joint chapter 11 plan of reorganization pursuant to section 1121(a) of the
 Bankruptcy Code.¹ Capitalized terms used but not defined herein shall have the meanings ascribed to
 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
 related subdockets, and (b) 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.

15 **1.2 503(b)(9) Claim** means a Claim against a Debtor or any portion thereof entitled
 16 to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code, which
 17 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*
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
 preserving the Debtors’ estates, any actual and necessary costs and expenses of operating the
 Debtors’ businesses, any indebtedness or obligations incurred or assumed by one or more of

25 ¹ 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 **1.7 Allowed** means, with reference to any Claim against a Debtor or Interest: (a)
2 any Claim listed in the Debtors' Schedules, as such Schedules may be amended from time to
3 time in accordance with Bankruptcy Rule 1009, as liquidated, non-contingent, and undisputed,
4 and for which no contrary proof of Claim has been filed; (b) any Claim or Interest expressly
5 allowed hereunder; (c) any Claim (other than a Subrogation Wildfire Claim) or Interest to
6 which a Debtor and the holder of such Claim or Interest agree to the amount and priority of the
7 Claim or Interest, which agreement is approved by a Final Order; (d) any individual
8 Subrogation Wildfire Claim (not held by a Consenting Creditor or a party to the Subrogation
9 Wildfire Claim Allocation Agreement) to which the Subrogation Wildfire Trustee and the
10 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.

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

19 **1.9 Avoidance Action** means any action commenced, or that may be commenced,
20 before or after the Effective Date pursuant to chapter 5 of the Bankruptcy Code including
21 sections 544, 545, 547, 548, 549, 550, or 551 of the Bankruptcy Code.

22 **1.10 Backstop Approval Order** means an order of the Bankruptcy Court, approving
23 the Backstop Commitment Letters, which order shall be in form and substance satisfactory to
24 the Debtors and the Backstop Parties.

25 **1.11 Backstop Commitment Letters** means those certain letter agreements, as may
26 be amended or modified from time to time in accordance with the terms thereof and the
27 Backstop Approval Order, pursuant to which the Backstop Parties have agreed to purchase
28 shares of New HoldCo Common Stock on the terms and subject to the conditions thereof.

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

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

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

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

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,
3 the Confirmation Order.

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

8 **1.24 Charging Lien** means any Lien or other priority in payment to which a Funded
9 Debt Trustee is entitled pursuant to the applicable Funded Debt Documents or any equivalent
10 indemnification or reimbursement rights arising under the applicable Funded Debt Documents.

11 **1.25 Chief Executive Officer** means William D. Johnson, the current chief
12 executive officer of HoldCo.

13 **1.26 Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code.

14 **1.27 Claims Resolution Procedures** means, collectively, the Fire Victim Claims
15 Resolution Procedures and the Subrogation Wildfire Claim Allocation Agreement.

16 **1.28 Class** means any group of Claims or Interests classified herein pursuant to
17 sections 1122 and 1123(a)(1) of the Bankruptcy Code.

18 **1.29 Collateral** means any property or interest in property of the estate of any Debtor
19 subject to a Lien, charge, or other encumbrance to secure the payment or performance of a
20 Claim, which Lien, charge, or other encumbrance is not subject to a Final Order ordering the
21 remedy of avoidance on any such lien, charge, or other encumbrance under the Bankruptcy
22 Code.

23 **1.30 Collective Bargaining Agreements** means, collectively, (a) the IBEW
24 Collective Bargaining Agreements, (b) the Collective Bargaining Agreement currently in place
25 between the Utility and the Engineers and Scientists of California Local 20, IFPTE, and (c) the
26 Collective Bargaining Agreement currently in place between the Utility and the Service
27 Employees International Union.

28 **1.31 Confirmation Date** means the date on which the Clerk of the Bankruptcy Court
enters the Confirmation Order.

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

1.33 Confirmation Order means the order of the Bankruptcy Court confirming the
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.

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,
of any of the Debtors.

3 **1.62 Entity** has the meaning set forth in section 101(15) of the Bankruptcy Code.

4 **1.63 Environmental Claim** means any Claim against the Debtors arising from
5 (i) any accusation, allegation, notice of violation, action, claim, environmental Lien, demand,
6 abatement or other order, restriction or direction (conditional or otherwise) by any
7 Governmental Unit or any other Person for tangible or intangible property damage, punitive,
8 exemplary or similar damages, or fines, penalties or similar charges, damage to the
9 environment, nuisance, pollution, contamination or other adverse effect on the environment or
10 costs (to the extent recoverable under applicable non-bankruptcy law) of any Governmental
11 Unit related thereto, in each case resulting from or based upon (a) the existence, or the
12 continuation of the existence, of a release of (including, but not limited to, sudden or non-
13 sudden accidental or non-accidental releases), or exposure to, any hazardous or deleterious
14 material, substance, waste, pollutant or contaminant, odor or audible noise in, into or onto the
15 environment (including, but not limited to, the air, soil, surface water or groundwater) at, in,
16 by, from or related to any property (including any vessels or facilities of the Debtors) presently
17 or formerly owned, operated or leased by the Debtors or any activities or operations thereof,
18 (b) the transportation, storage, treatment or disposal of any hazardous or deleterious material,
19 substance, waste, pollutant or contaminant in connection with any property presently or
20 formerly owned, operated or leased by the Debtors or its operations or facilities, or (c) the
21 violation or alleged violation, of any environmental law, order or environmental permit or
22 license of or from any Governmental Unit relating to environmental matters arising from the
23 Debtors' operations, including relating to any property presently or formerly owned, operated
24 or leased by the Debtors; and (ii) any claim for indemnification or contribution (whether based
25 on contract, statute or common law) against the Debtors by any third party, where such
26 indemnification or contribution claim of such third party is based on a claim against such third
27 party that if asserted directly against the Debtors would be a claim included with the
28 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.

20 **1.64 Environmental Order** means any consent decree, injunction, cleanup and
21 abatement order or any other administrative or judicial order or decree binding upon the
22 Debtors and in effect as of the Effective Date (whether originating before or after the Petition
23 Date) that pertains to any environmental matter described in clauses (a) through (c) of the
definition of Environmental Claim herein.

24 **1.65 Exculpated Parties** means collectively, and, in each case, in their capacities as
25 such: (a) the Debtors and Reorganized Debtors; (b) the DIP Facility Agents; (c) the DIP
26 Facility Lenders; (d) the Exit Financing Agents; (e) the Exit Financing Lenders; (f) the Funded
27 Debt Trustees; (g) the HoldCo Revolver Lenders; (h) the HoldCo Term Loan Lenders; (i) the
28 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)

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

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

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

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

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

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

1.157 Plan Funding means, collectively, (a) the proceeds from the incurrence of the Exit Financing, (b) the proceeds of any Rights Offering, if implemented, (c) any other sources of funding used for distributions under the Plan, including from any underwritten primary or secondary equity offering, a direct equity investment, and/or other equity-linked securities, and (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. SCU-K-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.).

17 **1.168 Public Entities Plan Support Agreements** means the Plan Support
 18 Agreements as to Plan Treatment of Public Entities' Wildfire Claims, each dated June 18,
 19 2019, by and between the Debtors and the Public Entities.

20 **1.169 Public Entities Releasing Parties** means the Public Entities and any
 21 subsidiary, affiliate, department, agency, political subdivision, or instrumentality thereof.

22 **1.170 Public Entities Segregated Defense Fund** means a segregated fund
 23 established for the benefit of the Public Entities in the amount of \$10 million, which funds
 24 shall be used by the Reorganized Debtors solely to reimburse the Public Entities for any and
 25 all legal fees and costs associated with the defense or resolution of any Public Entities Third
 26 Party Claims against a Public Entity, in accordance with the Public Entities Plan Support
 27 Agreements.

28 **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.

19 **1.181 Reorganized Debtors** means each of the Debtors, or any successor thereto, as
20 reorganized, pursuant to and under the Plan, on and after the Effective Date.

21 **1.182 Reorganized HoldCo** means HoldCo as reorganized, pursuant to and under the
22 Plan, on and after the Effective Date.

23 **1.183 Reorganized Utility** means the Utility as reorganized, pursuant to and under
24 the Plan, on and after the Effective Date.

25 **1.184 Restructuring** means the restructuring of the Debtors, the principal terms of
26 which are set forth in the Plan, the Plan Documents and the Plan Supplement.

27 **1.185 Restructuring Transactions** has the meaning set forth in Section 6.2(a) of the
28 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.

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

1.215 Utility means Debtor Pacific Gas and Electric Company, a California
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

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

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

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

1.228 Utility Impaired Senior Note Documents means, collectively, the Utility Senior Notes Indentures governing the Utility Impaired Senior Notes, 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).

1.229 Utility Impaired Senior Notes means, collectively, the following series of notes issued by the Utility pursuant to the Utility Senior Notes Indentures: (a) 6.05% Senior 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.

1.230 Utility Intercompany Claim means any Intercompany Claim against the Utility.

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

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

1.233 Utility Other Secured Claim means any Other Secured Claim against the Utility.

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

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

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

1.237 Utility Public Entities Wildfire Claim means any Public Entities Wildfire 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.

INTERPRETATION; APPLICATION OF DEFINITIONS AND RULES OF CONSTRUCTION.

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

CERTAIN CONSENT RIGHTS.

1 Notwithstanding anything in the Plan to the contrary, and without limiting the Debtors’
2 fiduciary duties, any and all consent rights of any party set forth in the Public Entities Plan Support
3 Agreements, the Backstop Commitment Letters, the Subrogation Claims RSA, the Tort Claimants
4 RSA, the Noteholder RSA, or any other plan support agreement that the Debtors hereafter enter into
5 with any other parties with respect to the form and substance of this Plan, the Plan Supplement, the
6 Plan Documents, including any amendments, restatements, supplements, or other modifications to
7 such documents, and any consents, waivers, or other deviations under or from any such documents,
8 shall be incorporated herein by this reference (including to the applicable definitions in Article I
9 hereof) and fully enforceable as if stated in full herein until such time as the Public Entities Plan
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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
5 the entire amount of the Allowed Priority Tax Claim. Any Allowed Priority Tax Claim that is not due
6 and payable on or before the Effective Date shall be paid in the ordinary course of business as such
7 obligation becomes due.

8 **ARTICLE III.**

9 **CLASSIFICATION OF CLAIMS AND INTERESTS**

10 **3.1 Classification in General.** A Claim or Interest is placed in a particular Class
11 for all purposes, including voting, confirmation, and distribution under the Plan and under sections
12 1122 and 1123(a)(1) of the Bankruptcy Code; *provided that* a Claim or Interest is placed in a particular
13 Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim
14 or Interest is an Allowed Claim or Allowed Interest in that Class and such Allowed Claim or Allowed
15 Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

16 **3.2 Summary of Classification.**

17 (a) The following table designates the Classes of Claims against, and Interests in,
18 the Debtors and specifies which of those Classes are (i) Impaired or Unimpaired by the Plan,
19 (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy
20 Code, and (iii) presumed to accept or deemed to reject the Plan. In accordance with section 1123(a)(1)
21 of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been
22 classified.
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<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Claims Against and Interests in HoldCo			
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)
Claims Against and Interests in the Utility			
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.
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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
the Fire Victim Trust, and such Claim shall be asserted exclusively against the Fire Victim Trust in
16 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*
Jury Trial and Related Pretrial and Post Trial Matters in Connection with the Ghost Ship Fire Cases
[Docket No. 5280] any recovery or payment with respect to the Utility Ghost Ship Fire Claims shall
23 be limited solely to amounts available under the Debtors' Insurance (as such term is defined in such
24 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
25 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
28 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.

4 (b) The Subrogation Wildfire Trustee shall cooperate fully with the Reorganized
5 Debtors in connection with the preparation and filing by the Reorganized Debtors of any tax returns,
6 claims for refunds, or other tax filings, and any tax proceedings, to the extent relating to any transfers
7 to, distributions by, or the operations of the Subrogation Wildfire Trust.

6 **6.6 Subrogation Trust Advisory Board.**

7 (a) Appointment of Subrogation Trust Advisory Board. The Subrogation Trust
8 Advisory Board shall consist of three (3) initial members selected by holders of Subrogation Wildfire
9 Claims in accordance with the Subrogation Trust Agreement and the Subrogation Wildfire Claim
10 Allocation Agreement.

10 (b) Powers and Duties of Subrogation Trust Advisory Board. The Subrogation
11 Trust Advisory Board shall, as and when requested by the Subrogation Wildfire Trustee, or as is
12 otherwise either (i) required under the Plan, the Confirmation Order, the Subrogation Trust Agreement
13 or (ii) contemplated by the Subrogation Wildfire Claim Allocation Agreement, consult with and advise
14 the Subrogation Wildfire Trustee as to the administration and management of the Subrogation Wildfire
15 Trust in accordance with the terms of this Plan, the Confirmation Order, and/or the Subrogation Trust
16 Agreement.

15 (c) The Subrogation Wildfire Trust Advisory Board shall be appointed on the
16 Effective Date. The rights and responsibilities of the Subrogation Wildfire Trust Advisory Board shall
17 be set forth in the Subrogation Wildfire Trust Agreement.

17 **6.7 The Fire Victim Trust.**

18 (a) On or before the Effective Date, the Fire Victim Trust shall be established. In
19 accordance with the Plan, the Confirmation Order, the Fire Victim Trust Agreement and the Fire
20 Victim Claims Resolution Procedures, the Fire Victim Trust shall, among other tasks described in this
21 Plan or the Fire Victim Trust Agreement, administer, process, settle, resolve, liquidate, satisfy, and
22 pay all Fire Victim Claims, and prosecute or settle all Assigned Rights and Causes of Action. All Fire
23 Victim Claims shall be channeled to the Fire Victim Trust and shall be subject to the Channeling
24 Injunction. The Fire Victim Trust shall be funded with the Aggregate Fire Victim Consideration. To
25 the extent, if any, a holder of a Fire Victim Claim asserts damages against the Debtors or the Fire
26 Victim Trust for amounts covered by a policy of insurance, the Fire Victim Trust may receive a credit
27 against the Fire Victim Claim of any such holder, its predecessor, successor, or assignee, for insurance
28 coverage amounts as provided in the Fire Victim Trust Agreement. In addition, coverage provisions
of any insurance policy for losses resulting from a Fire and any funds received by any holder of a Fire
Victim Claim, net of attorney's fees, shall satisfy, to the extent applicable, any amounts of restitution
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).

15 (c) On the Effective Date, the Fire Victim Claims Resolution Procedures shall
16 become effective.

17 (d) No parties other than holders of Fire Victim Claims shall have a right, or
18 involvement in, the Fire Victim Claims Resolution Procedures, the Fire Victim Trust Agreement, the
19 administration of the Fire Victims Trust, the selection of a Fire Victim Trustee, settlement fund
20 administrator, claims administrator, or the Fire Victims Trust Oversight Committee. The Fire Victim
21 Claims shall be administered by a Fire Victim Trust and the Fire Victims Trust Oversight Committee
22 independent of the Debtors. The Fire Victim Claims shall be administered, allocated and distributed
23 in accordance with applicable ethical rules and subject to adequate informed consent procedures. The
24 Fire Victim Trustee shall receive settlement allocations consistent with Rule 1.8(g) of the Model Rules
25 of Professional Conduct. The rules and procedures governing the administration and allocation of the
26 funds from the Fire Victim Trust shall be objectively applied and transparent. No party other than
27 holders of Fire Victim Claims, including but not limited to the Debtors, the Reorganized Debtors, and
28 any holders of Claims or Interests other than holders of Fire Victim Claims, shall have any rights to
any of the proceeds in the Fire Victim Trust, or any clawback or reversionary interest of any of the
consideration (whether Cash or otherwise) allocated to any of the holders of Fire Victim Claims
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
for any and all Public Entities Third Party Claims and (ii) the conclusion of all litigation, including
15 appeals, involving all Public Entities Third Party Claims.

16 **6.10 Go-Forward Wildfire Fund.**

17 (a) On the Effective Date, the Debtors shall contribute, in accordance with the
18 Wildfire Legislation (A.B. 1054), an initial contribution of approximately \$4.8 billion and first annual
contribution of approximately \$193 million, to the Go-Forward Wildfire Fund in order to secure the
participation of the Reorganized Debtors therein.

19 (b) The Reorganized Debtors shall also be responsible for ongoing funding
20 commitments to the Go-Forward Wildfire Fund as required by the terms thereof and the Wildfire
Legislation (A.B. 1054).

21 **6.11 Officers and Board of Directors.**

22 (a) The New Boards for HoldCo and the Utility will, among other things, satisfy
23 the requirements of the Wildfire Legislation (A.B. 1054) and other applicable law, including with
24 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
25 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.
23 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.

24 **6.18 Plan Proponent Reimbursement.** On the Effective Date, the Reorganized
25 Debtors shall reimburse the Shareholder Proponents for their out-of-pocket expenses (excluding any
26 professional fees) incurred in connection with the furtherance of the Debtors' reorganization, which
27 in the aggregate shall not exceed \$150,000.
28

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.

12 **7.3 Payments and Distributions with Respect to Disputed Claims.**

13 Notwithstanding anything herein to the contrary, if any portion of a Claim is a Disputed Claim, no
14 payment or distribution provided hereunder shall be made on account of such Claim (including on
15 account of the non-Disputed portion of such Claim) unless and until such Disputed Claim becomes an
16 Allowed Claim.

17 **7.4 Distributions After Allowance.**

18 After such time as a Disputed Claim becomes,
19 in whole but not in part, an Allowed Claim, the holder thereof shall be entitled to distributions, if any,
20 to which such holder is then entitled as provided in this Plan. Such distributions shall be made as soon
21 as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed
22 Claim (or portion thereof) becomes a Final Order.

23 **7.5 Disallowance of Claims.**

24 Any Claims held by an Entity from which property
25 is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a
26 transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy
27 Code, as determined by a Final Order, shall be deemed disallowed pursuant to section 502(d) of the
28 Bankruptcy Code, and holders of such Claims may not receive any distributions on account of such
Claims until such time as such Causes of Action against that Entity have been settled or a Final Order
with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been
turned over or paid to the Debtors or the Reorganized Debtors. Except as otherwise provided herein
or by an order of the Bankruptcy Court, all proofs of Claim filed after the Effective Date shall be
disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable
against any Reorganized Debtor, without the need for any objection by the Reorganized Debtors or
any further notice to or action, order, or approval of the Bankruptcy Court, other than a claim for
damages arising from the rejection of an executory contract or unexpired lease.

29 **7.6 Estimation.**

30 Except as otherwise provided in the Plan, the Claims Resolution
31 Procedures, the Subrogation Claims RSA, and the Wildfire Trust Agreements, the Debtors or the
32 Reorganized Debtors (or the Subrogation Wildfire Trustee solely with respect to Disputed Subrogation
33 Wildfire Claims and the Fire Victim Trustee solely with respect to Disputed Fire Victim Claims) may
34 determine, resolve and otherwise adjudicate all contingent Claims or unliquidated Claims in the
35 Bankruptcy Court or such other court of the Debtors', Reorganized Debtors', the Subrogation Wildfire
36 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
25 assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is
26 specifically designated as an executory contract or unexpired lease to be rejected on the Schedule of
27 Rejected Contracts.

28 (b) Notwithstanding the foregoing, as of and subject to the occurrence of the
Effective Date and the payment of any applicable Cure Amount, all power purchase agreements,

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
7 enforceable by, the applicable Reorganized Debtor in accordance with its terms, except as modified
8 by the provisions of this Plan, any order of the Bankruptcy Court authorizing and providing for its
9 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
11 Date, subject to the limitations described below, or on such other terms as the parties to such executory
12 contracts or unexpired leases and the Debtors may otherwise agree.

13 (b) At least fourteen (14) days before the deadline set to file objections to
14 confirmation of the Plan, the Debtors shall distribute, or cause to be distributed, assumption and cure
15 notices to the applicable third parties. **Any objection by a counterparty to an executory contract
16 or unexpired lease to the proposed assumption, assumption and assignment, or related Cure
17 Amount must be filed, served, and actually received by the Debtors before the deadline set to
18 file objections to confirmation of the Plan.** Any counterparty to an executory contract or unexpired
19 lease that fails to object timely to the proposed assumption, assumption and assignment, or Cure
20 Amount will be deemed to have assented to such assumption, assumption and assignment, or Cure
21 Amount. Notwithstanding anything herein to the contrary, in the event that any executory contract or
22 unexpired lease is removed from the Schedule of Rejected Contracts after such fourteen (14)-day
23 deadline, a cure notice with respect to such executory contract or unexpired lease will be sent promptly
24 to the counterparty thereof and a noticed hearing set to consider whether such executory contract or
25 unexpired lease can be assumed or assumed and assigned, as applicable.

26 (c) In the event of an unresolved dispute regarding (i) any Cure Amount, (ii) the
27 ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future
28 performance” (within the meaning of section 365 of the Bankruptcy Code) under the executory
29 contract or unexpired lease to be assumed, or (iii) any other matter pertaining to assumption,
30 assumption and assignment, or the Cure Amounts required by section 365(b)(1) of the Bankruptcy
31 Code, such dispute shall be resolved by a Final Order (which order may be the Confirmation Order).

32 (d) If the Bankruptcy Court makes a determination regarding any of the matters set
33 forth in Section 8.2(c) above with respect to any executory contract or unexpired lease is greater than
34 the amount set forth in the applicable cure notice, as set forth in Section 8.8(a) below, the Debtors or
35 Reorganized Debtors, as applicable, shall have the right to alter the treatment of such executory
36 contract or unexpired lease, including, without limitation, to add such executory contract or unexpired
37 lease.

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
Plan**”) subject to the Employee Retirement Income Securities Act, the Internal Revenue Code, and
7 any other applicable law, including (i) the minimum funding standards in 26 U.S.C. §§ 412, 430, and
8 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
(c) of the Bankruptcy Code, all assets and property of the Debtors shall vest in the Reorganized
Debtors, as applicable, free and clear of all Claims, Liens, charges, and other interests, except as
otherwise provided herein. The Reorganized Debtors may operate their businesses and use, acquire,
and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and
in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy
Code, except as otherwise provided herein.

10.3 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

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.

12 (a) *Releases by the Debtors.* As of and subject to the occurrence of the Effective
13 Date, except for the rights that remain in effect from and after the Effective Date to enforce this
14 Plan and the Plan Documents, and except for the Assigned Rights and Causes of Action solely
15 to the extent preserved by Section 10.9(g), for good and valuable consideration, the adequacy of
16 which is hereby confirmed, including, the service of the Released Parties to facilitate the
17 reorganization of the Debtors, the implementation of the Restructuring, and except as otherwise
18 provided in this Plan or in the Confirmation Order, the Released Parties are deemed forever
19 released and discharged, to the maximum extent permitted by law and unless barred by law, by
20 the Debtors, the Reorganized Debtors, and the Debtors' estates, in each case on behalf of
21 themselves and their respective successors, assigns, and representatives and any and all other
22 Entities who may purport to assert any Cause of Action derivatively, by or through the foregoing
23 Entities, from any and all claims, interests, obligations, suits, judgments, damages, demands,
24 debts, rights, Causes of Action, losses, remedies, or liabilities whatsoever, including any
25 derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or
26 the Debtors' estates, whether known or unknown, foreseen or unforeseen, existing or hereinafter
27 arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or the Debtors'
28 estates would have been legally entitled to assert in their own right (whether individually or
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.

11 (b) *Releases by Holders of Claims and Interests.* As of and subject to the
12 occurrence of the Effective Date, except for the rights that remain in effect from and after the
13 Effective Date to enforce the Plan and the Plan Documents, and except for the Assigned Rights
14 and Causes of Action solely to the extent preserved by Section 10.9(g), for good and valuable
15 consideration, the adequacy of which is hereby confirmed, including, the service of the Released
16 Parties to facilitate the reorganization of the Debtors and the implementation of the
17 Restructuring, and except as otherwise provided in the Plan or in the Confirmation Order, the
18 Released Parties, are deemed forever released and discharged, to the maximum extent permitted
19 by law and unless barred by law, by the Releasing Parties from any and all claims, interests,
20 obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses,
21 remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on
22 behalf of the Debtors, and any claims for breach of any fiduciary duty (or any similar duty),
23 whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law,
24 equity, or otherwise, that such holders or their affiliates (to the extent such affiliates can be
25 bound) would have been legally entitled to assert in their own right (whether individually or
26 collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or
27 relating to, or in any manner arising from, in whole or in part, the Debtors, the Fires, the
28 Chapter 11 Cases, 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 the 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 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.

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 Knighthood 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

LL

0119

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 12/31/25.² 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.

² 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

Exhibit B to the Disclosure Statement

Financial Projections

Introduction¹

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

¹ 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 and on the SEC website at 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%² 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.

² Inclusive of amortization of fees.

- Phase II Ex-Parte OII: On December 5th, 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
Total Sources	\$59,000

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
Total Uses	\$59,000

- 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>
INCOME STATEMENT					
Net Operating Revenues	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
Operating Expenses					
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)
Total Operating Expenses	(12,251)	(13,645)	(12,351)	(13,287)	(13,624)
Operating Income	3,261	1,763	4,515	4,970	5,405
Total Interest Expense	(1,296)	(1,759)	(1,843)	(1,918)	(1,969)
State Wildfire Insurance Fund Contribution and Prepayment Amortization	(672)	(672)	(672)	(672)	(672)
Other Income/(Expense), net	(1,479)	(166)	(166)	(180)	(193)
Income Before Income Taxes	(186)	(834)	1,834	2,200	2,571
Income tax provision	232	793	24	(73)	(187)
Preferred dividend requirement	(14)	(14)	(14)	(14)	(14)
TOTAL EARNINGS AVAIL FOR COMMON STOCK	32	(55)	1,844	2,113	2,370
Non-GAAP Core Earnings Adjustments					
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			
NON-GAAP CORE EARNINGS	1,922	2,038	2,376	2,597	2,854

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>
ASSETS					
Current Assets					
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
Total Current Assets	6,035	7,272	7,286	6,876	6,730
Net Property, Plant and Equipment	66,340	71,347	75,809	80,991	85,277
Other Noncurrent Assets					
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
Total Other Noncurrent Assets	16,415	15,800	15,230	14,897	14,730
TOTAL ASSETS	88,790	94,418	98,325	102,764	106,738
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
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
Total Current Liabilities	6,870	5,992	5,694	5,426	5,336
Noncurrent Liabilities					
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
Total Noncurrent Liabilities	59,340	64,752	67,276	70,144	72,306
Shareholders' Equity					
Total Shareholders' Equity	22,328	23,422	25,103	26,941	28,845
Noncontrolling Interest - Preferred Stock of Subsidiary	252	252	252	252	252
Total Shareholders' Equity	22,580	23,674	25,355	27,193	29,097
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	88,790	94,418	98,325	102,764	106,738

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>
CASH FLOW STATEMENT					
Cash Flows From Operations:					
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
Investing Activities:					
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)
Financing Activities:					
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
NET CHANGE IN CASH	(817)	339	(344)	(75)	(30)