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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re: **PG&E CORPORATION,** **- and -** **PACIFIC GAS AND ELECTRIC COMPANY,** **Debtors.** ☐ Affects PG&E Corporation ☐ Affects Pacific Gas and Electric Company ☑ Affects both Debtors ** All papers shall be filed in the Lead Case, No. 19-30088 (DM).*	Case No. 19-30088 (DM) Chapter 11 (Lead Case) (Jointly Administered) Related Dkt. Ref Nos.: 3940 and 4006 **DEBTORS' OBJECTION TO JOINT MOTION OF THE OFFICIAL COMMITTEE OF TORT CLAIMANTS AND AD HOC COMMITTEE OF UNSECURED NOTEHOLDERS TO TERMINATE THE DEBTORS' EXCLUSIVE PERIODS PURSUANT TO SECTION 1121(d)(1) OF THE BANKRUPTCY CODE** Date: October 7, 2019 Time: 10:00 a.m. (Pacific Time) Place: United States Bankruptcy Court Courtroom 17, 16th Floor San Francisco, CA 94102 **Obj. Deadline**: Oct. 4, 2019, noon (PT)

PG&E Corporation ("**PG&E Corp.**") and Pacific Gas and Electric Company (the "**Utility**"), as debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"), hereby submit this objection (the "**Objection**") to the *Joint Motion of the Official Committee of Tort Claimants and Ad Hoc Committee of Senior Unsecured Noteholders to Terminate the Debtors' Exclusive Periods Pursuant to Section 1121(d)(1) of the Bankruptcy Code* [Dkt. No. 3940] (the "**Termination Motion**").[1]

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[1] Capitalized terms used but not herein defined shall have the meanings ascribed to such terms in the Termination Motion.

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Preliminary Statement

As this Court appropriately recognized at the status conference on September 24, 2019 (the "**September 24 Status Conference**"), the Debtors have made substantial progress in these cases towards a timely and confirmable plan of reorganization. Indeed, in one of the largest and most complex chapter 11 cases in history, the Debtors have accomplished in eight months what debtors in other mass tort chapter 11 cases have taken years to accomplish.

Notwithstanding this undeniable progress and a mere five weeks after the Court issued its decision denying their first motion to terminate exclusivity, the Ad Hoc Committee of Senior Unsecured Noteholders (the "**Ad Hoc Committee**") through Elliott Management ("**Elliott**"), a well-known corporate activist hedge fund, and the Official Committee of Tort Claimants (the "**TCC**") having agreed among themselves as to how to divide the Debtors' estates, filed their joint motion [Dkt. No. 3940] (the "**Termination Motion**") seeking to immediately terminate the Debtors' exclusive periods to file their own chapter 11 plan (as thereafter amended on September 25, 2019, the "**Elliott Plan**") as outlined in their Term Sheet for Plan of Reorganization [Dkt. No. 4006] (the "**Elliott Plan Term Sheet**"). For the reasons set forth herein, the Termination Motion should be denied.

Notably, the Ad Hoc Committee is not seeking to file the Elliott Plan for the purpose of recovering on their prepetition funded debt claims, because, as the Court knows, all prepetition funded debt will be paid in cash, in full, under the *Debtors' First Amended Joint Chapter 11 Plan of Reorganization* [Dkt No. 3966] (as may be further amended, modified, or supplemented, the "**Debtors' Plan**"). Elliott and the Ad Hoc Committee can neither ask for nor are they entitled to anything more. Undeterred by their 100% recovery under the Debtors' Plan, and in complete disregard of the interests of PG&E's customers and California policy goals, Elliott and the Ad Hoc Committee press on, revealing their true, impermissible objectives: to acquire the equity of the Reorganized Debtors at a substantial discount and to receive an unjustifiable windfall on their prepetition funded debt claims, to the tune of several billion dollars, by needlessly reinstating their

high coupon, above market long-term debt, and paying postpetition interest at the contract rate, all at the expense of other economic stakeholders and the Debtors' 15 million customers and ratepayers.

To accomplish this goal, Elliott has partnered with the TCC to do a deal to overpay each other with the Debtors' assets and to compromise and settle the Debtors' liabilities with estate assets in direct contravention of applicable law. Further, Elliott and the TCC seek to impose their self-negotiated and self-centered "bargain" on all other stakeholders before the claims bar date and in the absence of the TCC or its constituency presenting any evidence to support the magnitude of claims Elliott has taken upon itself to settle, including, undoubtedly vast sums of the proposed settlement amount being allocated to attorneys' fees and not to the victims themselves.[2] It is not difficult to understand the TCC's attraction to what Elliott has proposed with the Debtors' assets – $14.5 billion being transferred to a trust without any proof of the magnitude of liability – with the entire $14.5 billion to be managed by a trustee handpicked by the TCC who is to be supervised by an "oversight" committee also handpicked by the TCC.

The UCC's support for the Termination Motion hardly is surprising. The Elliott Plan, as stated, proposes to needlessly pay the UCC's constituency postpetition interest at the contract rate (instead of the lower federal judgment rate as provided by settled Ninth Circuit authority) and to reinstate its constituency's above-market debt. In addition, the UCC's unfounded assertion that the Debtors have not engaged with the UCC rings hollow. As this Court itself has appropriately noted, there is no compelling reason for the Debtors to engage in plan negotiations with the UCC when the Debtors' Plan always has provided for the payment of the claims of the UCC's constituency in full.

Elliott's and the TCC's desire to trample the interests of other parties to pursue their parochial goals is aptly demonstrated by the response of Mr. Frank Pitre, one of the lead plaintiffs'

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[2] Notably, the Ad Hoc Committee's prior plan term sheet allocated $1.15 billion of the approximately $7.2 billion total amount to be distributed to the TCC's constituencies for attorneys' fees. With the total amount to be distributed to the trust now increased to $14.5 billion as provided in the Elliott Plan, one can only logically assume that the amount to be paid for attorneys' fees has increased by orders of magnitude.

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attorneys, to Elliott when being advised of the Debtors' recent settlement with the Ad Hoc Committee of Subrogation Claimants (the "**Ad Hoc Subrogation Group**"), in which Mr. Pitre stated "Let's get our deal done *and screw them all*!". *See* Email from Frank Pitre to Jeff Rosenbaum of Elliott (Sept. 13, 2019, 10:12:51 am) (emphasis added), a copy of which is attached hereto as **Exhibit A**.

The substantial progress that the Debtors have made in the administration of these Chapter 11 Cases and towards the timely and successful confirmation of the Debtors' Plan is undeniable. Simply by way of example:

- The Debtors effected a smooth transition into chapter 11, avoiding any significant business disruptions or dislocations that are normally attendant to the commencement of any chapter 11 case;
- The Debtors promptly restored their trade credit and their relationships with their suppliers and business partners, at a substantial savings to their estates;
- Despite objections by the TCC and the UCC, the Debtors established a $100 million fund for those fire victims with immediate need of housing assistance;
- The Debtors replaced substantially all of the members of their respective Boards of Directors with individuals having significant safety, industry, and restructuring expertise;
- The Debtors retained a new Chief Executive Officer of PG&E Corp. and a new Chief Executive Officer of the Utility, each with decades of safety and industry experience, and have made several other senior leadership changes with respect to their gas and electric businesses;
- The Debtors have implemented one of the most robust and comprehensive noticing campaigns in chapter 11 history to provide wildfire claimants with more than adequate notice of the deadline and procedures for filing claims in the Chapter 11 Cases;
- The Debtors reached a comprehensive settlement with 18 public entities (the "**Public Entities**"), resolving all of their respective wildfire claims for an aggregate sum of $1 billion to be implemented pursuant to the Debtors' Plan;
- The Debtors reached a comprehensive settlement (the "**Subrogation Claims Settlement**") with the Ad Hoc Subrogation Group resolving the approximately $20 billion in asserted subrogation claims that relate to the 2017 and 2018 wildfires (the "**Subrogation Claims**" and the holders of Subrogation

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Claims, the "**Subrogation Claimants**") for $11 billion, a 45% discount, to be implemented pursuant to the Debtors' Plan;[3] and

- As detailed below, the Debtors have obtained commitments for $14 billion in new equity capital, and recently received debt financing commitments for $34.35 billion from leading money center banks to implement the Debtors' Plan on terms far superior to the financing related to the Elliott Plan.

Moreover, just seven months after the inception of these Chapter 11 Cases, on September 9, 2019, the Debtors filed their initial *Joint Chapter 11 Plan of Reorganization* [Dkt. No. 3841]. The Debtors quickly built on that plan, and on September 23, 2019, after fully documenting their settlement with the Ad Hoc Subrogation Group, the Debtors filed the Debtors' Plan.

As noted, the Debtors' Plan incorporates the two settlements, one with the Public Entities and the other with the Ad Hoc Subrogation Group. In addition, the Debtors' Plan renders all funded debt unimpaired, despite the misleading and incorrect assertions in the Termination Motion to the contrary. As expressly set forth in the Debtors' Plan, even in the unlikely event that the Debtors do not prevail on the applicability of postpetition interest at the federal judgment rate to refinance funded debt as this Court recognized and as is plainly dictated by controlling Ninth Circuit precedent (*see In re Cardelucci*, 285 F.3d 1231, 1234 (9th Cir. 2002)), and even if the Debtors do not prevail on the fact that no make-whole amounts are payable under applicable law or under the express terms of the relevant indentures, the Debtors' Plan nevertheless provides that it will be amended to render the funded debt claims unimpaired. And in that very unlikely event, the Debtors have the funds to do so.

As previously announced, the Debtors have received fully-executed equity commitments in excess of their $14 billion target amount from a broad array of investors, including current shareholders, for the equity portion of the Debtors' Plan exit financing package. *See* Debtors' Form 8-K, dated September 30, 2019. Additionally, as reflected in **Exhibit B** annexed hereto, the Debtors have obtained debt-financing commitments to fully fund the Debtors' Plan,

[3] Ironically, while initially criticizing the Subrogation Claims Settlement, Elliott and the TCC have adopted it wholesale in their proposed plan term sheet. *See* Elliott Plan Term Sheet, at p. 2, 12, 16-17. Accordingly, the Debtors expect that the Ad Hoc Committee and the TCC will not be objecting to the RSA Motion (as defined below).

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including the refinancing of their existing high-coupon funded debt, at a substantially lower cost.[4] As demonstrated below, the Debtors' debt and equity financing is substantially superior to the purported commitments and debt reinstatement referenced in the Elliott Plan Term Sheet, and does not strip value from the Debtors' other stakeholders or impose undue and unnecessary expenses on ratepayers.

And, as noted at the September 24 Status Conference, the CPUC has commenced its review process with respect to the Debtors' Plan; and with estimation proceedings as to the Debtors' Plan now limited to only one remaining wildfire claims class and proceeding on schedule, the Debtors' Plan is on track for confirmation prior to the June 30, 2020 deadline mandated in AB 1054.

Remarkably, the Debtors have achieved these results and made this substantial progress despite Elliott's interference, including the destabilizing effect this interference has had on the Debtors' employees. Both prior to and after the commencement of these Chapter 11 Cases, the Ad Hoc Committee led by Elliott has engaged in a calculated and deliberate effort to undermine the Debtors' ability to engage in constructive negotiations with their constituencies and to frustrate the Debtors' efforts to obtain legislative approval for low cost capital to fund their wildfire liabilities, all for one singular purpose – not to assure or protect a recovery on their prepetition claims – but to advance their strategic interests as potential investors to acquire the equity of the Reorganized Debtors at a huge discount to market, at the expense of ratepayers and other stakeholders. These activities include:

- Engaging in chapter 11 plan negotiations with a variety of constituencies despite the Debtors' Exclusive Periods being in effect;
- Making long-term commitments to the Debtors' union representatives, including committing to extending contract terms and wage increases in exchange for support for the Elliott Plan;

[4] The Debtors have commitments from leading money center banks to provide financing upon the Debtors' emergence from chapter 11 in the amount of $34.35 billion, consisting of $27.35 billion of debt at the Utility and $7.0 billion at PG&E Corp. at pricing well-below that contemplated by the Elliott Plan.

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- Engaging in a concerted lobbying effort in Sacramento to defeat any effort by the Debtors to obtain legislation for the issuance of equity-financed bonds to fund wildfire liabilities. *See* **Exhibit C** annexed hereto as merely one example; and

- Attempting to derail the settlement the Debtors achieved with the Ad Hoc Subrogation Group by seeking to purchase Subrogation Claims up until the time the ink was dry on the execution pages of the Subrogation Claims Settlement.

Quite simply, Elliott and the Ad Hoc Committee have run roughshod over the Debtors' exclusivity rights and are now asking the Court to bless the last step – the filing and solicitation of the Elliott Plan. These activities, undertaken for the sole purpose of advancing Elliott's and the Ad Hoc Committee's economic interests and takeover scheme, should not be countenanced by the Court, much less sanctioned by terminating the Debtors' Exclusive Periods. Such a result would be directly antithetical to the intent and purpose of chapter 11 and section 1121 of the Bankruptcy Code.

Further, fundamental flaws in the Elliott Plan also mandate that the Termination Motion be denied. These flaws include:

- Reinstating high-coupon long-term debt so bondholders receive postpetition interest at the contract rate, and above-market returns, when such debt could easily be refinanced at substantially lower rates. This not only results in a several billion dollar windfall to Elliott and the other bondholders, but also a needless imposition of billions of dollars on PG&E ratepayers and other parties in interest;

- Proposing to "true-up" existing equity held by employees and retirees (and not other shareholders) to avoid the massive dilution the Elliott Plan would impose on all shareholders in direct violation of section 1129 of the Bankruptcy Code, which requires that a plan not unfairly discriminate, and seemingly in violation of ERISA and other applicable law;

- Enabling Elliott and the Ad Hoc Committee to acquire the equity of the Reorganized Debtors at a substantial discount (approximately 17%) to the Elliott Plan's implied equity value and to the value it attributes to the stock to be distributed to fund the two wildfire trusts; and

- Elliott and the Ad Hoc Committee misappropriating the role of the Debtors as estate representatives in seeking to settle claims against the Debtors without having obtained court authority, and effectively doing so entirely with "other people's money" (*i.e.*, the public market equity value held by the Debtors'

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current shareholders, including CalPERS, CalSTRS, T. Rowe Price, Vanguard, PG&E employees, and thousands of retail investors), all to further Elliott's and the Ad Hoc Committee's strategic investment interests.

The foregoing does not take into account the Debtors' substantial net operating losses ("**NOLs**") the Elliott Plan will jeopardize by reason of a change in control. It also does not take into account the obstacles the Elliott Plan will present to the CPUC approval process, including approval requirements by reason of a change in control, and the difficulty of Elliott's ability to address the many pending issues before the CPUC that must be resolved prior to confirmation. The Debtors' Plan does not present any of these risks or uncertainties, any one of which could jeopardize a timely and successful emergence from chapter 11.

Indeed, the unjustifiable economic windfall to the Ad Hoc Committee and the other bondholders under the Elliott Plan is plainly demonstrated by the following:

Elliot Plan Provision	Economic Benefit
Purchase of Reorganized PG&E Equity at 17% Discount to Elliott Plan Value	$3.1 billion
Postpetition Interest at Contract Rate vs. Federal Judgment Rate	$500 million
Present Value of Excess Payments Resulting From Reinstatement vs. Refinancing	$1.3 billion
Backstop Fees	$670 million
Total:	**$5.570 billion**

Further, the assertions made in the Termination Motion that granting the motion will dispense with the estimation proceedings are simply wrong. As an initial matter, even if exclusivity were terminated, the Debtors have the absolute right to continue to prosecute the Debtors' Plan, as the Court has appropriately recognized. The Debtors' Plan has the support of the Public Entities and the Subrogation Claimants, and absent a global settlement, requires that the claims of the TCC's constituency be estimated. Those estimation proceedings are moving forward on a timely basis.

The Elliott Plan, even if allowed to proceed, also will still require estimation. The Debtors' existing equity holders undoubtedly will contest the proposed treatment of the claims of the TCC's constituency under the Elliott Plan, thereby requiring an estimation of those claims.

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Rather than advancing these cases to a successful conclusion, a termination of exclusivity will have precisely the opposite result. It will galvanize the parties to their own plan proposals and frustrate any ability to achieve a comprehensive consensual resolution.

One key fact has become abundantly clear. The TCC's constituency has made it quite apparent that it is viewing these cases solely from the perspective of the Debtors' *ability to pay their claims*, rather than providing any evidence to support the billions they are seeking. This, obviously, is good enough for Elliott and the Ad Hoc Committee, each of which are more than willing to give away other people's money to enhance their own position. The Debtors, the only parties with fiduciary duties to all constituencies, however, cannot and are not prepared to do the same.

As the Debtors have made clear since the inception of these Chapter 11 Cases, they are ready, willing, and able to fairly and fully compensate the wildfire victims for their losses. As fiduciaries for all constituencies, however, that cannot be done in the absence of legitimate evidence being presented to support the billions of dollars that are being demanded, particularly where a significant portion of those dollars will go to attorneys' fees.

The last outstanding obstacle to moving swiftly to confirmation of the Debtors' Plan is determining the magnitude of the Debtors' liability to the TCC's constituency to be addressed in that plan. The appropriate mechanism to resolve this issue is not competing plans that will serve only to polarize the parties. Rather, the status quo should be maintained until, at the very least, the TCC and its constituents can provide actual evidence as to the magnitude of its constituency's claims, and that evidence can be appropriately evaluated.

In denying the Ad Hoc Committee's recent attempt to terminate the Debtors' Exclusive Periods, even prior to the filing of the Debtors' initial plan of reorganization on September 9, 2019, the Court stated as follows:

> The Debtors have placed before all a proposal that, if coaxed and guided to maturity should result in a proper outcome for all creditors without needing to deal with all of these other issues.

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Memorandum Decision Regarding Motions to Terminate Exclusivity, August 16, 2019 [Dkt. No. 3569], at 4.

As the Court recognized, since that Decision, the Debtors have made substantial progress towards that "proper outcome," and that effort and progress should not be derailed by a competing plan that will surely frustrate any chance to achieve a global consensus.

As the Debtors requested at the September 24 Status Conference, in view of the current circumstances of these cases and the opportunity to achieve a fully consensual plan, the Court should appoint a mediator to facilitate that process. This is particularly appropriate now, where the TCC and its constituency have reduced their demand from a level well in excess of $20 billion to a level where perhaps differences can be bridged with the assistance of a skilled mediator with expertise in restructurings in chapter 11 cases. As this Court is well-aware, mediation was successful in the prior PG&E chapter 11 case and it can be successful here. This is not an effort to delay nor will it prejudice any party in interest. Rather, it is a request that the Court undertake every reasonable effort to assist the parties in achieving a fully consensual plan rather than dooming any chance of accomplishing that goal by allowing competing plans and the litigation morass that will undoubtedly unfold.

The Termination Motion Should be Denied

Like the Ad Hoc Committee's prior efforts to terminate the Debtors' Exclusive Periods, the Termination Motion similarly fails to demonstrate cause to grant the extraordinary relief requested as it ignores the considerable good faith progress – "***major progress***" as the Court recently described – made by the Debtors to date with respect to the advancement of these Chapter 11 Cases. Hr'g Tr. (Sept. 24, 2019) at 45:2 (emphasis added). As stated, in addition to achieving the two fundamental settlements of their wildfire liabilities, the Debtors' Plan is fair, equitable, rate neutral to customers, complies with all of the requirements of the Bankruptcy Code and other applicable law, and ensures that the Debtors remain on track for timely confirmation and emergence from chapter 11 by June 30, 2019, as required under AB 1054.

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The Ad Hoc Committee and the TCC have not sustained and cannot sustain their heavy burden required for the relief they are seeking. Indeed, based upon the facts and circumstances of these extraordinarily complex cases and the results the Debtors have achieved since these Chapter 11 Cases were commenced, terminating the Debtors' Exclusive Periods not only would be unprecedented in cases of this nature, it would be counterproductive to reaching a global resolution among the stakeholders and a substantial step backwards in the administration of these cases, to the detriment and prejudice of all parties in interest, including the State of California. The Court should not let this scenario unfold, particularly where it would facilitate Elliott and the other members of the Ad Hoc Committee obtaining an unjustified windfall.

The party seeking to terminate or modify a debtor's exclusive periods bears the burden of proof because it is the moving party who seeks the extraordinary relief to change the status quo. The burden of proof is a "heavy one" and termination of a debtor's exclusive periods should be granted "neither routinely nor cavalierly." *In re Energy Conversion Devices, Inc.*, 474 B.R. 503, 508 (Bankr. E.D. Mich. 2012) ("Therefore, 'cause' to reduce the exclusivity period should only be found in extraordinary circumstances."); *see also In re Lichtin/Wade, L.L.C.*, 478 B.R. 204, 215 (Bankr. E.D.N.C. 2012) (the Court "maintains the position that considering termination of an exclusivity period is a 'serious matter' and termination 'should be granted neither routinely nor cavalierly'") (quoting *In re Fountain Powerboat Indust., Inc.*, 2009 WL 4738202, *6 (Bankr. E.D.N.C. Dec. 4, 2009)); *Matter of Fansteel, Inc.*, No. 16-01823-ALS11, 2017 WL 782865, at *3 (Bankr. S.D. Iowa Feb. 28, 2017) ("A survey of case law reveals that finding cause to reduce or terminate exclusivity is the exception, not the rule.").

Although Courts often discuss much of the same criteria that is examined in connection with requests to extend exclusivity, *see, e.g.*, *In re New Meatco Provisions*, No. 2:13-BK-22155-PC, 2014 WL 917335 at *2 (Bankr. C.D. Cal. Mar. 10, 2014) (citing the nine *Dow Corning* factors to determine whether there is cause to extend or reduce exclusivity), Courts typically have found cause to terminate a debtor's exclusive periods *only* where the following circumstances exist: (a) gross mismanagement of the debtor's operations; (b) acrimonious relations

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between the debtors' principals; and (c) use of the exclusive periods to force creditors to accept an unsatisfactory or unconfirmable plan. *See In re Texaco, Inc.*, 81 B.R. 806, 812 (Bankr. S.D.N.Y. 1988) ("In those cases where the exclusivity periods were reduced, factors such as gross mismanagement of the debtor's operations or acrimonious feuding between the debtor's principals were major obstacles to a successful reorganization and were regarded as 'cause' for the reduction of the exclusivity periods.") (internal citations omitted); *see also In re Situation Mgmt. Systems, Inc.*, 252 B.R. 859, 863 (Bankr. D. Mass. 2000) (same); *Matter of Fansteel, Inc.*, No. 16-01823-ALS11, 2017 WL 782865, at *3 (denying creditors committee's motion to terminate exclusive periods where there was no evidence that the time period since filing had been used by the debtors to coerce creditors to accept a plan, no delay in filing a plan as required by the Bankruptcy Code, no allegations of mismanagement or evidence of such conduct, and no evidence of an acrimonious relationship between the debtors' principals); *In re Fountain Powerboat Indust., Inc.*, 2009 WL 4738202, at *6 (denying creditor's motion to terminate exclusivity due to, among other things, a lack of any showing or allegations of gross mismanagement of the debtors or feuding between the debtor's principals); *In re Standard Mill Ltd. P'ship*, No. BKY 4-96-2656, 1996 WL 521190, at *1 (Bankr. D. Minn. Sept. 12, 1996) ("For example, factors such as the gross mismanagement of the debtor's operations, the debtor's failure to negotiate with creditors in good faith, the debtor's use of the exclusivity period to force creditors to accept a patently unconfirmable plan, and acrimonious feuding between the debtor's principals have constituted 'cause' to reduce the exclusivity period when they amounted to 'major obstacles to a successful reorganization.'"). None of these circumstances are present here.

I. The Debtors Have Made Significant Progress towards Confirmation of Their Plan and a Successful and Timely Emergence from Chapter 11.

The amount of progress that the Debtors have achieved towards confirmation of the Debtors' Plan and their timely emergence from chapter 11 cannot be overstated. As the Court is aware, the Debtors have achieved two critical settlements of their wildfire liabilities to be satisfied and discharged pursuant to the Debtors' Plan. The first settlement fully resolves all of

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the wildfire claims held by the 18 settling Public Entities for the aggregate amount of $1 billion. The second settlement, which is to be presented for approval to the Court at the hearing on October 23, 2019 [Dkt. No. 3992] (the "**RSA Motion**"), fully resolves all of the claims held by Subrogation Claimants in the asserted amount of approximately $20 billion for consideration in the amount of $11 billion, representing a 45% reduction. In addition, the Subrogation Claims Settlement – a true settlement and compromise by the Debtors of the Debtors' liabilities, that was the product of months of arms' length and good faith negotiations between adverse parties – dispenses with the pending estimation proceedings with respect to the Subrogation Claims, thereby significantly limiting the scope, cost, and expense of those proceedings and furthering the ability of those proceedings to move forward on a timely basis. These settlements significantly advance the Debtors' path to confirmation of the Debtors' Plan and their successful emergence from chapter 11 on a schedule that will meet the June 30, 2020 deadline established under AB 1054. The Debtors' Plan includes the following:

- Compensation of wildfire victims and certain limited public entities from a trust funded for their benefit in an amount to be determined in an estimation proceeding not to exceed $8.4 billion;
- Compensation of insurance subrogation claimants from a trust funded for their benefit in the amount of $11 billion in accordance with the terms of the Subrogation Claims Settlement and Restructuring Support Agreement (as defined in the RSA Motion);
- Payment of $1 billion in full settlement of the claims of the Public Entities relating to the wildfires;
- Payment in full, with interest at the federal judgment rate, of all prepetition funded debt obligations, all prepetition trade claims and all employee-related claims;
- Assumption of all power purchase agreements and community choice aggregation servicing agreements;
- Assumption of all pension obligations, other employee obligations, and collective bargaining agreements with labor;
- Future participation in the state wildfire fund established by Assembly Bill 1054; and

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- Satisfaction of the requirements of Assembly Bill 1054.

The Debtors' Plan also is backed by equity commitments of $14 billion from a broad array of investors, including current shareholders, bondholders, and parties not currently invested in the Debtors' equity or debt securities. *See* Debtors' Form 8-K, dated September 30, 2019. These equity commitments serve as the foundation for the equity portion of a comprehensive financing package that will fund the Debtors' Plan and the Debtors' timely emergence from chapter 11. In addition, as noted, the Debtors have received commitments from several leading money center banks in the aggregate amount of $34.35 billion to provide the debt portion of the Debtors' Plan funding. These equity and debt commitments are substantially superior to those described in connection with the Elliott Plan. For example, the Debtors' equity commitments provide them with the flexibility to raise market-priced equity in the public and private debt markets while still ensuring that the needed capital will be available if those offerings are not able to be effected. Moreover, with the Debtors' committed financing, the Debtors' current shareholders at a minimum retain approximately 33% of the post-emergence equity (as compared to 0.1% under the Elliott Plan). That is the consequence of Elliott effectively transferring the public market equity value to the TCC's trust to buy their support for Elliott's proposed takeover of the Debtors. Additionally, with the CPUC review process now underway, the Debtors' Plan is on track to meet the June 30, 2020 deadline imposed by AB 1054.

With the filing of the Debtors' Plan and the achievement of the Subrogation Claims Settlement, the only principal obstacle to confirmation of the Debtors' Plan is the determination, either consensually or through the currently pending estimation proceedings, of the Debtors' aggregate liability to the uninsured and underinsured claimants and certain limited public entities represented by the TCC. As the Debtors have stated repeatedly, and despite the TCC's representations to the contrary, the Debtors are committed to working with the TCC, its professionals, and attorneys for individual groups of claimants to reach a fair and satisfactory

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resolution of their constituencies' claims to further advance the administration of these Chapter 11 Cases and expedite recoveries and distributions to all wildfire claimants.[5]

Contrary to the mischaracterizations in the Termination Motion, the Debtors' Plan hardly is a placeholder; rather it is a fully-funded, confirmable plan, the product of extensive negotiations by the Debtors with adverse constituencies, and it represents a viable path forward for the successful conclusion of these cases. As an initial matter, the TCC and Ad Hoc Committee appear to deliberately misconstrue what constitutes impairment under a chapter 11 plan, or have a fundamental misunderstanding of the law and what constitutes impairment. It is absolutely clear that under all circumstances the unsecured funded debt claims in Class 3B of the Debtors' Plan are unimpaired within the meaning of section 1124 of the Bankruptcy Code. Simply put, because Ninth Circuit law plainly prescribes postpetition interest at the federal judgment rate as this Court itself appropriately noted in citing to *In re Cardelucci*, 285 F.3d 1231 (9th Cir. 2002),[6] and because neither the applicable prepetition funded debt agreements nor applicable law require the payment of make-whole premiums on a refinancing as provided in the Debtors' Plan, the unsecured funded debt claims are unimpaired – there can be no other conclusion. Indeed, under these circumstances, there is no economic justification to treat funded debt claims otherwise, and particularly no reason to reinstate those claims as set forth in the Elliott Plan, which would provide the Ad Hoc Committee and other bondholders with an unjustified windfall and would impose billions of dollars of costs on ratepayers and others.[7]

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[5] Notwithstanding their assertions to the contrary, the Debtors and their advisors have participated in literally dozens of meetings and discussions with the TCC throughout the Chapter 11 Cases, which the TCC's own advisors confirmed in depositions and described the overall level of engagement of the Debtors and their advisors as "positive". *See* Tr. Brent C. Williams (Oct. 3, 2019), a copy of which is attached hereto as **Exhibit D**, at 9:24-11:21.

[6] *See* Hr'g Tr. (Aug. 13, 2019) at 85:23-25, 86: 1-24.

[7] The Debtors do not comprehend how TURN, with an express mission to represent the interests of individual, small business, and other ratepayers, and to protect customers, could rationally support termination of the Exclusive Periods to allow the Elliott Plan to move forward.

Nevertheless, the Debtors' Plan makes it clear that, in the unlikely event the Court determines that a holder of a funded debt claim is entitled to the payment of a make-whole premium or similar amount, or that postpetition interest is payable at a rate other than the federal judgment rate, the Debtors will amend their plan to render funded debt claims unimpaired as a result of those determinations. Debtors' Plan, at § 4.16. The Court has made it clear that it will resolve these issues well in advance of confirmation, thereby obviating any possible concern that these issues could be an impediment to confirmation of the Debtors' Plan.

Further, the Debtors' Plan does not in any way violate or run afoul of the absolute priority rule. The assertions made to the contrary in the Termination Motion that conveniently, or perhaps deliberately, neglect to refer to the complete provisions of section 1129(b)(2)(B) of the Bankruptcy Code, are wrong as a matter of fact and law. Under the Debtors' Plan, all Wildfire Claims, including those in Class 5B-III held by the TCC's constituency, will be paid in full, either by consensual resolution or as estimated in connection with the currently pending proceedings, all as required by AB 1054. Under these circumstances, the issue of impairment is irrelevant, and there is absolutely no prohibition on existing equity receiving a distribution under the Debtors' Plan, whether or not the classes of wildfire claims vote to accept the Debtors' Plan. Section 1129(b)(2)(B)(i), which the Termination Motion simply ignores, makes it abundantly clear that where, as here, all Wildfire Claims are being paid in full, a distribution to junior classes, including existing equity, is entirely permissible. *See In re Arnold*, 471 B.R. 578, 594 (Bankr. C.D. Cal. 2012) ("In other words, a plan may not give 'property' to the holders of any junior claims or interests 'on account of' those claims or interests, unless all classes of senior claims either receive full value of their claims or give their consent.").

With now two of the three wildfire claim constituencies supporting confirmation of the Debtors' Plan, committed equity and debt financing assured, the CPUC approval process underway, and the estimation proceedings moving forward expeditiously, the Debtors have clearly demonstrated the type of progress that this Court and others have found to warrant a continuation of the Exclusive Periods. *In re Pine Run Tr., Inc.*, 67 B.R. 432, 435 (Bankr. E.D. Pa. 1986)

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(extending the debtor's exclusive periods because "substantial progress has been made in negotiations that, all concede, are critical to a successful reorganization."); *In re Express One Intern., Inc.*, 194 B.R. 98, 101 (Bankr. E.D. Tex. 1996) ("The issue to be determined, however, is not whether some other plan may exist which provides greater recovery; the issue is whether debtor has been diligent in its attempts to reorganize.").[8] *Here it is not an issue of greater creditor recoveries, as the Debtors' Plan will pay both the noteholders and the wildfire claimants represented by the TCC in full; rather, it is a question of whether the Court will countenance one creditor group – led by Elliott – recovering more than what it is entitled to under the law, to the detriment of other stakeholders.* Accordingly, the Termination Motion should be denied.

II. The Elliott Plan Does Not Represent a Settlement or Good Faith Resolution of the Wildfire Claims, is Designed Solely to Enrich the Members of the Ad Hoc Committee, and is Not Viable.

A. The Elliott Plan Is Not a Settlement or Good Faith Resolution of the Wildfire Claims.

It is apparent that the Elliott Plan does not represent a true settlement or resolution of the claims of individual Wildfire claimants and will not expedite or advance these cases forward in any meaningful or beneficial way.

As the Court appropriately observed, the supposed "settlement" between the Ad Hoc Committee and the TCC is not a settlement of any dispute between parties that are genuinely adverse to each other. Hr'g Tr. (Sept. 24, 2019) at 63:5-7 (Court: "My question to you is what is

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[8] In the Termination Motion, the parties state that because the TCC now supports termination of exclusivity to pursue the Elliott Plan that alone should serve as a basis to terminate the Debtors' Exclusive Periods. The case law, however, is clear that the promise of a plan from a creditor that is dissatisfied with the debtor's plan is not cause to terminate the Exclusive Periods. *See In re Energy Conversion Devices, Inc.*, 474 B.R. 503, 508 (Bankr. E.D. MI 2012) ("Where creditors and parties in interest argue for termination of the exclusivity period on the basis that they are prepared to offer more favorable plans if the court were to terminate the exclusivity period, that does not constitute sufficient cause to cut short the debtor's window of opportunity opened by Congress 11 U.S.C. § 1121(b) and (c)."); *In re Fountain Powerboat Indust., Inc.,* 2009 WL 4738202, *7 (Bankr. E.D.N.C. Dec. 4, 2009) ("[Section 1121(d)] was specifically legislated by Congress and the Court should not without sufficient cause, reduce the time limits *based solely on the largest creditor's dissatisfaction with the proposed plan*.") (emphasis added).

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the discrete settlement between the bondholders and the TCC? There's nothing to settle, is there? There's no dispute to begin with."). Rather, this purported settlement is nothing more than an agreement between the Ad Hoc Committee and the TCC to distribute the Debtors' estates' assets to enrich their own constituencies. It should not be respected or given any weight. *See e.g., Funderburg v. United States*, No. C 02-05461 JW, 2004 WL 3080343, at *1 (N.D. Cal. Dec. 6, 2004) (denying motion to approve settlement holding that "the Court is sensitive to the fact that the proposed settlement is not the product of a typical arms-length negotiation between parties with adverse interests."); *Scottsdale Ins. Co. v. Dickstein Shapiro LLP*, 389 F. Supp. 3d 794, 829 (C.D. Cal. 2019) ("An allocation that is collusive, and not the result of adverse negotiations between parties with competing interests, is suspect under California law, and the settlement and allocation should be rejected."); *Healthpoint, Ltd. v. Comm'r*, 102 T.C.M. (CCH) 379 (T.C. 2011) ("The requirement that parties involved in settlement negotiations be adverse is a factor in determining whether the final agreement reflected the true intentions of the parties involved."); *Peter Culley & Assocs. v. Superior Court*, 10 Cal. App. 4th 1484, 1498, 13 Cal. Rptr. 2d 624 (1992*), as modified on denial of reh'g* (Dec. 16, 1992) ("Where the parties have purported to settle an imaginary dispute over allocation, that allocation should be given no special treatment in an indemnity action.").

Furthermore, there is no explanation in the Termination Motion or the Elliott Plan as to how the Ad Hoc Committee and the TCC reached their agreement on the total amount of the Debtors' estates to be distributed for the benefit of individual Wildfire Claimants or why the funded debt claims should be reinstated at a cost of billions of dollars. *See* Tr. Brent C. Williams (Oct. 3, 2019) at 44:11-46:25, 51:7-53:3, 60:24-63:6. As described in the RSA Motion, the Debtors entered into the Subrogation Claims Settlement after months of good faith and arms' length negotiations and after having evaluated and assessed the underlying claims information provided to the Debtors by the Ad Hoc Subrogation Group during and after formal mediations between the two parties. The Debtors, as estate fiduciaries, then weighed this potential exposure against the costs, burdens, and uncertainties of further litigation and determined that settling the

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Subrogation Claims was a prudent exercise of business judgment on behalf of the Debtors and all parties in interest in these cases. The Termination Motion and the Elliott Plan are devoid of any information as to what claims information and data was reviewed by the Ad Hoc Committee before they agreed to distribute approximately $14.5 billion in estate assets to satisfy individual Wildfire Claims and to put those billions of dollars of assets under the complete control of the TCC's designees. There is also no information as to how much of those funds are allocated to attorneys' fees.

What has become clear, however, is that no substantive evidence was reviewed by the Ad Hoc Committee as part of their purported assessments of the wildfire claims and in connection with their negotiations with the TCC. *See* Tr. Brent C. Williams (Oct. 3, 2019) at 17:8-18:1, 21:13-23; 23:1-35:12, 37:8-43:24, 60:5-64:16, 87:16-24, 130:4-25. Rather, the Ad Hoc Committee and the TCC simply decided how much distributable value was available and allocated as they saw fit, and in a way that would ensure the bondholders received postpetition contract rate interest and reinstatement of their high coupon debt. *Id.* at 51:7-53:3, 60:5-64:16, 67:24-68:22. And similarly, the TCC, in agreeing to this compromise, did not consider the make-whole issues, refinancing, or postpetition interest at the contract rate, obviously being satisfied to provide the bondholders with unjustifiable returns at the expense of others in exchange for their $14.5 billion. *See Id.* 44:16-46:6.

The United States Court of Appeals for the Second Circuit's opinion in *In re Smart World Technologies*, 423 F.3d 166 (2d Cir. 2005), is particularly instructive here. In *Smart World*, the Second Circuit reversed a decision of the Bankruptcy Court and the District Court that had authorized creditors to settle an adversary proceeding commenced against the debtor despite the debtor's objection to the settlement. In ruling on the appeal, the Second Circuit noted that the express language of Bankruptcy Rule 9019 authorizes only the trustee or debtor in possession to bring a motion for settlement and further stated:

> That [Bankruptcy Rule 9019] vests authority to settle or compromise solely in the debtor-in-possession is hardly surprising in light of the numerous

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> provisions in the Bankruptcy Code establishing the debtor's authority to manage the estate and its legal claims.

443 F.2d at 174.

The Second Circuit went on to note that the debtor is the only fiduciary for all parties in interest:

> Similarly, the debtor's duty to wisely manage the estate's legal claims is implicit in the debtor's role as the estate's only fiduciary. *See Wolf v. Weinstein,* 372 U.S. 633, 649–50, 83 S.Ct. 969, 10 L.Ed.2d 33 (1963) (observing that debtor-in-possession has fiduciary duty to the estate).

443 F.3d at 175.

In rejecting the settlement proffered by the creditors, the *Smart World* Court concluded:

> In short, Rule 9019, which by its terms permits only the debtor-in-possession to move for settlement, is in complete harmony with the provisions of the Bankruptcy Code delineating the chapter 11 debtor's role. It is the debtor-in-possession who controls the estate's property, including its legal claims, and it is the debtor-in-possession who has the legal obligation to pursue claims or to settle them, based upon the best interests of the estate.

Id.

Despite what has been asserted by the Ad Hoc Committee, the Elliott Plan will not eliminate the pending estimation proceedings. First, even if exclusivity were terminated to permit the filing of the Elliott Plan, the Debtors' Plan will continue to be prosecuted. The Debtors' Plan, assuming a consensual resolution cannot be achieved with the TCC, requires estimation of the Debtors' liability to the TCC's constituency and those estimation proceedings are ongoing. Secondly, the Elliott Plan also would require estimation of the Debtors' liability to the TCC's constituency. As the Court noted, existing equity holders will challenge the Elliott Plan's treatment of the TCC's constituency, requiring estimation in the context of, at the very least, a contested cramdown hearing.[9] Permitting the Elliott Plan to go forward will eliminate nothing

[9] *See* Hr'g Tr. (Aug. 12, 2019) 7:1-13 (Court: "Don't you think there's one risk, though, and that is that we end up with a skirmish going on between equity factions? In other words, if we

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with respect to estimation, and also will exacerbate litigation and the costs, expenses, and delay necessarily attendant thereto.

B. The Elliott Plan is Designed to Enrich Elliott and the Other Noteholders and to Allow the Members of the Ad Hoc Committee to Seize Control of the Debtors at a Substantial Discount to Current Values.

Despite the Ad Hoc Committee's altruistic rhetoric, the Elliott Plan is nothing more than a transparent attempt to effect a hostile takeover of the Debtors at a substantial discount to the value the Elliott Plan itself ascribes to the equity of the Reorganized Debtors, and to receive an excessive and unjustified windfall on the Ad Hoc Committee's prepetition claims – all at a cost of billions of dollars to ratepayers and other parties in interest. This is in addition to the approximate $670 million of commitment fees that would be payable to the members of the Ad Hoc Committee if exclusivity is terminated.

Ad Hoc Committee Equity Investment. As set forth in the Elliott Plan, the Ad Hoc Committee proposes to acquire 59.3% of the equity of the Reorganized Debtors for $15.5 billion. This implies a total equity value of $26 billion. However, the Elliott Plan also values the 40.6% of the equity to be issued to the two wildfire trusts at $12.75 billion, implying a "plan value" of $31.4 billion. Thus, Elliott is proposing to acquire its equity at a 17% discount, or greater than a $3 billion discount, to its *own* plan value and to the value of the equity the Elliott Plan proposes to distribute to Subrogation Claimants and the TCC's constituency.[10] To put that in perspective, the in excess of $3 billion discount that Elliott and the Ad Hoc Committee are seeking to divert to their own coffers represents almost 60% of the Debtors' current equity market capitalization. Moreover, if the Elliott Plan provided for the new equity in the Reorganized Debtors to be

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– if your proposal or the debtors' proposal is generally acceptable to the fire victims…and that we're stuck because there's a confirmation battle over cramdown and equity?...And that does open up – *that is more likely, it seems to me, than less likely if we have a competing plan*.") (emphasis added).

[10] Elliott has admitted to this in the deposition of Mr Rosenbaum, the portfolio manager of Elliott responsible for Elliott's PG&E investment, conducted yesterday. *See* Tr. of Jeff Rosenbaum (Oct. 3, 2019) at 27:3-11, 34:11-25, 40:13-23, the relevant pages of which are attached hereto as **Exhibit E**.

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purchased by the Ad Hoc Committee at its "plan value" then the value available for existing shareholders under the Elliott Plan would be 100 times greater than what is presently proposed by the TCC and the Ad Hoc Committee.

When compared to the equity financing commitments the Debtors have received, the disparity in value is even more egregious. The Debtors' commitments for equity in the Reorganized Debtors are priced at $14 per share, with the Debtors not being locked in, and having the ability to sell that equity at even higher amounts in the market or through a rights offering.

Needless Reinstatement of Above Market High Interest Rate Long-Term Notes. The Elliott Plan also proposes to reinstate, rather than refinance, approximately $15.8 billion of long-term unsecured notes, the lion's share of which are held by the Ad Hoc Committee. By proposing to reinstate their existing, above-market long-term notes, instead of refinancing them as easily can be accomplished at current, significantly lower interest rates and more advantageous terms as proposed under the Debtors' Plan, the Elliott Plan will enrich the members of the Ad Hoc Committee and other bondholders by approximately $170 million per year over the life of those notes, resulting in nearly $1.5 billion (on a net present value basis) unnecessarily and unjustifiably being borne by ratepayers. The Bankruptcy Code does not require reinstatement of the funded debt claims in order to be rendered unimpaired or to satisfy the absolute priority rule. Further, as noted, the Debtors will demonstrate that under applicable law and the express provisions of the applicable indentures, no make-whole payments are required with respect to the funded debt the Debtors' Plan proposes to refinance.

Payment of Unwarranted Contract Interest Rates. Not surprisingly, the unnecessary reinstatement of funded debt as provided in the Elliott Plan also requires the payment of postpetition interest at the contract rate, at a cost of approximately $500 million, again to be borne by ratepayers and other stakeholders. Conversely, as stated, the Debtors' Plan provides for refinancing of the funded debt claims with new debt at substantially lower interest rates and, consistent with controlling Ninth Circuit law, provides for the payment of postpetition interest at the federal judgment rate. *In re Cardelluci*, 285 F.3d at 1231.

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The Elliott Plan proposes to reinstate the Ad Hoc Noteholders' funded debt claims for obvious reasons and again as part of the self-serving bargain the TCC and the Ad Hoc Committee have concocted. It will enable noteholders to needlessly receive nearly $1.5 billion in post-effective date interest and approximately $500 million in postpetition interest, all at the expense of PG&E ratepayers and the Debtors' other economic stakeholders.

C. The Elliott Plan Discriminates Unfairly in Violation of Section 1123(a)(4) of the Bankruptcy Code and, Therefore, Fails to Satisfy the Requirements of Section 1129(a)(1) of the Bankruptcy Code.

Section 1123(a)(4) of the Bankruptcy Code provides that a chapter 11 plan *shall*:

> Provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest.

11 U.S.C. § 1123(a)(4).

Section 1129(a)(1) of the Bankruptcy Code provides that the Court shall confirm a plan only if the plan complies with all of the provisions of the Bankruptcy Code. 11 U.S.C. § 1129(a)(1). The Elliott Plan plainly violates section 1123(a)(4) of the Bankruptcy Code in its proposed treatment of PG&E Corp. common stockholders, and is thus unconfirmable.

As noted in the Classification/Treatment/Voting section on page 6 of the Elliott Plan Term Sheet, holders of existing PG&E common stock are to retain their ownership "subject to dilution on account of the Reorganized PG&E Corp. Common Stock issued pursuant to the New Money Reorganized PG&E Common Stock Issuance." Page 24 of the Elliott Plan Term Sheet, however, provides that a select portion of existing PG&E common stock held only by employees and retirees will be completely protected from any such dilution. More specifically, the Section of the Elliott Plan Term Sheet entitled "Other Employee Matters" on page 24 provides as follows:

> [F]ollowing the Effective Date, the new PG&E Corp. Board shall further revise the applicable employee compensation programs such that all PG&E

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> Corp. common stock currently held by employees and retirees in pension accounts, 401(k) accounts and company-sponsored plans will be trued-up for any dilution on account of the [Elliott] Plan with new equity issuances within 90 days after the Effective Date.

The Debtors, of course, desire to treat their employees and retirees as favorably as the law allows, but this type of plan provision designed to gain the support of the Unions is simply not permitted under the Bankruptcy Code. The Debtors further understand that the Elliott Plan's proposed discriminatory treatment of employee and retiree held equity may be impermissible under applicable tax and ERISA law, which, among other things, impose limitations on contributions to tax qualified pension plans. This unfair discrimination within the existing equity class plainly does not comply with section 1123(a)(4) and other applicable non-bankruptcy law, thereby rendering the Elliott Plan unconfirmable under section 1129(a)(1) of the Bankruptcy Code.

D. The Elliott Plan Faces Substantial Obstacles to Securing CPUC Approval as Required under AB 1054.

Under the terms of the Elliott Plan, new equity representing approximately 59.3% of the outstanding equity in the Reorganized Debtors is to be allocated as follows: (i) 50% to the consortium of Noteholders identified on Schedule 4 to the Elliott Plan Term Sheet; (ii) 45% to the members of the Ad Hoc Committee; and (iii) 5% to the holders of PG&E common stock, only if they elect to participate in the proposed investment. There is substantial overlap between the members of the Ad Hoc Committee and the Noteholders listed on Schedule 4 to the Elliott Plan Term Sheet. As a result, the Debtors believe that the Elliott Plan would result in a change of control event for the Debtors requiring CPUC approval under Public Utilities Code section 854.[11] In addition, the Elliott Plan involves an outsourcing of PG&E's management to an unspecified third party. This extraordinary proposal itself appears to constitute a change of control, and it presents numerous troubling issues for the CPUC, such as with respect to the California statutory

[11] Similarly, the awarding of about 40.6% of the new common stock in the Reorganized Debtors to the two wildfire trusts as proposed under the Elliott Plan could also independently constitute a change of control in the Debtors.

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requirements on executive compensation and the need to ensure alignment with California's safety and clean energy goals.

The Elliot Plan's change of control presents a significant and potentially insurmountable hurdle for securing CPUC approval of that plan as required under AB 1054. Pursuant to section 854 of the California Public Utilities Code, before approving a change of control of a utility such as the Debtors, the CPUC must conclude, among other things, that the proposal is not only rate neutral to ratepayers (as is the case with the Debtors' Plan) but that it ***results in both short-term and long-term economic benefits to ratepayers***. Cal. Pub. Util. Code § 854(b)(1) (emphasis added). Section 854 further provides that the total short-term and long-term forecasted economic benefits, as determined by the CPUC, must be equitably allocated between shareholders and ratepayers with ratepayers receiving not less than 50 percent of those benefits. *Id.* In addition, prior to approving such a change of control, the CPUC is required to consider a number of criteria and find, on balance, that the change of control proposal is in the public interest. These criteria include, among other things, that the change of control transaction maintain or improve the utility's financial condition, quality of service, quality of management, be beneficial to state and local economies and the communities served by the utility, and be fair and reasonable to the majority of all affected public utility shareholders. Cal. Pub. Util. Code § 854(c). Elliott and the other members of the Ad Hoc Committee will bear the burden of proof before the CPUC to satisfy the section 854 requirements before their proposed plan can be approved. *Id.* § 854(e). The Debtors believe that the Elliott Plan, which plainly enriches the members of the Ad Hoc Committee at the expense of other parties, including the Debtors' existing equity holders and ratepayers, will not satisfy section 854, and is not in the public interest.

In addition to the section 854 concerns, the Elliott Plan's amorphous provision for transfer of PG&E management to a third party would present difficult CPUC issues with respect to approvals of PG&E's governance structure and executive compensation that are critical for successful emergence, participation in the go-forward Wildfire Fund, and renewal of PG&E's safety certification. *See e.g.* Cal. Pub. Util. Code §§ 8389(e)(4) & (e)(6) (CPUC must certify

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executive compensation structure promotes safety as a priority, and contains various requirements for and limits on incentive compensation), § 3292(a)(1)(C) (CPUC must certify that the utility governance structure resulting from any plan of reorganization is acceptable). Indeed, these statutory findings by the CPUC with respect to PG&E's governance and executive compensation structures are conditions precedent to the effective date of the Elliott Plan. Yet, at best, it is unclear how the Ad Hoc Committee would establish that the Elliott Plan will satisfy these necessary conditions, particularly when the provision for third party management of PG&E appears fundamentally at odds with applicable statutory requirements. Similarly, the Elliott Plan also is conditioned on acceptable (to the plan proponents) treatment of unresolved CPUC issues, such as potential fines and penalties for pre-petition conduct, and relies on an anticipated securitization of wildfire costs. In sum, there are serious questions as to whether the Elliott Plan will be able to secure the necessary CPUC approvals in a timely manner, if at all.

E. The Elliott Plan Raises Significant Questions Regarding the Timing and Attainability of Required FERC Approvals.

In light of the ownership and management features discussed above, the Elliott Plan also raises significant questions about the timing and attainability of approvals from the Federal Energy Regulatory Commission ("**FERC**"). The Debtors believe that the Elliott Plan would create at least two, and potentially three or more, new shareholders that each would hold 10% or more of Reorganized PG&E Corp.'s common stock. That would constitute a change of control that would require approval from FERC under Section 203(a)(1) of the Federal Power Act (the "**FPA**"). These new shareholders include the two wildfire trusts and potentially one or more members of the Ad Hoc Committee or the consortium of Noteholders identified on Schedule 4 to the Elliott Plan Term Sheet. In addition, the Debtors believe that outsourcing PG&E's management to an unspecified third party (potentially another electric utility) might separately require approval under Section 203 of the FPA. It is not possible to fully evaluate these issues due to the lack of specific information in the Elliot Plan regarding the proposed ownership levels of the individual members of the Ad Hoc Committee or the consortium of Noteholders, the relative

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ownership between the two wildfire trusts, the ongoing relationships between the individual members of the Ad Hoc Committee, the identity of the various persons who will control the two wildfire trusts or the identity of the third party manager, but the Debtors expect that each of these discrete approvals will raise complex factual inquiries and potentially novel legal questions for the FERC, including issues related to the effect on competition, the effect on rates and potential conflicts of interest. In the absence of that specific information, it is impossible to conclude that the Elliott Plan will receive necessary FERC approvals in a timely manner.

F. The Elliott Plan Will Result in a Change in Control and the Potential Loss of the Debtors' Valuable Net Operating Losses.

As set forth above, the Elliott Plan is likely to result in a change of control event for the Debtors. Accordingly, the Elliot Plan jeopardizes the Debtors' ability to access or utilize their valuable NOLs, which are estimated to be worth in excess of $7 billion. These NOLs represent significant assets of substantial value to the Debtors and these estates, which is why the Debtors' Plan seeks to preserve future use of the NOLs thereby offering the Debtors additional capital sources to consider in resolving claims and financing following their emergence from chapter 11.

III. The Court Should Order Mediation.

As set forth above, the Debtors have made significant progress in these Chapter 11 Cases and have filed a confirmable plan that keeps these cases on track for a successful and timely confirmation. Accordingly, cause does not exist to terminate the Debtors' Exclusive Periods, and the Termination Motion should be denied.

As stated, the only principal obstacle to confirmation of the Debtors' Plan and meeting the June 30, 2020 deadline is the determination of the Debtors' aggregate liability to the constituency represented by the TCC. The Debtors believe the time is ripe to appoint a mediator to facilitate a consensual resolution of this issue. The maintenance of the exclusive periods to pursue

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this opportunity will prejudice no one and will avoid the polarization of positions and the substantial costs, expenses, and disruptions that necessarily will ensue from competing plans.

Conclusion

As recognized by the Court, the Debtors have made substantial progress in these large and extremely complex Chapter 11 Cases. Under these circumstances and consistent with the intent and purpose of section 1121 of the Bankruptcy Code, the Debtors should be permitted to steward these cases to a successful conclusion. The Ad Hoc Committee and the TCC, which have taken it upon themselves to concoct a plan that unduly enriches their own constituencies at the expense of ratepayers and other economic stakeholders, have not and cannot sustain their burden for the extraordinary relief that they are seeking.

The Termination Motion should be denied.

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

WHEREFORE the Debtors respectfully request entry of an order denying the Termination Motion, and granting the Debtors such other and further relief as the Court may deem just and appropriate.

Dated: October 4, 2019

WEIL, GOTSHAL & MANGES LLP

KELLER & BENVENUTTI LLP

/s/ *Stephen Karotkin*
Stephen Karotkin

Attorneys for Debtors and Debtors in Possession

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

Exhibit A

Email from Frank Pitre to Jeff Rosenbaum (Sept. 13, 2019, 10:12:51 am)

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

Message

From: Frank Pitre [FPitre@cpmlegal.com]
Sent: 9/13/2019 10:12:51 AM
To: Jeff Rosenbaum [jRosenbaum@elliottmgmt.com]
CC: cdumas@bakerlaw.com
Subject: Re: PG&E Corporation - BREAKING: Ad Hoc Subrogation Group Reaches $11B Proposed Settlement with PG&E (Americas Intelligence)

EXTERNAL

Let's get our deal done and screw them all!

Sent from my iPhone

On Sep 13, 2019, at 8:41 AM, Jeff Rosenbaum <jRosenbaum@elliottmgmt.com> wrote:

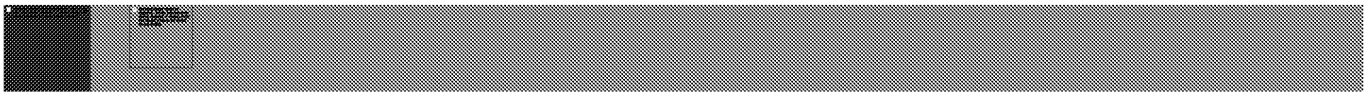
And here it is.....

Sent from mobile device

Begin forwarded message:

From: Reorg Alert <dockets@reorg-research.com>
Date: September 13, 2019 at 8:40:24 AM EDT
To: <jrosenbaum@elliottmgmt.com>
Subject: PG&E Corporation - BREAKING: Ad Hoc Subrogation Group Reaches $11B Proposed Settlement with PG&E (Americas Intelligence)

EXTERNAL



PG&E Corporation

BREAKING: Ad Hoc Subrogation Group Reaches $11B Proposed Settlement with PG&E

September 13, 2019 08:39

Relevant Document:
Release

Today, the Ad Hoc Subrogation Group announced an agreement in principle with PG&E Corporation and Pacific Gas and Electric in connection with PG&E's ongoing chapter 11 bankruptcy case. The following is the group's statement:

> "The Ad Hoc Subrogation Group has reached an $11 billion proposed settlement with PG&E. While this proposed settlement does not fully satisfy the approximately $20 billion in group members' unsecured claims, we hope that this compromise will pave the way for a plan of reorganization that allows PG&E to fairly compensate all victims and emerge from Chapter 11 by the June 2020 legislative deadline."

The settlement is subject to definitive documentation, and approval by the Bankruptcy Court overseeing PG&E's bankruptcy case. The settlement is to be implemented pursuant to a plan of reorganization, and subject to confirmation by the Bankruptcy Court.

More to come...

See on Reorg

Exhibit B

Debt Financing Commitments

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

JPMORGAN CHASE BANK, N.A.
383 Madison Avenue
New York, New York 10179

BANK OF AMERICA, N.A.
BofA SECURITIES, INC.
One Bryant Park
New York, NY 10036

BARCLAYS
745 Seventh Avenue
New York, NY 10019

CITIGROUP GLOBAL MARKETS INC.
388 Greenwich Street
New York, NY 10013

GOLDMAN SACHS BANK USA
GOLDMAN SACHS LENDING PARTNERS LLC
200 West Street
New York, NY 10282

PERSONAL AND CONFIDENTIAL

October 4, 2019

PG&E Corporation
Pacific Gas and Electric Company
77 Beale Street
P.O. Box 77000
San Francisco, California 94177
Attention: Nicholas M. Bijur

PG&E Corporation

Commitment Letter

Ladies and Gentlemen:

Reference is hereby made to (i) the Chapter 11 bankruptcy cases, jointly administered under lead case number 19-30088 (the "**Chapter 11 Cases**"), currently pending before the United States Bankruptcy Court for the Northern District of California (the "**Bankruptcy Court**"), in which PG&E Corporation, a California corporation (or any domestic entity formed to hold all of the assets of PG&E upon emergence from bankruptcy, the "**Borrower**") and Pacific Gas and Electric Company, a California corporation (the "**Utility**") (together with any domestic entity formed to hold all of the assets of Pacific Gas and Electric Company upon emergence from bankruptcy, the "**Utility**" and together with PG&E, the "**Debtors**" or "**you**"), are debtors and debtors in possession and (ii) the first amended Chapter 11 plan of reorganization filed by the Debtors with the Bankruptcy Court on September 23, 2019 at ECF No. 3966 (as may be further amended, modified or otherwise changed in accordance with this Commitment Letter, the "**Plan**") to implement the terms and conditions of the reorganization of the Debtors as provided therein. Capitalized terms used and not defined in this letter (together with Annexes A and B hereto, this "**Commitment Letter**") have the meanings assigned to them in Annexes A and B hereto as the context may require. JPMorgan, Bank of America, N.A. ("**BANA**"), BofA Securities, Inc. (or any of its designated affiliates, "**BofA**", and together with BANA, "**Bank of America**"), Barclays Bank PLC ("**Barclays**"), Citigroup Global Markets Inc. on behalf of Citi (as defined below), Goldman Sachs Bank

USA ("**GS Bank**"), Goldman Sachs Lending Partners LLC ("**GSLP**", and together with GS Bank, "**Goldman Sachs**") and any other Lenders that become parties to this Commitment Letter as additional "Commitment Parties" as provided in Section 3 hereof are referred to herein, collectively, as the "**Commitment Parties**," "**we**" or "**us**."

You have informed us that, in connection with the consummation of the transactions contemplated by the Plan, the Borrower intends to (a) enter into a new revolving credit facility in an aggregate committed amount of $500 million (the "**Revolving Credit Facility**") and (b)(i) issue senior secured notes pursuant to a registered public offering or Rule 144A or other private placement (the "**Notes**"), (ii) incur term loans under a senior secured term loan facility (the "**Term Loan Facility**" and the loans thereunder, the "**Term Loans**" and, together with the Notes, collectively, the "**Permanent Financing**") or (iii) issue or incur a combination of the foregoing. In connection therewith, the Borrower desires to enter into a $7,000 million senior unsecured bridge loan facility (the "**Facility**") having the terms and subject to the conditions set forth herein and in the Annexes hereto, to be available in the event that the Permanent Financing is not issued and/or incurred on or prior to the Closing Date (as defined in Annex A) for any reason.

The transactions described in the preceding paragraphs are collectively referred to herein as the "**Transactions**."

For purposes of this Commitment Letter, "Citi" shall mean Citigroup Global Markets Inc., Citibank N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as any of them shall determine to be appropriate to provide the services contemplated herein.

1. **Commitments; Titles and Roles**.

(a) Each of JPMorgan, BofA, Barclays, Citi and GS Bank is pleased to confirm its agreement to act, and you hereby appoint each of JPMorgan, BofA, Barclays, Citi and GS Bank to act, as a joint lead arranger and joint bookrunner (in such capacities, the "**Arrangers**") and, except in the case of JPMorgan, co-syndication agent in connection with the Facility; (b) JPMorgan is pleased to confirm its agreement to act, and you hereby appoint JPMorgan to act, as administrative agent (the "**Administrative Agent**") for the Facility; and (c) each of JPMorgan, BANA, Barclays, Citi, GS Bank and GSLP (in such capacity, the "**Initial Lenders**") is pleased to commit, and hereby commits, on a several and not joint basis, to provide the Borrower 25%, 18.75%, 18.75%, 18.75%, 15% and 3.75%, respectively, of the aggregate principal amount of the Facility on the terms contained in this Commitment Letter and subject to the conditions expressly set forth in Annex B hereto; *provided* that the amount of the Facility shall be automatically reduced as provided under "Mandatory Prepayments and Commitment Reductions" in Annex A hereto with any such reduction to be applied pro rata among the Initial Lenders. It is further agreed that JPMorgan will appear on the top left (and the Arrangers, other than JPMorgan, will appear in alphabetical order immediately to the right thereof) of the cover page of any marketing materials for the Facility and will hold the roles and responsibilities conventionally understood to be associated with such name placement. Our fees for our commitment and for services related to the Facility are set forth in a separate fee letter (the "**Fee Letter**") entered into by you and the Commitment Parties on the date hereof. It is agreed that no other agents, co-agents, arrangers, co-arrangers or bookrunners will be appointed and no other titles will be awarded in connection with the Facility, and no compensation will be paid in order to obtain such person's commitment to participate in the Facility (other than the compensation expressly contemplated by this Commitment Letter and the Fee Letter) in connection with the Facility, unless the Arrangers and you shall so agree; provided, however, that you may award agent (other than administrative agent and co-syndication agent) and similar titles to any additional Commitment Party that becomes a Commitment Party hereunder in accordance with the second paragraph of Section 3 hereof; provided, further, for the avoidance of doubt, no additional Commitment Party shall receive a bookrunner title.

You agree that JPMorgan may perform its responsibilities hereunder through its affiliate, J.P. Morgan Securities LLC.

2. **Conditions Precedent**.

Notwithstanding anything to the contrary in this Commitment Letter, the Fee Letter or any other agreement or other undertaking concerning the financing of the Transactions, (a) the Commitment Parties' commitments and agreements hereunder with respect to the Facility are subject solely to the satisfaction or waiver of the conditions expressly set forth in Annex B hereto and (b) the terms of the Facility Documentation shall be in a form such that they do not impair the availability of the Facility on the Closing Date if the conditions described in the immediately preceding clause (a) are satisfied.

3. **Syndication**.

The Arrangers reserve the right, in accordance with the provisions of this Section 3, prior to or after the Closing Date, to syndicate the Facility to the Lenders (as defined in Annex A). The syndication of the Facility, including determinations as to the timing of offers to prospective Lenders, the selection of Lenders, the acceptance and final allocation of commitments, the awarding of titles or roles to any Lenders and the amounts offered and the compensation provided to each Lender from the amounts to be paid to the Arrangers pursuant to the terms of this Commitment Letter and the Fee Letter, will be conducted by the Arrangers in consultation with the Borrower. Notwithstanding the foregoing, during the period commencing on the date hereof and ending November 20, 2019 (the "**Initial Syndication Period**"), the Facility will be syndicated only to those financial institutions approved by you in writing prior to the date hereof or other financial institutions as may be approved in your sole discretion (such financial institutions, collectively, the "**Approved Lenders**"). Following the Initial Syndication Period, if and for so long as a Successful Syndication (as defined in the Fee Letter) has not been achieved, the syndication of the Facility shall be conducted by the Arrangers in consultation with the Borrower. Following the achievement of a Successful Syndication of the Facility, further assignments and commitments shall be in accordance with the section captioned "Assignments and Participations" in the Term Sheet attached hereto as Annex A.

The aggregate commitments of the Commitment Parties with respect to the Facility shall be reduced dollar-for-dollar (and on a pro rata basis) by the amount of each commitment for the Facility received from additional Lenders selected in accordance with the preceding paragraph to the extent such Lender becomes (a) party to this Commitment Letter as an additional "Commitment Party" pursuant to a customary joinder agreement or other documentation reasonably satisfactory to the Arrangers and you (each, a "**Joinder Agreement**") or (b) party to the Facility Documentation as a Lender; *provided* that any reduction of Goldman Sachs's commitments under the Facility in accordance with the previous sentence or as a result of a reduction of the overall commitments of GSLP and GS Bank, each in its capacity as an Initial Lender, pursuant to the terms of this Commitment Letter shall be allocated between GSLP's and GS Bank's respective commitments as determined by GSLP and GS Bank in their sole discretion. Notwithstanding the Arrangers' right to syndicate the Facility and receive commitments with respect thereto, and except as provided in the immediately preceding sentence, (i) no Commitment Party shall be relieved, released or novated from its obligations hereunder (including its obligation to fund the Facility on the Closing Date) in connection with any syndication, assignment or participation of the Facility, including its commitment in respect thereof, until after the initial funding of the Facility on the Closing Date has occurred, (ii) no assignment or novation shall become effective with respect to all or any portion of the Commitment Parties' commitments in respect of the Facility until the initial funding of the Facility on the Closing Date and (iii) unless you otherwise agree in writing, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Facility,

including all rights with respect to consents, modifications, supplements, waivers and amendments, until the initial funding of the Facility on the Closing Date has occurred.

To facilitate an orderly and successful syndication of the Facility, you agree that, until the earlier of (a) the achievement of a Successful Syndication (as defined in the Fee Letter) and (b) 60 days following the Closing Date (such earlier date, the "**Syndication Date**"), the Utility and the Borrower will not syndicate or issue, attempt to syndicate or issue or announce the syndication or issuance of any competing debt facility or any debt or equity security (other than common equity) of the Utility, the Borrower or any of their respective subsidiaries that would reasonably be expected to materially impair the primary syndication of the Facility, in each case without the prior written consent of the Arrangers (such consent not to be unreasonably withheld, delayed or conditioned), other than (i) the Facility, (ii) the Permanent Financing, (iii) the Revolving Credit Facility, (iv) incremental facilities under the Utility's current debtor-in-possession credit agreement or any new debtor-in-possession facilities, in either case that are to be paid in full in cash at emergence from the Chapter 11 Cases, (v) securitization securities or facilities contemplated by the Plan, (vi) ordinary-course purchase money indebtedness, facility and equipment financings, other debt incurred in the ordinary course of business for capital expenditures and working capital purposes, financial leases or capital lease obligations, overdraft protection, ordinary course letter of credit facilities, hedging and cash management, and similar obligations, (vii) roll-over, "take-back" or reinstated debt that may be contemplated by the Plan and (viii) common and preferred equity issued in accordance with the Plan in satisfaction of claims.

Without limiting your obligations to assist with the syndication efforts as set forth herein, it is understood that the Initial Lender's commitment hereunder is not conditioned upon the syndication of, or receipt of commitments in respect of, the Facility and in no event shall the commencement or successful completion of syndication of the Facility constitute a condition to the availability of the Facility on the Closing Date.

Until the Syndication Date, you agree to actively assist the Arrangers in achieving a syndication satisfactory to you and us. Such assistance shall include (a) your use of commercially reasonable efforts to ensure that the Arrangers' syndication efforts benefit from your and your affiliates' existing lending relationships, (b) your using commercially reasonable efforts to assist in the preparation of one or more information packages for the Facility in form and substance customary for transactions of this type regarding the business, operations, financial projections and prospects of the Borrower (after giving effect to the Transactions) (collectively, the "**Confidential Information Memorandum**"), (c) your using commercially reasonable efforts to obtain, as promptly as practicable prior to the launch of the syndication of the Facility, a Public Debt Rating for the Borrower from each of Moody's Investor Services, Inc. ("**Moody's**") and Standard & Poor's Financial Services LLC ("**S&P**"), in each case giving effect to the Transactions, (d) your executing and delivering one or more Joinder Agreements delivered to you in respect of prospective Lenders which are selected in accordance with the provisions of this Section 3, as soon as reasonably practicable following commencement of syndication of the Facility, (e) the presentation of one or more customary information packages for the Facility in format and content reasonably satisfactory to the Arrangers (collectively, the "**Lender Presentation**") in a reasonable number of meetings at reasonable times and locations mutually agreed upon and (f) arranging for direct contact between senior management and representatives, with appropriate seniority and expertise, of the Borrower with prospective Lenders and participation of such persons in a reasonable number of meetings at reasonable times and locations mutually agreed upon. In connection with the Arrangers' syndication efforts, you shall not be required to provide information the disclosure of which would violate any (i) attorney-client privilege (and you shall not be required to waive any such privilege), (ii) law, rule or regulation applicable to the Borrower or its affiliates or (iii) obligation of confidentiality from a third party binding on you or your affiliates (so long as (x) such confidentiality obligation was not entered into in contemplation of the Transactions, (y) you use commercially reasonable efforts to obtain a waiver of such confidentiality obligation (but not attorney-client privilege) and to otherwise provide such

information that does not violate such confidentiality obligations and (z) you provide the Commitment Parties notice that information is being withheld due to the existence of such confidentiality obligation or attorney-client privilege); *provided* that none of the foregoing shall be construed to limit any of your representations and warranties set forth in Section 4 of this Commitment Letter (and any corresponding representation in the Confidential Information Memorandum or the Facility Documentation, as applicable). The Borrower will be solely responsible for the contents of any such Confidential Information Memorandum and Lender Presentation (other than, in each case, any information contained therein that has been provided for inclusion by the Commitment Parties about the Commitment Parties) and all other written information, documentation or materials delivered to the Commitment Parties by or on behalf of the Borrower in connection therewith (collectively, the "**Information**") and the Borrower acknowledges that the Commitment Parties will be using and relying upon the Information without independent verification thereof. The Borrower agrees that Information (including, without limitation, draft and execution versions of the Facility Documentation, the Confidential Information Memorandum, the Lender Presentation and publicly filed financial statements) may be disseminated to potential Lenders through one or more internet sites (including an IntraLinks, SyndTrak or other similar electronic workspace (the "**Platform**")) created for purposes of syndicating the Facility or otherwise, in accordance with each Arranger's standard syndication practices, and you acknowledge that no Commitment Party nor any of their respective affiliates will be responsible or liable to you or any other person or entity for damages arising from the use by others of any Information or other materials obtained on the Platform, except to the extent such damages have resulted from the willful misconduct, bad faith or gross negligence of such Commitment Party or its affiliates (as determined by a court of competent jurisdiction in a final and non-appealable judgment). You hereby authorize the Commitment Parties to download copies of the Borrower's trademark logos from its website and post copies thereof and any Information to any Platform established by the Arrangers to syndicate the Facility, and to use the Borrower's trademark logos on any confidential information memoranda, presentations and other marketing materials prepared in connection with the syndication of the Facility or in any advertisements (to which you consent, such consent not to be unreasonably withheld) that we may place after the closing of the Facility in financial and other newspapers, journals, the World Wide Web, home page or otherwise, at our own expense describing our services to the Borrower hereunder; provided that such consent shall not be required with respect to tombstone, case study or similar advertisement incorporated into promotional material and not otherwise publicly disseminated.

The Borrower acknowledges that certain of the Lenders may be "public side" Lenders (i.e., Lenders that do not wish to receive Private-Side Information (as defined below)) (each, a "**Public Lender**"; and Lenders who are not Public Lenders being referred to herein as "**Private Lenders**"). At the request of the Arrangers, the Borrower agrees to prepare an additional version of the Confidential Information Memorandum and the Lender Presentation to be used by Public Lenders containing a representation that such Confidential Information Memorandum does not contain Private-Side Information. "**Private-Side Information**" means material non-public information (for purposes of United States federal, state or other applicable securities laws) concerning the Borrower and its affiliates or any of their respective securities; and "**Public-Side Information**" means any information that is not Private-Side Information. It is understood that in connection with your assistance described above, you will provide a customary authorization letter to the Arrangers (a) authorizing the distribution of the Information to prospective Private Lenders and the distribution of the Public Side Information to prospective Public Lenders and (b) containing a customary "10b-5" representation and a representation to the Commitment Parties, in the case of the public-side version, that such Information does not include material non-public information about the Borrower, its affiliates or their respective securities. The Public-Side Information will contain customary language exculpating the Arrangers, you and the respective affiliates of each of the foregoing with respect to any liability related to the use of the contents of the Public-Side Information. In addition, the Borrower will clearly designate as such all Information provided to any Commitment Party by or on behalf of it which contains exclusively Public-Side Information. The Borrower acknowledges and agrees

that the following documents may be distributed to all Lenders (including Public Lenders) (unless the Borrower promptly notifies the Arrangers in writing (including by email) within a reasonable time prior to their intended distribution (after you have been given a reasonable opportunity to review such documents) that any such document should only be distributed to prospective Private Lenders): (a) drafts and final versions of the Facility Documentation; (b) term sheets and notification of changes in the terms of the Facility and (c) administrative materials prepared by the Arrangers for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda). If you advise us that any of the foregoing items should be distributed only to Private Lenders, then we will not distribute such materials to Public Lenders without further discussions with you.

4. **Information**.

The Borrower represents and covenants that (i) all written Information (other than projections, estimates and other forward-looking materials and information of a general economic or industry specific nature) provided by or on behalf of the Borrower to the Commitment Parties or the Lenders in connection with the Transactions is and will be when furnished, when taken as a whole, complete and correct in all material respects and does not and will not contain when furnished, when taken as a whole, any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements and updates provided thereto); and (ii) the written financial projections and other written forward-looking information (the "**Projections**") that have been or will be made available to the Commitment Parties or the Lenders by or on behalf of the Borrower in connection with the Transactions have been and will be prepared in good faith based upon assumptions that are believed by the Borrower to be reasonable at the time such Projections are furnished to the Commitment Parties or the Lenders, it being understood and agreed that Projections are as to future events and are not to be viewed as facts, are subject to significant uncertainties and contingencies, many of which are out of the Borrower's control, that no assurance can be given that any particular Projections will be realized and that actual results during the period or periods covered by such Projections may differ significantly from the projected results and such differences may be material.

You agree that if at any time prior to the later of (i) the Closing Date and (ii) the Syndication Date you become aware that any of the representations in the preceding sentence would be incorrect in any material respect if the Information and Projections were being furnished, and such representations were being made, at such time, then you will promptly supplement, or cause to be supplemented, the Information and Projections so that such representations will be correct in all material respects in light of the circumstances under which such statements are made. We have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of you or any other party.

5. **Indemnification and Related Matters**.

Subject to the approval of this Commitment Letter by the Bankruptcy Court, you agree, jointly and severally, (a) to indemnify and hold harmless the Commitment Parties and their respective affiliates and their respective officers, directors, employees, advisors, and agents (each, an "**indemnified person**") from and against any and all losses, claims, damages, liabilities and related expenses to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Facility, the use of the proceeds thereof or any related transaction or any actual or prospective claim, litigation, investigation, arbitration or proceeding relating to any of the foregoing (including in relation to enforcing the terms of this paragraph) (each, a "**Proceeding**"), regardless of whether any indemnified person is a party thereto, whether or not such Proceedings are brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each indemnified person upon demand for reasonable, documented and invoiced out-of-pocket legal expenses of one firm of counsel for all such

indemnified persons, taken as a whole, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such indemnified persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where the indemnified person affected by such conflict informs you of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected indemnified person and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for such affected indemnified person) (the foregoing, the "**Counsel Limitation**") or other reasonable, documented and invoiced out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to (i) have arisen or resulted from the willful misconduct, bad faith or gross negligence of such indemnified person, (ii) have resulted from a claim brought by you or any of your subsidiaries against such indemnified person for material breach of such indemnified person's obligations hereunder or (iii) have not resulted from an act or omission by you or any of your affiliates and have been brought by an indemnified person against any other indemnified person (other than any claims against any Commitment Party in its capacity or in fulfilling its role as an arranger or agent or any similar role hereunder, except to the extent such acts or omissions are determined by a court of competent jurisdiction by a final and non-appealable judgment to have constituted the gross negligence, bad faith or willful misconduct of such indemnified party in such capacity), and (b) to reimburse the Commitment Parties and their respective affiliates on demand for all out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of counsel) incurred in connection with the Facility and any related documentation (including this Commitment Letter, the Fee Letter and the definitive documentation relating to the Facility) or the administration, amendment, modification or waiver thereof. You acknowledge that we may receive a benefit, including without limitation, a discount, credit or other accommodation, from any of such counsel based on the fees such counsel may receive on account of their relationship with us including, without limitation, fees paid pursuant hereto. None of the indemnified persons or you shall have any liability for any special, indirect, consequential or punitive damages in connection with activities related to the Facility or the Transactions; provided that nothing contained in this sentence shall limit your indemnity and reimbursement obligations to the extent set forth in this paragraph.

No indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, including an Platform or otherwise via the internet, and you agree, to the extent permitted by applicable law, to not assert any claims against any indemnified person with respect to the foregoing.

You shall not, without the prior written consent of an indemnified person (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened Proceedings in respect of which indemnity could have been sought hereunder by such indemnified person unless (a) such settlement includes an unconditional release of such indemnified person in form and substance reasonably satisfactory to such indemnified person from all liability on claims that are the subject matter of such Proceedings and (b) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified person or any injunctive relief or other non-monetary remedy. You acknowledge that any failure to comply with your obligations under the preceding sentence may cause irreparable harm to the Commitment Parties and the other indemnified persons. You shall not be liable for any settlement of any Proceeding if the amount of such settlement was effected without your consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with your written consent or if there is a judgment by a court of competent jurisdiction in any such Proceeding, you agree to indemnify and hold harmless each indemnified person

from and against any and all losses, claims, damages, penalties, liabilities and expenses by reason of such settlement or judgment in accordance with the other provisions of this paragraph.

You agree that the fees, expenses and indemnities payable hereunder and incurred pursuant hereto, and as set forth in, this Commitment Letter and the Fee Letter (a) are reasonable, (b) are actual and necessary costs and expenses of preserving the Debtors' estates and (c) subject to the approval of this Commitment Letter by the Bankruptcy Court, constitute allowed Administrative Claims against the Debtors on a joint and several basis under the Plan.

6. **Assignments**.

This Commitment Letter may not be assigned by you without the prior written consent of the Commitment Parties, nor, except as expressly contemplated by Section 3 above, by any Commitment Party without your prior written consent (and any purported assignment without such consent will be null and void), is intended to be solely for the benefit of the Commitment Parties and the other parties hereto and, except as set forth in Section 5 above, is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. Any Commitment Party may, in consultation with the Borrower, assign its commitments and agreements hereunder, in whole or in part, to any of its affiliates; for the avoidance of doubt, GS Bank may assign its commitments and agreements hereunder, in whole or in part, to GSLP and vice versa, and any such assignment will relieve such assignor of its obligations hereunder dollar-for-dollar by the amount of such assigned commitments (and the applicable assignee's commitments will be increased dollar-for-dollar by the amount of such assigned commitments)..

7. **Confidentiality**.

This Commitment Letter, the Fee Letter and the contents hereof and thereof are confidential and may not be disclosed by you to any other person (other than any Commitment Party) without our prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), except pursuant to a subpoena or order issued by a court or administrative agency or by a judicial, administrative or legislative body or committee (in which case you agree to inform us promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation); *provided* that we hereby consent to your disclosure of (i) this Commitment Letter and the Fee Letter to your affiliates and your and your affiliates' respective officers, directors, employees, agents and advisors (including legal counsel, independent auditors and other experts, professional advisors or agents) who are involved in the consideration of the Transactions (including in connection with providing accounting and tax advice to the Borrower and its affiliates) on a confidential basis, (ii) this Commitment Letter and the Fee Letter as required by applicable law or compulsory legal process or, to the extent requested or required by governmental and/or regulatory authorities (in which case you agree (except with respect to any audit or examination conducted by bank examiners or any governmental bank regulatory authority exercising examination or regulatory authority) to inform us promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (iii) following your acceptance of the provisions hereof and return of an executed counterpart of this Commitment Letter to the Commitment Parties as provided below, this Commitment Letter (but not the Fee Letter other than the existence thereof) in any public record in which you are required by law or regulation to file it (including the Bankruptcy Court to obtain its approval) or with the Securities and Exchange Commission ("**SEC**") and other applicable regulatory authorities and stock exchanges to the extent required to be in compliance therewith, (iv) the aggregate fee amounts contained in the Fee Letter in financial statements or as part of projections, pro forma information or a generic disclosure of aggregate sources and uses related to aggregate compensation amounts related to the Transactions to the extent customary or required in offering and marketing materials for the Facility, the Permanent Financing or in any public filing relating to the Transactions, in each case in a manner which does not

disclose the fees payable pursuant to the Fee Letter (except in the aggregate), (v) this Commitment Letter and the information contained herein and the Fee Letter in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter, Fee Letter or the transactions contemplated thereby or enforcement thereof or hereof, (vi) the information contained in Annexes A and B in any prospectus or other offering memorandum or in any syndication or other marketing materials relating to the Facility or the Permanent Financing, (vii) any information set forth herein (including in the Annexes hereto) to the extent that such information becomes publicly available other than by reason of disclosure in violation of this agreement by you or your affiliates or your or their respective officers, directors, employees or advisors, (viii) the existence of this Commitment Letter and the information contained in Annex A to any rating agency; *provided* that such information is supplied to any such rating agency only on a confidential basis and (ix) following your acceptance hereof and the return of an executed counterpart of this Commitment Letter to the Commitment Parties, as provided below, in consultation with us and on a confidential basis, this Commitment Letter to any potential or prospective Commitment Party or any potential or prospective Lender. The obligations under this paragraph with respect to this Commitment Letter (but not the Fee Letter) shall terminate automatically after the earlier of the date (x) of any public filing permitted hereunder and (y) the Facility Documentation shall have been executed and delivered by the parties thereto. To the extent not earlier terminated, the provisions of this paragraph with respect to this Commitment Letter (but not the Fee Letter) shall automatically terminate on the second anniversary hereof.

Notwithstanding anything to the contrary herein, any disclosure of the Fee Letter to obtain Bankruptcy Court approval shall only be made via a filing under seal and, to the extent required, by providing an unredacted copy thereof directly to the Bankruptcy Court, the Office of the United States Trustee and advisors to the Official Committee of Unsecured Creditors, the Official Committee of Tort Claimants and any other official committee established pursuant to Section 1102 of the Bankruptcy Code on a confidential and professionals' eyes only basis; *provided*, *however*, that you shall be permitted to publicly disclose the fees payable under the Fee Letter, solely on an aggregate basis combined with all other fees payable by you in connection with the financing for which you are seeking the approval of the Bankruptcy Court.

Each Commitment Party shall use all non-public information provided to it by or on behalf of the Borrower or any of your subsidiaries or affiliates solely for the purpose of providing the services which are the subject of this Commitment Letter and otherwise in connection with the Transactions, and shall treat confidentially all such information and shall not disclose such information to any third party or circulate or refer publicly to such information; *provided*, *however*, that nothing herein will prevent each Commitment Party from disclosing any such information (a) pursuant to the order of any court or administrative agency, or otherwise as required by applicable law or compulsory legal process (in which case such person agrees to inform you promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (b) upon the request or demand of any regulatory authority having jurisdiction over such person or any of its affiliates (in which case such person agrees (except with respect to any audit or examination conducted by bank examiners or any governmental bank regulatory authority exercising examination or regulatory authority) to inform you promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (c) to the extent that such information is publicly available or becomes publicly available other than by reason of disclosure by such person or any of such person's affiliates or its or their respective officers, directors, employees or advisors in violation of this Commitment Letter, (d) to such person's affiliates and to such person's and such affiliates' respective officers, directors, partners, members, employees, legal counsel, independent auditors, service providers and other experts or agents who need to know such information in connection with the Transactions and who have been informed of the confidential nature of such information and are instructed to keep such information confidential in accordance with the provisions of this Section 7, it being understood that the disclosing Commitment Party shall be responsible for any violation of the provisions of this Section 7 by

any such person, (e) to potential and prospective Lenders, participants and any direct or indirect contractual counterparties to any swap or derivative transaction relating to the Borrower or its obligations under the Facility, in each case, who have agreed to keep such information confidential on terms not less favorable than the provisions hereof in accordance with the standard syndication processes of the Arrangers or customary market standards for the dissemination of such type of information, (f) to Moody's and S&P and other rating agencies; *provided* that such information is limited to Annex A and is supplied only on a confidential basis, (g) to market data collectors, similar service providers to the lending industry, and service providers to the Arrangers in connection with the administration and management of the Facility; *provided* that such information is limited to the existence of this Commitment Letter and information of a type routinely provided regarding the closing date, size, type, purpose of, and parties to, the Facility, (h) received by such person from a source (other than you or any of your affiliates, advisors, members, directors, employees, agents or other representatives) not known by such person to be prohibited from disclosing such information to such person by a legal, contractual or fiduciary obligation, (i) to the extent that such information was already in the Commitment Parties' possession on a non-confidential basis or is independently developed by the Commitment Parties, (j) for purposes of establishing a "due diligence" defense or (k) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby or enforcement thereof or hereof. The Commitment Parties' obligation under this provision shall remain in effect until the earlier of (i) two years from the date hereof and (ii) the execution and delivery of the Facility Documentation by the parties thereto, at which time any confidentiality undertaking in the Facility Documentation shall supersede the provisions in this paragraph.

8. **Absence of Fiduciary Relationship; Affiliates; Etc**.

As you know, each Commitment Party (together with its affiliates, the "**Commitment Entities**") is a full service financial institution engaged, either directly or through its affiliates, in a broad array of activities, including commercial and investment banking, financial advisory, market making and trading, investment management (both public and private investing), investment research, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage and other financial and non-financial activities and services globally. In the ordinary course of their various business activities, the Commitment Entities and funds or other entities in which the Commitment Entities invest or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. In addition, the Commitment Entities may at any time communicate independent recommendations and/or publish or express independent research views in respect of such assets, securities or instruments. Any of the aforementioned activities may involve or relate to assets, securities and/or instruments of the Borrower and/or other entities and persons which may (i) be involved in transactions arising from or relating to the arrangement contemplated by this Commitment Letter or (ii) have other relationships with the Borrower or its affiliates. In addition, the Commitment Entities may provide investment banking, commercial banking, underwriting and financial advisory services to such other entities and persons. Although the Commitment Entities in the course of such other activities and relationships may acquire information about the transactions contemplated by this Commitment Letter or other entities and persons which may be the subject of the financing contemplated by this Commitment Letter, the Commitment Entities shall have no obligation to disclose such information, or the fact that the Commitment Entities are in possession of such information, to the Borrower or to use such information on the Borrower's behalf.

Consistent with the Commitment Entities' policies to hold in confidence the affairs of their customers, the Commitment Entities will not furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter to any of their other customers and will treat confidential information relating to the Borrower and its affiliates with the same degree of care as they

treat their own confidential information and in accordance with Section 7 hereof. Furthermore, you acknowledge that neither the Commitment Entities nor any of their respective affiliates has an obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained or that may be obtained by them from any other person.

Each of the Commitment Entities may have economic interests that conflict with those of the Borrower, its equity holders and/or its affiliates. You agree that each Commitment Entity will act under this Commitment Letter as an independent contractor and that nothing in this Commitment Letter or the Fee Letter or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Commitment Entities and the Borrower, its equity holders or its affiliates. You acknowledge and agree that the transactions contemplated by this Commitment Letter and the Fee Letter (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Commitment Entities, on the one hand, and the Borrower, on the other, and in connection therewith and with the process leading thereto, (i) the Commitment Entities have not assumed (A) an advisory responsibility in favor of the Borrower, its equity holders or its affiliates with respect to the financing transactions contemplated hereby or (B) a fiduciary responsibility in favor of the Borrower, its equity holders or its affiliates with respect to the transactions contemplated hereby, or in each case, the exercise of rights or remedies with respect thereto or the process leading thereto (irrespective of whether the Commitment Entities have advised, are currently advising or will advise the Borrower, its equity holders or its affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Commitment Letter and the Fee Letter and (ii) the Commitment Entities are acting solely as principals and not as the agents or fiduciaries of the Borrower, its management, equity holders, affiliates, creditors or any other person. The Borrower acknowledges and agrees that it has consulted its own legal, tax, investment, accounting and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. To the fullest extent permitted by law, the Borrower agrees that it will not bring any claim that the Commitment Entities have breached any fiduciary or similar duty to the Borrower with respect to the financing transactions contemplated hereby or owe a fiduciary or similar duty to the Borrower, in connection with such financing transactions or the process leading thereto. In addition, each Commitment Party may employ the services of its affiliates in providing services and/or performing its or their obligations hereunder and may, subject to Section 7, exchange with such affiliates information concerning the Borrower and other companies that may be the subject of this arrangement, and such affiliates will be entitled to the benefits afforded to such Commitment Party hereunder (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential). Notwithstanding the foregoing, nothing herein shall affect the Borrower's rights in respect of any separate engagement of any Commitment Party, including as financial advisor, in connection with the Transactions or any other matter.

You further acknowledge that certain of the Commitment Parties and/or their affiliates currently are acting as lenders and as the administrative agent under certain of the Borrower's credit agreements, and your and your affiliates' rights and obligations under any other agreement with any Commitment Party or any of its affiliates (including the Funded Debt Documents and the DIP Facility Credit Agreement (each as defined in the Plan)) that currently exist or hereafter may exist are, and shall be, separate and distinct from the rights and obligations of the parties pursuant to this Commitment Letter, and none of such rights and obligations under such other agreements shall be affected by any Commitment Party's performance or lack of performance of services hereunder. You hereby agree that each Commitment Party may render its services under this Commitment Letter notwithstanding any actual or potential conflict of interest presented by the foregoing, and you agree that you will not claim any conflict of interest relating to the relationship among such Commitment Party and you and your affiliates in connection with the commitments and services contemplated hereby, on the one hand, and the exercise by any Commitment

Party or any of its affiliates of any of their rights and duties under any credit agreement or other agreement (including the Funded Debt Documents and the DIP Facility Credit Agreement) on the other hand.

In addition, please note that the Commitment Entities do not provide accounting, tax or legal advice.

9. **Miscellaneous**.

Neither this Commitment Letter nor the Fee Letter may be amended or any term or provision hereof or thereof waived or otherwise modified except by an instrument in writing signed by each of the parties hereto or thereto, as applicable, and any term or provision hereof or thereof may be amended or waived only by a written agreement executed and delivered by all parties hereto or thereto.

The provisions set forth under Sections 3, 4, 5, 7 and 8 hereof (in each case other than any provision therein that expressly terminates upon execution of the Facility Documentation), this Section 9 and the provisions of the Fee Letter will remain in full force and effect regardless of whether the Facility Documentation is executed and delivered, except that the provisions of Sections 3 and 4 shall not survive if the commitments and undertakings of the Commitment Parties are terminated prior to the effectiveness of the Facility; *provided* that (x) the foregoing provisions in this paragraph (other than with respect to the provisions set forth in the Fee Letter and under Sections 7, 8 and this Section 9 hereof, which will remain in full force and effect notwithstanding the expiration or termination of this Commitment Letter or the Commitment Parties' respective commitments and agreements hereunder) shall be superseded in each case, to the extent covered thereby, by the applicable provisions contained in the Facility Documentation upon execution thereof and thereafter shall have no further force and effect and (y) the provisions of Sections 3 and 4 shall terminate on the Syndication Date.

Each of the parties hereto (for itself and its affiliates) agrees that any suit or proceeding arising in respect of this Commitment Letter or the Commitment Parties' commitments or agreements hereunder or the Fee Letter will be tried exclusively in (i) subject to clause (ii)(B), until the Effective Date (as defined in the Plan) of the Plan, the Bankruptcy Court and (ii)(A) thereafter or (B) if the Bankruptcy Court refuses to accept, or the Bankruptcy Court or any appellate court from the Bankruptcy Court determines in a final, non-appealable order that the Bankruptcy Court does not have, jurisdiction, any Federal court of the United States of America sitting in the Borough of Manhattan or, if that court does not have subject matter jurisdiction, in any state court located in the City and County of New York, and each party hereby submits to the exclusive jurisdiction of, and to venue in, such court. Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either the Commitment Parties' commitments or agreements or any matter referred to in this Commitment Letter or the Fee Letter is hereby waived by the parties hereto (to the fullest extent permitted by applicable law). Each of the parties hereto (for itself and its affiliates) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail or overnight courier addressed to any of the parties hereto at the addresses above shall be effective service of process against such party for any suit, action or proceeding brought in any such court. This Commitment Letter and the Fee Letter and any claim, controversy or dispute arising hereunder or thereunder will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

10. **PATRIOT Act Notification**.

The Commitment Parties hereby notify the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") and the requirements of 31 C.F.R. § 1010.230 (the "**Beneficial Ownership Regulation**") the Commitment Parties and each Lender may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Commitment Parties and each Lender to identify the Borrower in accordance with the Patriot Act and the Beneficial Ownership Regulation. This notice is given in accordance with the requirements of the Patriot Act and is effective for the Commitment Parties and each Lender.

11. **Acceptance and Termination**.

Each of the parties hereto agrees that this Commitment Letter is a binding and enforceable agreement with respect to subject matter contained herein, including an agreement to negotiate in good faith the Facility Documentation by the parties hereto in a manner consistent with this Commitment Letter, it being acknowledged and agreed that the commitments provided hereunder by the Commitment Parties are subject to the conditions expressly set forth in Annex B hereto.

This Commitment Letter may be executed in any number of counterparts, each of which when executed will be an original, and all of which, when taken together, will constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (e.g., "pdf" or "tif") will be effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Fee Letter are the only agreements that have been entered into among the parties hereto with respect to the Facility and set forth the entire understanding of the parties with respect thereto and supersede any prior written or oral agreements among the parties hereto with respect to the Facility.

The Commitment Parties' commitments and agreements hereunder will terminate upon the first to occur of (i) the execution and delivery of the Facility Documentation by each of the parties thereto, (ii) the Effective Date of the Plan without using the loans under the Facility, (iii) 11:59 p.m., New York City time, on (A) June 30, 2020, if the Confirmation Order has not been entered prior to such time or (B) August 29, 2020, if the Closing Date has not occurred prior to such time, (iv)(A) the Plan or the Approval Order is amended or modified or any condition contained therein waived, in a manner that is adverse to the Commitment Parties in their capacities as such, in either case without the consent of (I) prior to the date that an additional "Commitment Party" becomes party to this Commitment Letter pursuant to a Joinder Agreement, the Commitment Parties party hereto on the date hereof (the "**Initial Commitment Parties**") and (II) thereafter, the Administrative Agent and the Commitment Parties holding 66 2/3% of the commitments hereunder in respect of the Facility (clauses (I) and (II), collectively, the "**Required Commitment Parties**") (such consent not to be unreasonably withheld, conditioned or delayed; provided that modifications to the Plan solely as a result of an increase in roll-over, "take-back" or reinstatement of any existing debt of the Debtors shall be deemed not to be adverse to the Commitment Parties for the purposes of this clause (A)), (B) any Plan Supplement or any Plan Document (each as defined in the Plan) that is adverse to the interests of the Commitment Parties in their capacities as such is filed or finalized without the consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed), (v) the Chapter 11 Case with respect to any Debtor is dismissed or converted to a proceeding under chapter 7 of the Bankruptcy Code, (vi) a trustee or examiner with enlarged powers (having powers beyond those set forth in section 1106(a)(3) and 1106(a)(4) of the Bankruptcy Code) is appointed with respect to any of the Debtors, (vii) there is in effect an order of a governmental authority of competent jurisdiction permanently restraining, enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by the Plan, or any law, statute, rule, regulation or ordinance is

adopted that makes consummation of the transactions contemplated by the Plan illegal or otherwise prohibited; (viii) the Bankruptcy Court shall not have entered the motion filed with the Bankruptcy Court authorizing the Borrower's entry into and performance under this Commitment Letter, the Fee Letter and any related engagement letter (the "**Approval Order**"), in form and substance reasonably satisfactory to the Commitment Parties, on or before November 20, 2019; (ix) the Debtors' aggregate liability with respect to Wildfire Claims (as defined in the Plan) is determined (whether (A) by the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes), (B) pursuant to an agreement between the Debtors and the holders of Wildfire Claims, or (C) through a combination thereof) to exceed $18.9 billion (the "**Wildfire Claims Cap**"); *provided, however*, that for purposes of this clause (ix), (1) any Wildfire Claim that the California Public Utilities Commission has approved or agreed to approve for recovery or pass through by the Utility shall not count in determining the Wildfire Claims Cap and (2) the Wildfire Claims Cap shall be increased by an amount equal to the amount of Wildfire Claims consisting of professional fees that the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes) determines to be reasonable; (x) (A) the occurrence of one or more wildfires within PG&E's service area after the Petition Date (as defined in the Plan) and prior to January 1, 2020 that is asserted by any person to arise out of the Debtors' activities and that destroys or damages more than 500 dwellings or commercial structures ("**Structures**"); *provided*, *however*, that any notice of termination under this clause (x)(A) must be given on or before January 15, 2020, or (B) the occurrence of one or more wildfires on or after January 1, 2020 destroying or damaging at least 500 Structures within PG&E's service area at a time when the portion of PG&E's system at the location of such wildfire was not successfully de-energized; (xi) the Debtors shall not have received at least $14,000 million of equity commitments by November 7, 2019 on terms reasonably satisfactory to the Commitment Parties, (xii) since June 30, 2019, a Material Adverse Effect shall have occurred; (xiii) the Debtors have failed to perform any of their obligations set forth in this Commitment Letter, which failure to perform (A) would give rise to the failure of the condition set forth in paragraph 1(a) or 1(d) on Annex B hereto and (B) is incapable of being cured or, if capable of being cured by June 30, 2020, the Debtors have not cured within 10 calendar days following receipt by the Debtors of written notice of such failure to perform from the Commitment Parties holding a majority of the commitments in respect of the Facility, (xiv) to the extent that there is a similar termination event under the BCLs as of the applicable date of determination, if at any time after the first day of the Confirmation Hearing (as defined in the Plan), asserted Administrative Expense Claims (as defined in the Plan) exceed $250 million (excluding all ordinary course Administrative Expense Claims, Professional Fee Claims, and Disallowed Administrative Expense Claims (in each case, as defined in the Plan) and including for the avoidance of doubt, any such expenses or claims with respect to the Facility) and (xv) on or prior to June 30, 2020, the Borrower shall not have received from the CPUC all necessary approvals, authorizations and final orders to implement the Plan, and to participate in the Go-Forward Wildfire Fund, including (i) provisions pertaining to authorized return on equity and regulated capital structure, (ii) a disposition of proposals for certain potential changes to PG&E's corporate structure and authorizations for the Utility to operate as a utility, (iii) resolution of claims for monetary fines or penalties under the California Public Utilities Code for conduct prior to the Petition Date and (iv) approval (or exemption from approval) of the financing structure and the securities to be issued under the Plan; (the earliest date in clauses (ii) through (xv) being the "**Commitment Termination Date**"); *provided* that the termination of any commitment pursuant to this sentence does not prejudice your rights and remedies in respect of any breach of this Commitment Letter. You will have the right to terminate this Commitment Letter in the event that the Debtor's exclusive periods to file and solicit acceptances of a plan of reorganization are terminated or modified.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to JPMorgan an executed copy of this Commitment Letter, together, if not previously executed and delivered, with an executed copy of the Fee Letter, on or before 11:59 p.m., New York City time, on October 11, 2019, whereupon this Commitment Letter and the Fee Letter will become binding agreements between us. This offer will terminate on such date if this Commitment Letter and the Fee Letter have not

been signed and returned as described in the preceding sentence. We look forward to working with you on this transaction.

[Remainder of page intentionally left blank]

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: _____

Name: Sandeep S. Parihar
Title: Executive Director

BofA SECURITIES, INC.

By: _____

Name: Sanjay Rijhwani

Title: Managing Director

BANK OF AMERICA, N.A.

By: _____

Name: Sanjay Rijhwani

Title: Managing Director

BARCLAYS BANK PLC

By: _____
Name: Sydney G. Dennis
Title: Director

[Signature Page to Commitment Letter (HoldCo)]

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name: Carolyn Kee
Title: Managing Director

GOLDMAN SACHS BANK USA

By: _____
Name:
Title: Charles D. Johnston
Authorized Signatory

GOLDMAN SACHS LENDING PARTNERS LLC

By: _____
Name:
Title: Charles D. Johnston
Authorized Signatory

ACCEPTED AND AGREED AS OF
THE DATE FIRST WRITTEN ABOVE:

PG&E CORPORATION

By: _____
Name:
Title:

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

PG&E Corporation
$7,000 Million Senior Unsecured 364-Day Facility
Summary of Principal Terms[1]

Borrower:	PG&E Corporation, a California corporation (the "**PG&E**"), or any domestic entity formed to hold all of the assets of PG&E upon emergence from bankruptcy (the "**Borrower**").
Guarantors:	None.
Security:	None.
Administrative Agent:	JPMorgan Chase Bank, N.A. ("**JPMorgan**") will act as sole administrative agent (collectively, in such capacity, the "**Administrative Agent**") for a syndicate of banks, financial institutions and other institutional lenders approved in accordance with the Commitment Letter (together with JPMorgan, the "**Lenders**"), and will perform the duties customarily associated with such role.
Joint Bookrunners and Joint Lead Arrangers:	JPMorgan, BofA, Barclays, Citi and GS Bank will act as joint bookrunners and joint lead arrangers for the Facility described below (in such capacities, the "**Arrangers**"), and will perform the duties customarily associated with such roles.
Co-Syndication Agents:	BofA, Barclays, Citi and GS Bank will act as co-syndication agents for the Facility and will perform the duties customarily associated with such roles.
Facility:	A senior unsecured bridge term loan credit facility in an aggregate principal amount of $7,000 million (the "**Facility**").
Purpose:	The proceeds of the Facility will be used by the Borrower in accordance with the Plan to finance a portion of the Transactions, including to repay existing indebtedness of the Borrower and its affiliates, and to pay related fees and expenses.
Availability:	One drawing may be made under the Facility on the closing date of the Facility upon satisfaction of the conditions to funding described in Annex B to this Commitment Letter (the "**Closing Date**"). Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.
Interest Rates and Fees:	As set forth in Annex A-I hereto.

[1] All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Annex A is attached, including Annex B thereto, unless otherwise specified.

Final Maturity and Amortization:	The Facility will mature on the day that is 364 days after the Closing Date (the "**Maturity Date**"). There will be no scheduled amortization payments.
Mandatory Prepayments and Commitment Reductions:	On or prior to the Closing Date, the aggregate commitments in respect of the Facility under the Commitment Letter or under the Facility Documentation (as applicable) shall be automatically and permanently reduced, and after the Closing Date, the aggregate principal amount of loans under the Facility shall be prepaid, in each case without penalty or premium and on a dollar-for-dollar basis, by the following amounts (without duplication): (a) 100% of the Net Cash Proceeds (as defined below) of all asset sales or other dispositions of property by the Borrower, the Utility and their respective subsidiaries and any insurance and condemnation proceeds, other than (i) sales or other dispositions of assets in the ordinary course of business, (ii) sales or other dispositions of obsolete or worn-out property and property no longer used or useful in the business, (iii) intercompany transfers among the Utility, the Borrower and their respective subsidiaries, (iv) sales or other dispositions of assets the Net Cash Proceeds of which do not exceed $10,000,000 in any single transaction or series of related transactions, (v) other sales or other dispositions of assets the Net Cash Proceeds of which do not exceed an aggregate amount of $100,000,000, and (vi) Net Cash Proceeds of any casualty or condemnation event that are reinvested or committed to be reinvested to replace or repair the affected assets within twelve months after the receipt of such proceeds; (b) 100% of the Net Cash Proceeds received by the Borrower, the Utility or any of their respective subsidiaries from (i) any issuance of debt securities (including the Notes) or other debt for borrowed money (including pursuant to any bank or other credit facility and including the Net Cash Proceeds of any securitization securities or facilities) (other than Excluded Debt (as defined below) and amounts referred to in clause (c) below) (collectively, "**Specified Debt**") and (ii) any issuance of equity securities (including shares of its common stock or preferred equity or equity-linked securities) (other than Excluded Equity Offerings (as defined below)); and (c) 100% of the committed amount under any Qualifying Bank Financing (as defined below), excluding up to $27,350 million under any Qualifying Bank Financing of the Utility; *provided*, *however*, that until such time as the Backstop Commitments (as defined in those certain Chapter 11 Plan Backstop Commitment Letters (the "**BCLs**"), as in effect on the date hereof) have been reduced to $0, except as contemplated by the proviso to the Excluded Debt definition below, the commitments in respect of the Facility shall not be reduced by any cash proceeds from any Additional Capital Source (as defined in the BCLs, as in effect on

the date hereof) to the extent that such cash proceeds also reduce the Backstop Commitments.

Mandatory prepayments or reductions under clause (a) and (b) above, or the proviso to the Excluded Debt definition below, may be applied, at the option of the Borrower, either to prepay loans or reduce commitments under the Facility and that certain senior secured bridge facility of the Utility described in the commitment letter dated as of the date hereof among the Borrower, the Utility, JPMorgan and the other "Commitment Parties" party thereto (such facility, the "**Utility Facility**"), provided that (i) the Borrower may not prepay loans or reduce commitments under the Utility Facility without prepaying or reducing the Facility on a pro rata basis and (ii) Net Cash Proceeds of any Permanent Financing issued and/or incurred by the Borrower shall be applied to prepay loans or reduce commitments under the Facility before being applied to prepay or reduce the Utility Facility. The application of Net Cash Proceeds received by the Utility to prepay or reduce the Facility shall be subject to requisite regulatory approvals (and such Net Cash Proceeds shall be applied to prepay or reduce the Utility Facility to the extent not permitted to be applied to prepay or reduce the Facility). For the avoidance of doubt, each dollar from a mandatory prepayment or reduction event described under this heading shall be applied to reduce either (but not both) of the commitments under the Facility or the commitments under the Utility Facility, or to prepay either (but not both) the loans under the Facility or the loans under the Utility Facility, in each case in accordance with the terms described under this heading.

Furthermore, the obligations of the Commitment Parties to fund on the Closing Date in respect of the Facility under the Commitment Letter or under the Facility Documentation (as applicable) shall be automatically and permanently reduced, without penalty or premium and on a dollar-for-dollar basis, by (without duplication of any of the clauses above) the aggregate principal amount of any roll-over, "take-back" or reinstated debt (the "**Surviving Debt**") of the Borrower.

"**Net Cash Proceeds**" shall mean:

(a) with respect to a sale or other disposition of any assets of the Utility, the Borrower or any of their respective subsidiaries, the excess, if any, of (i) the cash actually received in connection therewith (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) payments made to retire any debt that is secured by such asset or that is required to be repaid in connection with the sale thereof (other than loans under the Facility), (B) the fees and expenses incurred by the Utility, the Borrower or any of their respective subsidiaries in connection therewith, (C) taxes paid or reasonably estimated to be

payable in connection with such transaction, (D) the amount of any rebates or credits required to be applied to benefit ratepayers as a result of a reduction in the rate base as a result of the sale or disposition of the 77 Beale Street, San Francisco property or any hydroelectric generation assets; provided that the Facility will provide that not more than $750 million of hydroelectric generation assets may be disposed of, and (E) the amount of reserves established by the Utility, the Borrower or any of their respective subsidiaries in good faith and pursuant to commercially reasonable practices for adjustment in respect of the sale price of such asset or assets in accordance with applicable generally accepted accounting principles; *provided* that if the amount of such reserves exceeds the amounts charged against such reserve, then such excess, upon determination thereof, shall then constitute Net Cash Proceeds;

(b) with respect to the incurrence, issuance, offering or placement of debt securities or other debt for borrowed money, the excess, if any, of (i) cash actually received by the Utility, the Borrower and their respective subsidiaries in connection with such incurrence, issuance, offering or placement over (ii) the underwriting discounts and commissions and other fees and expenses incurred by the Utility, the Borrower and their respective subsidiaries in connection with such incurrence, issuance, offering or placement; and

(c) with respect to the issuances of equity interests, the excess of (i) the cash actually received by the Utility, the Borrower and their respective subsidiaries in connection with such issuance over (ii) the underwriting discounts and commissions and other fees and expenses incurred by the Utility, the Borrower or any of their respective subsidiaries in connection with such issuance.

"**Excluded Debt**" shall mean (i) intercompany indebtedness of the Utility, the Borrower or any of their respective subsidiaries, (ii) ordinary-course purchase money indebtedness, facility and equipment financings, other debt incurred in the ordinary course of business for capital expenditures and working capital purposes, financial leases or capital lease obligations, overdraft protection, ordinary course letter of credit facilities, hedging and cash management, and similar obligations, (iii) borrowings under the Revolving Credit Facility up to an aggregate amount not to exceed $500 million, (iv) revolving borrowings under the DIP Facility Credit Agreement (as defined in the Plan) (or refinancings thereof) up to an aggregate amount not to exceed the amount of the revolving commitments in effect thereunder on the date of the Commitment Letter, (v) incremental facilities under the DIP Facility Credit Agreement (or refinancings thereof) or any new debtor-in-possession facilities, in either case that are to be paid in full in cash at emergence from the Chapter 11 Cases, (vi) securitization securities or facilities contemplated by the Plan, and (vii) issuances of debt by the Utility or its subsidiaries in a principal amount not to exceed $27,350 million and debt or unfunded commitments under a

revolving credit facility to be entered into by the Utility in an amount not to exceed $3,500 million, in each case as contemplated by the Plan; *provided* that, notwithstanding the foregoing, if (A) the aggregate principal amount of Specified Debt issued or incurred by the Borrower plus the aggregate principal amount of Excluded Debt issued or incurred by the Borrower pursuant to clause (vi) plus the principal amount of Surviving Debt of the Borrower exceeds $7,000 million, or (B) the aggregate principal amount of Specified Debt issued or incurred by Utility or its subsidiaries plus the aggregate principal amount of Excluded Debt issued or incurred by the Utility or its subsidiaries pursuant to clause (iv), (v), (vi) or (vii), plus the principal amount of Surviving Debt of the Utility or its subsidiaries exceeds $30,000 million, then in either case the commitments with respect to the Facility shall be reduced, or the loans under the Facility shall be prepaid, by an equivalent amount (for the avoidance of doubt, until such commitments or the aggregate principal amount of such loans, in either case, equal zero).

"**Excluded Equity Offerings**" shall mean (i) issuances pursuant to employee compensation plans, employee benefit plans, employee based incentive plans or arrangements, employee stock purchase plans, dividend reinvestment plans and retirement plans or issued as compensation to officers and/or non-employee directors or upon conversion or exercise of outstanding options or other equity awards, (ii) issuances of directors' qualifying shares and/or other nominal amounts required to be held by persons other than PG&E, the Borrower and their respective subsidiaries under applicable law, (iii) issuances to or by a subsidiary of the Borrower to the Borrower or any other subsidiary of the Borrower (including in connection with existing joint venture arrangements), (iv) any equity issued pursuant to the Plan in an aggregate amount not to exceed $14,000 million and (v) additional exceptions to be agreed.

"**Qualifying Bank Financing**" shall mean a committed but unfunded bank or other credit facility for the incurrence of debt for borrowed money by the Borrower or the Utility that has become effective for the purposes of financing the Transactions (excluding, for the avoidance of doubt, the Facility), subject to conditions to funding that are, in the written determination of the Borrower, no less favorable to the Borrower than the conditions to the funding of the Facility set forth herein.

In addition, the aggregate commitments in respect of the Facility shall be permanently reduced to zero on the Commitment Termination Date.

The Borrower shall provide the Administrative Agent with prompt written notice of any mandatory prepayment or commitment reduction being required hereunder.

Amounts borrowed under the Facility that are repaid or prepaid may

not be reborrowed.

Voluntary Prepayments and Reductions in Commitments: Prepayments of borrowings under the Facility will be permitted at any time, in whole or in part and in minimum principal amounts to be agreed upon, without premium or penalty, subject to reimbursement of the Lenders' redeployment costs in the case of a prepayment of Adjusted LIBOR borrowings other than on the last day of the relevant interest period. The Borrower may voluntarily reduce unutilized portions of the commitments under the Facility at any time without penalty.

Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.

Documentation: The making of the loans under the Facility will be governed by definitive loan and related agreements and documentation (collectively, the "**Facility Documentation**" and the principles set forth in this paragraph, the "**Documentation Principles**") to be negotiated in good faith, which will be based on the Borrower's Second Amended and Restated Credit Agreement, dated as of April 27, 2015, among the Borrower, the financial institutions from time to time party thereto and Bank of America, N.A., as administrative agent (as amended from time to time prior to the date hereof, the "**Pre-Petition Credit Agreement**"). The Facility Documentation will contain only those representations and warranties, affirmative and negative covenants, mandatory prepayments and commitment reductions, and events of default expressly set forth in the Commitment Letter (including this Annex A). The Facility Documentation shall include modifications to the Pre-Petition Credit Agreement (a) as are necessary to reflect the terms set forth in the Commitment Letter (including this Annex A) and the Fee Letter, (b) to reflect any changes in law or accounting standards since the date of the Pre-Petition Credit Agreement, (c) to reflect the operational or administrative requirements of the Administrative Agent and operational requirements of the Borrower and its subsidiaries, (d) to reflect the nature of the Facility as a bridge facility, (e) to reflect the Borrower's pro forma capital structure, (f) to reflect certain provisions in the DIP Facility Credit Agreement to be agreed and (g) to reflect the terms of the Plan.

Representations and Warranties: The Facility Documentation will contain only the following representations and warranties, which shall be made on the effectiveness of the Facility Documentation (the "**Facility Documentation Effective Date**") and on the Closing Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): financial condition, no change, existence; compliance with law; power; authorization; enforceable obligations; no legal bar; litigation; no default; taxes; federal regulations; ERISA; investment company act and other regulations; use of proceeds; environmental matters; no EEA financial institution; regulatory matters; solvency (after giving effect to the

	Transactions, with "solvency" to be defined consistent with the solvency certificate attached hereto as Annex B-1); full disclosure; beneficial ownership certification; anti-corruption and sanctions; ownership of property; subsidiaries; and intellectual property.
Conditions to Borrowing on the Closing Date:	The borrowing under the Facility on the Closing Date will be subject to the conditions expressly set forth in Annex B to the Commitment Letter (the "**Funding Conditions**").
Affirmative Covenants:	The Facility Documentation will contain only the following affirmative covenants, which shall become effective on the Facility Documentation Effective Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): financial statements, certificates and other information, payment of taxes, maintenance of existence, compliance, maintenance of property, insurance, inspection of property, books and records, discussions, notices, maintenance of licenses, and maintenance of ratings (but, for the avoidance of doubt, not any particular rating).
Negative Covenants:	The Facility Documentation will contain only the following negative covenants, which shall become effective on the Facility Documentation Effective Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): liens (which shall permit a lien on the stock of the Utility securing the Permanent Financing to the extent the Facility is secured on an equal and ratable basis with the Permanent Financing), fundamental changes, debt (with exceptions to be agreed, including debt for borrowed money of the Borrower (including the Facility and the Permanent Financing) not to exceed $7,000 million and the Revolving Credit Facility and debt for borrowed money of the Utility and its subsidiaries not to exceed $30,000 million and a revolving credit facility in an amount not to exceed $3,500 million); ownership of 100% of the common stock of the Utility; no limitations on dividends or payment from the Utility to the Borrower; change in the nature of business; investments; restricted payments; affiliate transactions; prepayments or modifications of junior debt, modifications of organizational documents, sale leaseback transactions, swap agreements, and change of fiscal year.
Financial Covenants:	Subject to the Documentation Principles, maintenance of a maximum Consolidated Capitalization Ratio of less than or equal to 0.70 to 1.00, calculated in accordance with (and capitalized terms to have the meaning set forth in) the Pre-Petition Credit Agreement.
Events of Default:	The Facility Documentation will contain only the following events of default, which shall be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): nonpayment of principal when due; nonpayment of interest or other amounts after a grace period of five business days; material inaccuracy of

representations and warranties; Facility Documentation ceasing to be in full force and effect or any Borrower party thereto so asserting; violation of covenants (subject, in the case of certain affirmative covenants, to a grace period of 30 days); cross-default with respect to material indebtedness (including, for the avoidance of doubt, material indebtedness of the Utility); bankruptcy events (from and after the Closing Date); certain ERISA events; material judgments; and a change of control (to be defined in a manner to be agreed).

Voting: Subject to the Documentation Principles and based on the Pre-Petition Credit Agreement.

Cost and Yield Protection: Usual and customary for facilities and transactions of this type, including customary tax gross-up provisions (including but not limited to provisions relating to Dodd-Frank and Basel III), but subject to the Documentation Principles and based on the Pre-Petition Credit Agreement.

Assignments and Participations: Subject to the Documentation Principles and based on the Pre-Petition Credit Agreement as follows:

Prior to the Closing Date, the Lenders will not be permitted to assign commitments under the Facility to any Person except in accordance with the terms of the syndication provisions in the Commitment Letter.

From and after the Closing Date, the Lenders will be permitted to assign loans under the Facility to eligible assignees subject to the consent of the Borrower (not to be unreasonably withheld or delayed); *provided* that no such consent shall be required with respect to any assignment (x) to a Lender, an affiliate of a Lender or an approved fund, (y) to an Approved Lender or (z) if a payment or bankruptcy (from and after the Closing Date) event of default shall have occurred and be continuing; *provided*, *further*, that such consent shall be deemed to have been given if the Borrower shall not have responded to a written request for consent within 10 business days. All assignments shall require the consent of the Administrative Agent (not to be unreasonably withheld or delayed). Each assignment shall be accompanied by the payment of a $3,500 assignment processing fee to the Administrative Agent (which fee may be waived by the Administrative Agent in its sole discretion).

Lenders may sell participations without the consent of any person, so long as any such participation does not create rights in participants to approve amendments or waivers, except in respect of certain customary matters consistent with the Pre-Petition Credit Agreement.

Defaulting Lenders: The Facility Documentation will contain customary "defaulting Lender" provisions, including the suspension of voting rights and rights to receive certain fees, and the termination or assignment of

commitments or loans of defaulting Lenders; *provided* that such provisions shall be subject to the Documentation Principles and be based on the Pre-Petition Credit Agreement.

Expenses and Indemnification: Subject to the limitations set forth in Section 5 of the Commitment Letter, the Borrower shall pay (a) all reasonable, documented and invoiced out-of-pocket expenses of the Administrative Agent and the Arrangers associated with the syndication of the Facility and the preparation, execution, delivery and administration of the Facility Documentation and any amendment or waiver with respect thereto (including the reasonable, documented and invoiced fees, disbursements and other charges of one primary counsel, one regulatory counsel, one special bankruptcy counsel and one additional local counsel in each applicable jurisdiction) and (b) all reasonable, documented and invoiced out-of-pocket expenses of the Administrative Agent and the Lenders (including the reasonable, documented and invoiced fees, disbursements and other charges of counsel referred to in clause (a) above and additional conflicts counsel, subject to the Counsel Limitations) in connection with the enforcement of the Facility Documentation.

The Administrative Agent, the Arrangers and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent determined by a court of competent jurisdiction by a final and non-appealable judgment to have resulted from (x) the gross negligence, bad faith or willful misconduct of the indemnified party or any of its affiliates, (y) such party's or any of its affiliates' material breach of the Facility Documentation or (z) disputes among Lenders not arising from the Company's breach of its obligations under the Facility Documentation (other than a dispute involving a claim against an indemnified party for its acts or omissions in its capacity as an arranger, bookrunner, agent or similar role in respect of the Facility, except, with respect to this clause (z), to the extent such acts or omissions are determined by a court of competent jurisdiction by a final and non-appealable judgment to have constituted the gross negligence, bad faith or willful misconduct of such indemnified party in such capacity)).

Governing Law and Forum: New York.

Arranger's and Administrative Agent's Counsel: Davis Polk & Wardwell LLP.

Miscellaneous: The Facility Documentation will contain customary European Union "bail-in" provisions and customary provisions pertaining to division of limited liability companies and the QFC stay rules. The Lenders will provide customary representations as to their fiduciary status

under ERISA.

Interest Rates:

The interest rates under the Facility will be, at the option of the Borrower, (a) Adjusted LIBO Rate plus the Applicable Adjusted LIBO Rate Margin (each as defined below) or (b) ABR (as defined below) plus the Applicable Adjusted LIBO Rate Margin minus 1.00% (but in any event not less than 0.00%).

The Borrower may elect interest periods of 1, 2, 3 or 6 months for Adjusted LIBO Rate borrowings. Calculation of interest shall be on the basis of the actual number of days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans based on the prime rate) and interest shall be paid in arrears (i) at the end of each interest period and no less frequently than quarterly, in the case of Adjusted LIBO Rate advances, and (ii) quarterly, in the case of ABR advances.

"**ABR**" is the Alternate Base Rate, which is the greatest of (i) the Prime Rate, (ii) the NYFRB Rate from time to time plus 0.5% and (iii) the Adjusted LIBO Rate for a one month interest period on the applicable date plus 1%.

"**Adjusted LIBO Rate**" means the LIBO Rate, as adjusted for statutory reserve requirements for eurocurrency liabilities.

"**Interpolated Rate**" means, at any time, for any interest period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time; *provided* that if any Interpolated Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of the Facility Documentation.

"LIBO Rate" means, with respect to any Eurocurrency borrowing for any applicable currency and for any interest period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two business days prior to the commencement of such interest period; *provided* that if the LIBO Screen Rate shall not be available at such time for such interest period (an "**Impacted Interest Period**") with respect to the applicable currency then the LIBO

Rate shall be the Interpolated Rate.

"**LIBO Screen Rate**" means, for any day and time, with respect to any Eurocurrency borrowing for any applicable currency and for any interest period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for the relevant currency for a period equal in length to such interest period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); *provided* that if the LIBO Screen Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of calculating such rate.

"**NYFRB**" means the Federal Reserve Bank of New York.

"**NYFRB Rate**" means, for any day, the greater of (i) the Federal Funds Effective Rate in effect on such day and (ii) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a business day, for the immediately preceding business day); *provided* that if none of such rates are published for any day that is a business day, the term "NYFRB Rate" means the rate quoted for such day for a federal funds transaction at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; *provided*, *further*, that if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of the Facility Documentation.

"**Overnight Bank Funding Rate**" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding business day by the NYFRB as an overnight bank funding rate.

"**Prime Rate**" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate,

the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined reasonably and in good faith by the Administrative Agent) or in any similar release by the Federal Reserve Board (as determined reasonably and in good faith by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

LIBO Rate Replacement: The Facility Documentation shall contain customary provisions for the replacement of the LIBO Rate.

Applicable Adjusted LIBO Rate Margin:

Public Debt Rating[2]	BB+/Ba1	BB/Ba2	BB-/Ba3	B+/B1 **or worse**
Closing Date until 89 days following the Closing Date	1.75%	2.00%	2.125%	2.25%
90th day following the Closing Date until 179th day following the Closing Date	2.00%	2.25%	2.375%	2.50%
180th day following the Closing Date until 269th day following the Closing Date	2.25%	2.50%	2.625%	2.75%
From the 270th day following the Closing Date	2.50%	2.75%	2.875%	3.00%

[2]Based on public ratings from S&P and Moody's for senior unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other person or subsidiary and not supported by any other credit enhancement (the "Public Debt Rating"). Split ratings to be handled consistently with the Pre-Petition Credit Agreement except that if the rating differential is 2 levels or more, the rating level that would apply at the rating one level below the higher rating shall apply.

Default Rate:	At any time when the Borrower is in default in the payment of any amount of principal due under the Facility, the overdue amount shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to ABR loans.
Ticking Fees:	Ticking fees ("**Ticking Fee**") equal to 0.30% per annum times the actual daily undrawn commitments under the Facility (as such amounts shall be adjusted to give effect to any voluntary or mandatory reductions of the commitments in accordance with the terms hereof) will accrue during the period commencing on the date that is the later of the Facility Documentation Effective Date and 90 days after the date of the Commitment Letter and ending on and including the earlier of (x) the Closing Date and (y) the date of termination of the commitments under the Facility, for the account of each Lender in arrears quarterly and on the earlier of the Closing Date and the date of termination of the commitments under the Facility.
Duration Fees:	The Borrower will pay a fee (the "**Duration Fee**"), for the ratable benefit of the Lenders, in an amount equal to (i) 0.50% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 90 days after the Closing Date, due and payable in cash on such 90th day (or if such day is not a business day, the next business day); (ii) 0.75% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 180 days after the Closing Date, due and payable in cash on such 180th day (or if such day is not a business day, the next business day); and (iii) 1.00% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 270 days after the Closing Date, due and payable in cash on such 270th day (or if such day is not a business day, the next business day).

$7,000 Million Senior Unsecured 364-Day Facility
Conditions[3]

The borrowing under the Facility shall be subject to the satisfaction or waiver by the Commitment Parties of the following conditions:

1. (a) The Bankruptcy Court shall have entered (x) the Approval Order and (y) a confirmation order confirming the Plan with respect to the Debtors in form and substance reasonably satisfactory to the Required Commitment Parties (the "**Confirmation Order**") by no later than June 30, 2020, each of which shall (i) not be stayed, (ii) be in full force and effect, (iii) be final and non-appealable, and (iv) not have been reversed, vacated, amended, supplemented, or otherwise modified in a manner adverse to the interests of the Commitment Parties without the consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed; *provided* modifications to the Plan solely as a result of an increase in roll-over, "take-back" or reinstatement of any existing debt of the Debtors shall be deemed not to be adverse to the Commitment Parties for the purposes of this clause (iv)), (b) none of the Plan, the Confirmation Order or the Approval Order shall have been amended or modified or any condition contained therein waived, in either case without the consent the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed), (c) the Plan shall have become effective in accordance with its terms no later than 60 days after the entry of the Confirmation Order, and all conditions precedent to the effectiveness of the Plan shall have been, or substantially contemporaneously with the closing under the Facility, will be, satisfied or waived (to the extent adverse to their interests, with the prior consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed)), (d) the transactions as described and defined in the Plan to occur upon the Effective Date of the Plan shall have been consummated, or substantially concurrently with the closing of the Facility will be consummated, on the Closing Date, (e) the Debtors shall be in compliance in all material respects with the Confirmation Order and (f) all documents necessary to implement the Plan and the financings and distributions contemplated thereunder shall have been executed (each, to the extent adverse to their interests, in form and substance reasonably acceptable to the Required Commitment Parties).

2. (x) The Arrangers shall have received (a) U.S. GAAP audited consolidated balance sheets and related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows of the Borrower and its subsidiaries for the three most recent fiscal years ended at least 60 days prior to the Closing Date and (b) U.S. GAAP unaudited consolidated balance sheets and related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows of the Borrower and its subsidiaries for each subsequent fiscal quarter ended at least 40 days before the Closing Date (other than the last fiscal quarter of any fiscal year); *provided* that in each case the financial statements required to be delivered by this paragraph 2(x) shall meet the requirements of Regulation S-X under the Securities Act, and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a registration statement on Form S-1, in all material respects. The Arrangers hereby acknowledges receipt of the financial statements of PG&E in the foregoing clause (a) for the fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016, and in the foregoing clause (b) for the fiscal quarters ended June 30, 2019 and March 31, 2019. The Borrower's filing of any required audited financial statements with respect to the Borrower on Form 10-K or required unaudited financial statements with respect to the Borrower on Form 10-Q, in each case, will satisfy the requirements under clauses (a) or (b), as applicable, of this paragraph.

[3]All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Annex B is attached, including Annex A thereto.

(y) The Arrangers shall have received a pro forma consolidated balance sheet and a related pro forma consolidated statement of income of the Borrower and its subsidiaries (based on the financial statements referred to in paragraph above) as of and for the twelve-month period ending on the last day of the most recently completed four-fiscal quarter period ended at least 40 days before the Closing Date, or, if the most recently completed fiscal period is the end of a fiscal year, ended at least 60 days before the Closing Date (regardless of when such pro forma financial statements may be required to be filed with the SEC), prepared after giving effect to the Transactions (including, to the extent required by applicable accounting standards, the application of fresh start accounting) as if they had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other statement of income) which shall meet the requirements of Regulation S-X under the Securities Act and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a registration statement on Form S-1, in all material respects; *provided*, *however*, to the extent such pro forma financial statements are filed by the Borrower with the SEC, the condition set forth in this paragraph (y) shall be deemed satisfied.

3. The representations and warranties in the Facility Documentation shall be true and correct in all material respects (provided, that any such representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be accurate in all respects and that any such representation or warranty that specifically refers to an earlier date shall be true and correct in all material respects (or in all respects, as the case may be) as of such earlier date) and no default or event of default shall be in existence at the time of, or after giving effect to the making of, the making of loans to the Borrower on the Closing Date.

4. The execution and delivery by the Borrower of the Facility Documentation consistent with the terms set forth or referred to in this Commitment Letter (but taking into account the market flex provisions set forth in the Fee Letter) shall have occurred.

5. The Administrative Agent shall have received customary legal opinions of counsel to the Borrower, corporate organizational documents of the Borrower, a good standing certificate of the Borrower from the jurisdiction of organization of the Borrower, resolutions and a customary closing certificate of the Borrower, and a customary borrowing notice, in each case as are customary for transactions of this type (collectively, the "**Closing Deliverables**").

6. The Administrative Agent shall have received a solvency certificate from the chief financial officer of the Borrower in substantially the form of Annex B-I hereto.

7. The Arrangers and the Lenders shall have received all fees and, to the extent invoiced at least three business days prior to the Closing Date, expenses required to be paid on or prior to the Closing Date pursuant to the Fee Letter or the Facility Documentation.

8. The Arrangers shall have received, at least three business days prior to the Closing Date (to the extent requested in writing at least ten business days prior to the Closing Date), all documentation and other information with respect to the Borrower that the Arrangers reasonably determines is required by United States regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act and, to the extent applicable, the Beneficial Ownership Regulation.

9. The Utility shall have received investment grade senior secured debt ratings of (i) in the case of Moody's, Baa3 or better and (ii) in the case of S&P, BBB- or better and in each case, with a stable or better outlook.

10. Total PG&E weighted average earning rate base (including electric generation, electric transmission, electric distribution, gas distribution, gas transmission and storage) for estimated 2021 as approved by the California Public Utilities Commission (the "**CPUC**") shall be no less than 95% of $48 billion.

11. Since June 30, 2019, no result, occurrence, fact, change, event, effect, violation, penalty, inaccuracy or circumstance (whether or not constituting a breach of a representation, warranty or covenant set forth in the Plan) that, individually or in the aggregate with any such other results, occurrences, facts, changes, events, effects, violations, penalties, inaccuracies, or circumstances, (i) would have or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, capitalization, financial performance, financial condition or results of operations, in each case, of the Debtors, taken as a whole, or (ii) would reasonably be expected to prevent or materially delay the ability of the Debtors to consummate the transactions contemplated by this Commitment Letter or the Plan or perform their obligations hereunder or thereunder, including their obligations under the Facility or the Utility Facility (each a "***Material Adverse Effect***") shall have occurred; *provided*, *however*, that none of the following results, occurrences, facts, changes, events, effects, violations, penalties, inaccuracies or circumstances shall constitute or be taken into account in determining whether a Material Adverse Effect has occurred, is continuing or would reasonably be expected to occur: (A) the filing of the Chapter 11 Cases, and the fact that the Debtors are operating in bankruptcy, (B) results, occurrences, facts, changes, events, violations, inaccuracies or circumstances affecting (1) the electric or gas utility businesses in the United States generally or (2) the economy, credit, financial, capital or commodity markets, in the United States or elsewhere in the world, including changes in interest rates, monetary policy or inflation, (C) changes or prospective changes in law (other than any law or regulation of California or the United States that is applicable to any electrical utility) or in GAAP or accounting standards, or any changes or prospective changes in the interpretation or enforcement of any of the foregoing, (D) any decline in the market price, or change in trading volume, of any securities of the Debtors, (E) any failure to meet any internal or public projections, forecasts, guidance, estimates, milestones, credit ratings, budgets or internal or published financial or operating predictions of revenue, earnings, cash flow or cash position, (F) any wildfire occurring after the Petition Date and prior to January 1, 2020, and (G) one or more wildfires, occurring on or after January 1, 2020, that destroys or damages fewer than 500 Structures in the aggregate (it being understood that (I) the exceptions in clauses (D) and (E) shall not prevent or otherwise affect a determination that the underlying cause of any such change, decline or failure referred to therein is a Material Adverse Effect, and (II) a Material Adverse Effect shall include the occurrence of one or more wildfires on or after January 1, 2020 destroying or damaging at least 500 Structures within PG&E's service area at a time when the portion of PG&E's system at the location of such wildfire was not successfully de-energized.

12. The Debtors' aggregate liability with respect to Wildfire Claims shall be determined (whether (i) by the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes), (ii) pursuant to an agreement between the Debtors and the holders of Wildfire Claims, or (iii) through a combination thereof) not to exceed the Wildfire Claims Cap; *provided*, *however*, that for purposes of this paragraph 13, (A) any Wildfire Claim that the CPUC has approved or agreed to approve for recovery or pass through by the Utility shall not count in determining the Wildfire Claims Cap and (B) the Wildfire Claims Cap shall be increased by an amount equal to the amount of Wildfire Claims consisting of professional fees that the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes) determines to be reasonable.

13. PG&E shall have received at least $14,000 million of proceeds from the issuance of equity, on terms acceptable to each Commitment Party in its sole discretion, provided that up to $2,000 million of such proceeds shall be permitted to come from the proceeds of preferred equity, equity-linked securities or securitizations issued by PG&E or the Utility, so long as such issuance could not reasonably

be expected to negatively impact cash distributions to the Borrower or distributions that will be available to service debt at the Borrower.

14. The Utility has both (i) elected, and received Bankruptcy Court approval, to participate in the Go-Forward Wildfire Fund (as defined in the Plan) and (ii) satisfied the other conditions to participation in the Go-Forward Wildfire Fund set forth in the Wildfire Legislation (as defined in the Plan).

15. PG&E shall own directly 100% of the common stock of the Utility.

16. No order of a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation or funding of any transactions contemplated by the Plan shall have been received by the Debtors, and no law, statute, rule, regulation or ordinance shall have been adopted that makes the consummation or funding of any transactions contemplated by the Plan illegal or otherwise prohibited.

17. One or more investment banks reasonably satisfactory to the Commitment Parties shall have been engaged to publicly sell or privately place the Notes for the purpose of reducing, replacing or refinancing the Facility.

Form of Solvency Certificate

[DATE]

This Solvency Certificate ("**Certificate**") of [_____] ("**the Borrower**"), and its Subsidiaries is delivered pursuant to Section [__] of the $[_____] Senior Unsecured Term Loan Credit Agreement, dated as of [_____] (the "**Credit Agreement**"), by and among the Borrower, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, [_____], the duly elected, qualified and acting [Chief Financial Officer] of the Borrower and its Subsidiaries, DO HEREBY CERTIFY that I have reviewed the Credit Agreement and the other Loan Documents referred to therein and have made such investigation as I have deemed necessary to enable me to express a reasonably informed opinion as to the matters referred to herein.

I HEREBY FURTHER CERTIFY, in my capacity as [Chief Financial Officer] and not in my individual capacity, that as of the date hereof, immediately after giving effect to the Transactions:

1. The fair value of the assets of the Borrower and its Subsidiaries, on a consolidated basis, at a fair valuation on a going concern basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise.

2. The present fair saleable value of the property of the Borrower and its Subsidiaries, on a consolidated and going concern basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured in the ordinary course of business.

3. The Borrower and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured in the ordinary course of business.

4. The Borrower and its Subsidiaries are not engaged in businesses, and are not about to engage in businesses for which they have unreasonably small capital.

For purposes of this Certificate, the amount of any contingent liability at any time shall be computed as the amount that, in light of all the facts and circumstances existing as of the date hereof, would reasonably be expected to become an actual and matured liability.

For the purpose of the foregoing, I have assumed there is no default under the Credit Agreement on the date hereof and will be no default under the Credit Agreement after giving effect to the funding under the Credit Agreement.

[Remainder of page intentionally left blank]

JPMORGAN CHASE BANK, N.A.
383 Madison Avenue
New York, New York 10179

BANK OF AMERICA, N.A.
BofA SECURITIES, INC.
One Bryant Park
New York, NY 10036

BARCLAYS
745 Seventh Avenue
New York, NY 10019

CITIGROUP GLOBAL MARKETS INC.
388 Greenwich Street
New York, NY 10013

GOLDMAN SACHS BANK USA
GOLDMAN SACHS LENDING PARTNERS LLC
200 West Street
New York, NY 10282

PERSONAL AND CONFIDENTIAL

October 4, 2019

PG&E Corporation
Pacific Gas and Electric Company
77 Beale Street
P.O. Box 77000
San Francisco, California 94177
Attention: Nicholas M. Bijur

Pacific Gas and Electric Company
Commitment Letter

Ladies and Gentlemen:

Reference is hereby made to (i) the Chapter 11 bankruptcy cases, jointly administered under lead case number 19-30088 (the "**Chapter 11 Cases**"), currently pending before the United States Bankruptcy Court for the Northern District of California (the "**Bankruptcy Court**"), in which PG&E Corporation, a California corporation (or any domestic entity formed to hold all of the assets of PG&E upon emergence from bankruptcy) ("**PG&E**"), and Pacific Gas and Electric Company, a California corporation (the "**Utility**") (together with any domestic entity formed to hold all of the assets of the Utility upon emergence from bankruptcy, the "**Borrower**" and together with PG&E, the "**Debtors**" or "**you**"), are debtors and debtors in possession and (ii) the first amended Chapter 11 plan of reorganization filed by the Debtors with the Bankruptcy Court on September 23, 2019 at ECF No. 3966 (as may be further amended, modified or otherwise changed in accordance with this Commitment Letter, the "**Plan**") to implement the terms and conditions of the reorganization of the Debtors as provided therein. Capitalized terms used and not defined in this letter (together with Annexes A and B hereto, this "**Commitment Letter**") have the meanings assigned to them in Annexes A and B hereto as the context may require. JPMorgan, Bank of America, N.A. ("**BANA**"), BofA Securities, Inc. (or any of its designated affiliates, "**BofA**", and together with BANA, "**Bank of America**"), Barclays Bank PLC ("**Barclays**"), Citigroup Global Markets Inc. on behalf of Citi (as defined below), Goldman Sachs Bank USA ("**GS Bank**"), Goldman Sachs Lending Partners LLC ("**GSLP**", and together with GS Bank, "**Goldman Sachs**") and any other Lenders that become parties to this Commitment Letter as additional "Commitment Parties" as provided in Section 3 hereof are referred to herein, collectively, as the "**Commitment Parties**," "**we**" or "**us**."

You have informed us that, in connection with the consummation of the transactions contemplated by the Plan, the Borrower intends to (a) enter into a new revolving credit facility in an aggregate committed amount of $3,500 million (the "**Revolving Credit Facility**") and (b) issue senior secured notes pursuant to a registered public offering or Rule 144A or other private placement (the "**Notes**"). In connection therewith, the Borrower desires to enter into a $27,350 million senior secured bridge loan facility (the "**Facility**") having the terms and subject to the conditions set forth herein and in the Annexes hereto, to be available in the event that the Notes are not issued on or prior to the Closing Date (as defined in Annex A) for any reason.

The transactions described in the preceding paragraphs are collectively referred to herein as the "**Transactions**."

For purposes of this Commitment Letter, "**Citi**" shall mean Citigroup Global Markets Inc., Citibank N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as any of them shall determine to be appropriate to provide the services contemplated herein.

1. **Commitments; Titles and Roles**.

(a) Each of JPMorgan, BofA, Barclays, Citi and GS Bank is pleased to confirm its agreement to act, and you hereby appoint each of JPMorgan, BofA, Barclays, Citi and GS Bank to act, as a joint lead arranger and joint bookrunner (in such capacities, the "**Arrangers**") and, except in the case of JPMorgan, co-syndication agent in connection with the Facility; (b) JPMorgan is pleased to confirm its agreement to act, and you hereby appoint JPMorgan to act, as administrative agent and collateral agent (the "**Administrative Agent**") for the Facility; and (c) each of JPMorgan, BANA, Barclays, Citi, GSLP and GS Bank (in such capacity, the "**Initial Lenders**") is pleased to commit, and hereby commits, on a several and not joint basis, to provide the Borrower 20%, 20%, 20%, 20%, 11.042047532% and 8.957952468%, respectively, of the aggregate principal amount of the Facility on the terms contained in this Commitment Letter and subject to the conditions expressly set forth in Annex B hereto; *provided* that the amount of the Facility shall be automatically reduced as provided under "Mandatory Prepayments and Commitment Reductions" in Annex A hereto with any such reduction to be applied pro rata among the Initial Lenders. It is further agreed that JPMorgan will appear on the top left (and the Arrangers, other than JPMorgan, will appear in alphabetical order immediately to the right thereof) of the cover page of any marketing materials for the Facility and will hold the roles and responsibilities conventionally understood to be associated with such name placement. Our fees for our commitment and for services related to the Facility are set forth in a separate fee letter (the "**Fee Letter**") entered into by you and the Commitment Parties on the date hereof. It is agreed that no other agents, co-agents, arrangers, co-arrangers or bookrunners will be appointed and no other titles will be awarded in connection with the Facility, and no compensation will be paid in order to obtain such person's commitment to participate in the Facility (other than the compensation expressly contemplated by this Commitment Letter and the Fee Letter) in connection with the Facility, unless the Arrangers and you shall so agree; provided, however, that you may award agent (other than administrative agent and co-syndication agent) and similar titles to any additional Commitment Party that becomes a Commitment Party hereunder in accordance with the second paragraph of Section 3 hereof; provided, further, for the avoidance of doubt, no additional Commitment Party shall receive a bookrunner title.

You agree that JPMorgan may perform its responsibilities hereunder through its affiliate, J.P. Morgan Securities LLC.

2. **Conditions Precedent**.

Notwithstanding anything to the contrary in this Commitment Letter, the Fee Letter or any other agreement or other undertaking concerning the financing of the Transactions, (a) the Commitment Parties' commitments and agreements hereunder with respect to the Facility are subject solely to the satisfaction or waiver of the conditions expressly set forth in Annex B hereto and (b) the terms of the Facility Documentation shall be in a form such that they do not impair the availability of the Facility on the Closing Date if the conditions described in the immediately preceding clause (a) are satisfied.

3. **Syndication**.

The Arrangers reserve the right, in accordance with the provisions of this Section 3, prior to or after the Closing Date, to syndicate the Facility to the Lenders (as defined in Annex A). The syndication of the Facility, including determinations as to the timing of offers to prospective Lenders, the selection of Lenders, the acceptance and final allocation of commitments, the awarding of titles or roles to any Lenders and the amounts offered and the compensation provided to each Lender from the amounts to be paid to the Arrangers pursuant to the terms of this Commitment Letter and the Fee Letter, will be conducted by the Arrangers in consultation with the Borrower. Notwithstanding the foregoing, during the period commencing on the date hereof and ending November 20, 2019 (the "**Initial Syndication Period**"), the Facility will be syndicated only to those financial institutions approved by you in writing prior to the date hereof or other financial institutions as may be approved in your sole discretion (such financial institutions, collectively, the "**Approved Lenders**"). Following the Initial Syndication Period, if and for so long as a Successful Syndication (as defined in the Fee Letter) has not been achieved, the syndication of the Facility shall be conducted by the Arrangers in consultation with the Borrower. Following the achievement of a Successful Syndication of the Facility, further assignments and commitments shall be in accordance with the section captioned "Assignments and Participations" in the Term Sheet attached hereto as Annex A.

The aggregate commitments of the Commitment Parties with respect to the Facility shall be reduced dollar-for-dollar (and on a pro rata basis) by the amount of each commitment for the Facility received from additional Lenders selected in accordance with the preceding paragraph to the extent such Lender becomes (a) party to this Commitment Letter as an additional "Commitment Party" pursuant to a customary joinder agreement or other documentation reasonably satisfactory to the Arrangers and you (each, a "**Joinder Agreement**") or (b) party to the Facility Documentation as a Lender; *provided* that any reduction of Goldman Sachs's commitments under the Facility in accordance with the previous sentence or as a result of a reduction of the overall commitments of GSLP and GS Bank, each in its capacity as an Initial Lender, pursuant to the terms of this Commitment Letter shall be allocated between GSLP's and GS Bank's respective commitments as determined by GSLP and GS Bank in their sole discretion. Notwithstanding the Arrangers' right to syndicate the Facility and receive commitments with respect thereto, and except as provided in the immediately preceding sentence, (i) no Commitment Party shall be relieved, released or novated from its obligations hereunder (including its obligation to fund the Facility on the Closing Date) in connection with any syndication, assignment or participation of the Facility, including its commitment in respect thereof, until after the initial funding of the Facility on the Closing Date has occurred, (ii) no assignment or novation shall become effective with respect to all or any portion of the Commitment Parties' commitments in respect of the Facility until the initial funding of the Facility on the Closing Date and (iii) unless you otherwise agree in writing, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Facility, including all rights with respect to consents, modifications, supplements, waivers and amendments, until the initial funding of the Facility on the Closing Date has occurred.

To facilitate an orderly and successful syndication of the Facility, you agree that, until the earlier of (a) the achievement of a Successful Syndication (as defined in the Fee Letter) and (b) 60 days following the Closing Date (such earlier date, the "**Syndication Date**"), PG&E and the Borrower will not syndicate or issue, attempt to syndicate or issue or announce the syndication or issuance of any competing debt facility or any debt or equity security (other than common equity) of PG&E, the Borrower or any of their respective subsidiaries that would reasonably be expected to materially impair the primary syndication of the Facility, in each case without the prior written consent of the Arrangers (such consent not to be unreasonably withheld, delayed or conditioned), other than (i) the Facility, (ii) the Notes, (iii) the Revolving Credit Facility, (iv) incremental facilities under the Borrower's current debtor-in-possession credit agreement or any new debtor-in-possession facilities, in either case that are to be paid in full in cash at emergence from the Chapter 11 Cases, (v) securitization securities or facilities contemplated by the Plan, (vi) ordinary-course purchase money indebtedness, facility and equipment financings, other debt incurred in the ordinary course of business for capital expenditures and working capital purposes, financial leases or capital lease obligations, overdraft protection, ordinary course letter of credit facilities, hedging and cash management, and similar obligations, (vii) roll-over, "take-back" or reinstated debt that may be contemplated by the Plan and (viii) common and preferred equity issued in accordance with the Plan in satisfaction of claims.

Without limiting your obligations to assist with the syndication efforts as set forth herein, it is understood that the Initial Lender's commitment hereunder is not conditioned upon the syndication of, or receipt of commitments in respect of, the Facility and in no event shall the commencement or successful completion of syndication of the Facility constitute a condition to the availability of the Facility on the Closing Date.

Until the Syndication Date, you agree to actively assist the Arrangers in achieving a syndication satisfactory to you and us. Such assistance shall include (a) your use of commercially reasonable efforts to ensure that the Arrangers' syndication efforts benefit from your and your affiliates' existing lending relationships, (b) your using commercially reasonable efforts to assist in the preparation of one or more information packages for the Facility in form and substance customary for transactions of this type regarding the business, operations, financial projections and prospects of the Borrower (after giving effect to the Transactions) (collectively, the "**Confidential Information Memorandum**"), (c) your using commercially reasonable efforts to obtain, as promptly as practicable prior to the launch of the syndication of the Facility, a Public Debt Rating for the Borrower from each of Moody's Investor Services, Inc. ("**Moody's**") and Standard & Poor's Financial Services LLC ("**S&P**"), in each case giving effect to the Transactions, (d) your executing and delivering one or more Joinder Agreements delivered to you in respect of prospective Lenders which are selected in accordance with the provisions of this Section 3, as soon as reasonably practicable following commencement of syndication of the Facility, (e) the presentation of one or more customary information packages for the Facility in format and content reasonably satisfactory to the Arrangers (collectively, the "**Lender Presentation**") in a reasonable number of meetings at reasonable times and locations mutually agreed upon and (f) arranging for direct contact between senior management and representatives, with appropriate seniority and expertise, of the Borrower with prospective Lenders and participation of such persons in a reasonable number of meetings at reasonable times and locations mutually agreed upon. In connection with the Arrangers' syndication efforts, you shall not be required to provide information the disclosure of which would violate any (i) attorney-client privilege (and you shall not be required to waive any such privilege), (ii) law, rule or regulation applicable to the Borrower or its affiliates or (iii) obligation of confidentiality from a third party binding on you or your affiliates (so long as (x) such confidentiality obligation was not entered into in contemplation of the Transactions, (y) you use commercially reasonable efforts to obtain a waiver of such confidentiality obligation (but not attorney-client privilege) and to otherwise provide such information that does not violate such confidentiality obligations and (z) you provide the Commitment Parties notice that information is being withheld due to the existence of such confidentiality obligation or attorney-client privilege); *provided* that none of the foregoing shall be construed to limit any of your

representations and warranties set forth in Section 4 of this Commitment Letter (and any corresponding representation in the Confidential Information Memorandum or the Facility Documentation, as applicable). The Borrower will be solely responsible for the contents of any such Confidential Information Memorandum and Lender Presentation (other than, in each case, any information contained therein that has been provided for inclusion by the Commitment Parties about the Commitment Parties) and all other written information, documentation or materials delivered to the Commitment Parties by or on behalf of the Borrower in connection therewith (collectively, the "**Information**") and the Borrower acknowledges that the Commitment Parties will be using and relying upon the Information without independent verification thereof. The Borrower agrees that Information (including, without limitation, draft and execution versions of the Facility Documentation, the Confidential Information Memorandum, the Lender Presentation and publicly filed financial statements) may be disseminated to potential Lenders through one or more internet sites (including an IntraLinks, SyndTrak or other similar electronic workspace (the "**Platform**")) created for purposes of syndicating the Facility or otherwise, in accordance with each Arranger's standard syndication practices, and you acknowledge that no Commitment Party nor any of their respective affiliates will be responsible or liable to you or any other person or entity for damages arising from the use by others of any Information or other materials obtained on the Platform, except to the extent such damages have resulted from the willful misconduct, bad faith or gross negligence of such Commitment Party or its affiliates (as determined by a court of competent jurisdiction in a final and non-appealable judgment). You hereby authorize the Commitment Parties to download copies of the Borrower's trademark logos from its website and post copies thereof and any Information to any Platform established by the Arrangers to syndicate the Facility, and to use the Borrower's trademark logos on any confidential information memoranda, presentations and other marketing materials prepared in connection with the syndication of the Facility or in any advertisements (to which you consent, such consent not to be unreasonably withheld) that we may place after the closing of the Facility in financial and other newspapers, journals, the World Wide Web, home page or otherwise, at our own expense describing our services to the Borrower hereunder; provided that such consent shall not be required with respect to tombstone, case study or similar advertisement incorporated into promotional material and not otherwise publicly disseminated.

The Borrower acknowledges that certain of the Lenders may be "public side" Lenders (i.e., Lenders that do not wish to receive Private-Side Information (as defined below)) (each, a "**Public Lender**"; and Lenders who are not Public Lenders being referred to herein as "**Private Lenders**"). At the request of the Arrangers, the Borrower agrees to prepare an additional version of the Confidential Information Memorandum and the Lender Presentation to be used by Public Lenders containing a representation that such Confidential Information Memorandum does not contain Private-Side Information. "**Private-Side Information**" means material non-public information (for purposes of United States federal, state or other applicable securities laws) concerning the Borrower and its affiliates or any of their respective securities; and "**Public-Side Information**" means any information that is not Private-Side Information. It is understood that in connection with your assistance described above, you will provide a customary authorization letter to the Arrangers (a) authorizing the distribution of the Information to prospective Private Lenders and the distribution of the Public Side Information to prospective Public Lenders and (b) containing a customary "10b-5" representation and a representation to the Commitment Parties, in the case of the public-side version, that such Information does not include material non-public information about the Borrower, its affiliates or their respective securities. The Public-Side Information will contain customary language exculpating the Arrangers, you and the respective affiliates of each of the foregoing with respect to any liability related to the use of the contents of the Public-Side Information. In addition, the Borrower will clearly designate as such all Information provided to any Commitment Party by or on behalf of it which contains exclusively Public-Side Information. The Borrower acknowledges and agrees that the following documents may be distributed to all Lenders (including Public Lenders) (unless the Borrower promptly notifies the Arrangers in writing (including by email) within a reasonable time prior to their intended distribution (after you have been given a reasonable opportunity to review such

documents) that any such document should only be distributed to prospective Private Lenders): (a) drafts and final versions of the Facility Documentation; (b) term sheets and notification of changes in the terms of the Facility and (c) administrative materials prepared by the Arrangers for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda). If you advise us that any of the foregoing items should be distributed only to Private Lenders, then we will not distribute such materials to Public Lenders without further discussions with you.

4. **Information**.

The Borrower represents and covenants that (i) all written Information (other than projections, estimates and other forward-looking materials and information of a general economic or industry specific nature) provided by or on behalf of the Borrower to the Commitment Parties or the Lenders in connection with the Transactions is and will be when furnished, when taken as a whole, complete and correct in all material respects and does not and will not contain when furnished, when taken as a whole, any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements and updates provided thereto); and (ii) the written financial projections and other written forward-looking information (the "**Projections**") that have been or will be made available to the Commitment Parties or the Lenders by or on behalf of the Borrower in connection with the Transactions have been and will be prepared in good faith based upon assumptions that are believed by the Borrower to be reasonable at the time such Projections are furnished to the Commitment Parties or the Lenders, it being understood and agreed that Projections are as to future events and are not to be viewed as facts, are subject to significant uncertainties and contingencies, many of which are out of the Borrower's control, that no assurance can be given that any particular Projections will be realized and that actual results during the period or periods covered by such Projections may differ significantly from the projected results and such differences may be material.

You agree that if at any time prior to the later of (i) the Closing Date and (ii) the Syndication Date you become aware that any of the representations in the preceding sentence would be incorrect in any material respect if the Information and Projections were being furnished, and such representations were being made, at such time, then you will promptly supplement, or cause to be supplemented, the Information and Projections so that such representations will be correct in all material respects in light of the circumstances under which such statements are made. We have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of you or any other party.

5. **Indemnification and Related Matters**.

Subject to the approval of this Commitment Letter by the Bankruptcy Court, you agree, jointly and severally, (a) to indemnify and hold harmless the Commitment Parties and their respective affiliates and their respective officers, directors, employees, advisors, and agents (each, an "**indemnified person**") from and against any and all losses, claims, damages, liabilities and related expenses to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Facility, the use of the proceeds thereof or any related transaction or any actual or prospective claim, litigation, investigation, arbitration or proceeding relating to any of the foregoing (including in relation to enforcing the terms of this paragraph) (each, a "**Proceeding**"), regardless of whether any indemnified person is a party thereto, whether or not such Proceedings are brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each indemnified person upon demand for reasonable, documented and invoiced out-of-pocket legal expenses of one firm of counsel for all such indemnified persons, taken as a whole, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such indemnified persons, taken as a whole (and, in the case of an actual or perceived

conflict of interest where the indemnified person affected by such conflict informs you of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected indemnified person and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for such affected indemnified person) (the foregoing, the "**Counsel Limitation**") or other reasonable, documented and invoiced out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to (i) have arisen or resulted from the willful misconduct, bad faith or gross negligence of such indemnified person, (ii) have resulted from a claim brought by you or any of your subsidiaries against such indemnified person for material breach of such indemnified person's obligations hereunder or (iii) have not resulted from an act or omission by you or any of your affiliates and have been brought by an indemnified person against any other indemnified person (other than any claims against any Commitment Party in its capacity or in fulfilling its role as an arranger or agent or any similar role hereunder, except to the extent such acts or omissions are determined by a court of competent jurisdiction by a final and non-appealable judgment to have constituted the gross negligence, bad faith or willful misconduct of such indemnified party in such capacity), and (b) to reimburse the Commitment Parties and their respective affiliates on demand for all out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of counsel) incurred in connection with the Facility and any related documentation (including this Commitment Letter, the Fee Letter and the definitive documentation relating to the Facility) or the administration, amendment, modification or waiver thereof. You acknowledge that we may receive a benefit, including without limitation, a discount, credit or other accommodation, from any of such counsel based on the fees such counsel may receive on account of their relationship with us including, without limitation, fees paid pursuant hereto. None of the indemnified persons or you shall have any liability for any special, indirect, consequential or punitive damages in connection with activities related to the Facility or the Transactions; provided that nothing contained in this sentence shall limit your indemnity and reimbursement obligations to the extent set forth in this paragraph.

No indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, including an Platform or otherwise via the internet, and you agree, to the extent permitted by applicable law, to not assert any claims against any indemnified person with respect to the foregoing.

You shall not, without the prior written consent of an indemnified person (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened Proceedings in respect of which indemnity could have been sought hereunder by such indemnified person unless (a) such settlement includes an unconditional release of such indemnified person in form and substance reasonably satisfactory to such indemnified person from all liability on claims that are the subject matter of such Proceedings and (b) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified person or any injunctive relief or other non-monetary remedy. You acknowledge that any failure to comply with your obligations under the preceding sentence may cause irreparable harm to the Commitment Parties and the other indemnified persons. You shall not be liable for any settlement of any Proceeding if the amount of such settlement was effected without your consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with your written consent or if there is a judgment by a court of competent jurisdiction in any such Proceeding, you agree to indemnify and hold harmless each indemnified person from and against any and all losses, claims, damages, penalties, liabilities and expenses by reason of such settlement or judgment in accordance with the other provisions of this paragraph.

You agree that the fees, expenses and indemnities payable hereunder and incurred pursuant hereto, and as set forth in, this Commitment Letter and the Fee Letter (a) are reasonable, (b) are actual and necessary costs and expenses of preserving the Debtors' estates and (c) subject to the approval of this Commitment Letter by the Bankruptcy Court, constitute allowed Administrative Claims against the Debtors on a joint and several basis under the Plan.

6. **Assignments**.

This Commitment Letter may not be assigned by you without the prior written consent of the Commitment Parties, nor, except as expressly contemplated by Section 3 above, by any Commitment Party without your prior written consent (and any purported assignment without such consent will be null and void), is intended to be solely for the benefit of the Commitment Parties and the other parties hereto and, except as set forth in Section 5 above, is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. Any Commitment Party may, in consultation with the Borrower, assign its commitments and agreements hereunder, in whole or in part, to any of its affiliates; for the avoidance of doubt, GS Bank may assign its commitments and agreements hereunder, in whole or in part, to GSLP and vice versa, and any such assignment will relieve such assignor of its obligations hereunder dollar-for-dollar by the amount of such assigned commitments (and the applicable assignee's commitments will be increased dollar-for-dollar by the amount of such assigned commitments).

7. **Confidentiality**.

This Commitment Letter, the Fee Letter and the contents hereof and thereof are confidential and may not be disclosed by you to any other person (other than any Commitment Party) without our prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), except pursuant to a subpoena or order issued by a court or administrative agency or by a judicial, administrative or legislative body or committee (in which case you agree to inform us promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation); *provided* that we hereby consent to your disclosure of (i) this Commitment Letter and the Fee Letter to your affiliates and your and your affiliates' respective officers, directors, employees, agents and advisors (including legal counsel, independent auditors and other experts, professional advisors or agents) who are involved in the consideration of the Transactions (including in connection with providing accounting and tax advice to the Borrower and its affiliates) on a confidential basis, (ii) this Commitment Letter and the Fee Letter as required by applicable law or compulsory legal process or, to the extent requested or required by governmental and/or regulatory authorities (in which case you agree (except with respect to any audit or examination conducted by bank examiners or any governmental bank regulatory authority exercising examination or regulatory authority) to inform us promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (iii) following your acceptance of the provisions hereof and return of an executed counterpart of this Commitment Letter to the Commitment Parties as provided below, this Commitment Letter (but not the Fee Letter other than the existence thereof) in any public record in which you are required by law or regulation to file it (including the Bankruptcy Court to obtain its approval) or with the Securities and Exchange Commission ("**SEC**") and other applicable regulatory authorities and stock exchanges to the extent required to be in compliance therewith, (iv) the aggregate fee amounts contained in the Fee Letter in financial statements or as part of projections, pro forma information or a generic disclosure of aggregate sources and uses related to aggregate compensation amounts related to the Transactions to the extent customary or required in offering and marketing materials for the Facility, the Notes or in any public filing relating to the Transactions, in each case in a manner which does not disclose the fees payable pursuant to the Fee Letter (except in the aggregate), (v) this Commitment Letter and the

information contained herein and the Fee Letter in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter, Fee Letter or the transactions contemplated thereby or enforcement thereof or hereof, (vi) the information contained in Annexes A and B in any prospectus or other offering memorandum or in any syndication or other marketing materials relating to the Facility or the Notes, (vii) any information set forth herein (including in the Annexes hereto) to the extent that such information becomes publicly available other than by reason of disclosure in violation of this agreement by you or your affiliates or your or their respective officers, directors, employees or advisors, (viii) the existence of this Commitment Letter and the information contained in Annex A to any rating agency; *provided* that such information is supplied to any such rating agency only on a confidential basis and (ix) following your acceptance hereof and the return of an executed counterpart of this Commitment Letter to the Commitment Parties, as provided below, in consultation with us and on a confidential basis, this Commitment Letter to any potential or prospective Commitment Party or any potential or prospective Lender. The obligations under this paragraph with respect to this Commitment Letter (but not the Fee Letter) shall terminate automatically after the earlier of the date (x) of any public filing permitted hereunder and (y) the Facility Documentation shall have been executed and delivered by the parties thereto. To the extent not earlier terminated, the provisions of this paragraph with respect to this Commitment Letter (but not the Fee Letter) shall automatically terminate on the second anniversary hereof.

Notwithstanding anything to the contrary herein, any disclosure of the Fee Letter to obtain Bankruptcy Court approval shall only be made via a filing under seal and, to the extent required, by providing an unredacted copy thereof directly to the Bankruptcy Court, the Office of the United States Trustee and advisors to the Official Committee of Unsecured Creditors, the Official Committee of Tort Claimants and any other official committee established pursuant to Section 1102 of the Bankruptcy Code on a confidential and professionals' eyes only basis; *provided, however*, that you shall be permitted to publicly disclose the fees payable under the Fee Letter, solely on an aggregate basis combined with all other fees payable by you in connection with the financing for which you are seeking the approval of the Bankruptcy Court.

Each Commitment Party shall use all non-public information provided to it by or on behalf of the Borrower or any of your subsidiaries or affiliates solely for the purpose of providing the services which are the subject of this Commitment Letter and otherwise in connection with the Transactions, and shall treat confidentially all such information and shall not disclose such information to any third party or circulate or refer publicly to such information; *provided, however*, that nothing herein will prevent each Commitment Party from disclosing any such information (a) pursuant to the order of any court or administrative agency, or otherwise as required by applicable law or compulsory legal process (in which case such person agrees to inform you promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (b) upon the request or demand of any regulatory authority having jurisdiction over such person or any of its affiliates (in which case such person agrees (except with respect to any audit or examination conducted by bank examiners or any governmental bank regulatory authority exercising examination or regulatory authority) to inform you promptly thereof to the extent practicable and not prohibited by applicable law, rule or regulation), (c) to the extent that such information is publicly available or becomes publicly available other than by reason of disclosure by such person or any of such person's affiliates or its or their respective officers, directors, employees or advisors in violation of this Commitment Letter, (d) to such person's affiliates and to such person's and such affiliates' respective officers, directors, partners, members, employees, legal counsel, independent auditors, service providers and other experts or agents who need to know such information in connection with the Transactions and who have been informed of the confidential nature of such information and are instructed to keep such information confidential in accordance with the provisions of this Section 7, it being understood that the disclosing Commitment Party shall be responsible for any violation of the provisions of this Section 7 by any such person, (e) to potential and prospective Lenders, participants and any direct or indirect

contractual counterparties to any swap or derivative transaction relating to the Borrower or its obligations under the Facility, in each case, who have agreed to keep such information confidential on terms not less favorable than the provisions hereof in accordance with the standard syndication processes of the Arrangers or customary market standards for the dissemination of such type of information, (f) to Moody's and S&P and other rating agencies; *provided* that such information is limited to Annex A and is supplied only on a confidential basis, (g) to market data collectors, similar service providers to the lending industry, and service providers to the Arrangers in connection with the administration and management of the Facility; *provided* that such information is limited to the existence of this Commitment Letter and information of a type routinely provided regarding the closing date, size, type, purpose of, and parties to, the Facility, (h) received by such person from a source (other than you or any of your affiliates, advisors, members, directors, employees, agents or other representatives) not known by such person to be prohibited from disclosing such information to such person by a legal, contractual or fiduciary obligation, (i) to the extent that such information was already in the Commitment Parties' possession on a non-confidential basis or is independently developed by the Commitment Parties, (j) for purposes of establishing a "due diligence" defense or (k) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby or enforcement thereof or hereof. The Commitment Parties' obligation under this provision shall remain in effect until the earlier of (i) two years from the date hereof and (ii) the execution and delivery of the Facility Documentation by the parties thereto, at which time any confidentiality undertaking in the Facility Documentation shall supersede the provisions in this paragraph.

8. **Absence of Fiduciary Relationship; Affiliates; Etc**.

As you know, each Commitment Party (together with its affiliates, the "**Commitment Entities**") is a full service financial institution engaged, either directly or through its affiliates, in a broad array of activities, including commercial and investment banking, financial advisory, market making and trading, investment management (both public and private investing), investment research, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage and other financial and non-financial activities and services globally. In the ordinary course of their various business activities, the Commitment Entities and funds or other entities in which the Commitment Entities invest or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. In addition, the Commitment Entities may at any time communicate independent recommendations and/or publish or express independent research views in respect of such assets, securities or instruments. Any of the aforementioned activities may involve or relate to assets, securities and/or instruments of the Borrower and/or other entities and persons which may (i) be involved in transactions arising from or relating to the arrangement contemplated by this Commitment Letter or (ii) have other relationships with the Borrower or its affiliates. In addition, the Commitment Entities may provide investment banking, commercial banking, underwriting and financial advisory services to such other entities and persons. Although the Commitment Entities in the course of such other activities and relationships may acquire information about the transactions contemplated by this Commitment Letter or other entities and persons which may be the subject of the financing contemplated by this Commitment Letter, the Commitment Entities shall have no obligation to disclose such information, or the fact that the Commitment Entities are in possession of such information, to the Borrower or to use such information on the Borrower's behalf.

Consistent with the Commitment Entities' policies to hold in confidence the affairs of their customers, the Commitment Entities will not furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter to any of their other customers and will treat confidential information relating to the Borrower and its affiliates with the same degree of care as they treat their own confidential information and in accordance with Section 7 hereof. Furthermore, you

acknowledge that neither the Commitment Entities nor any of their respective affiliates has an obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained or that may be obtained by them from any other person.

Each of the Commitment Entities may have economic interests that conflict with those of the Borrower, its equity holders and/or its affiliates. You agree that each Commitment Entity will act under this Commitment Letter as an independent contractor and that nothing in this Commitment Letter or the Fee Letter or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Commitment Entities and the Borrower, its equity holders or its affiliates. You acknowledge and agree that the transactions contemplated by this Commitment Letter and the Fee Letter (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Commitment Entities, on the one hand, and the Borrower, on the other, and in connection therewith and with the process leading thereto, (i) the Commitment Entities have not assumed (A) an advisory responsibility in favor of the Borrower, its equity holders or its affiliates with respect to the financing transactions contemplated hereby or (B) a fiduciary responsibility in favor of the Borrower, its equity holders or its affiliates with respect to the transactions contemplated hereby, or in each case, the exercise of rights or remedies with respect thereto or the process leading thereto (irrespective of whether the Commitment Entities have advised, are currently advising or will advise the Borrower, its equity holders or its affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Commitment Letter and the Fee Letter and (ii) the Commitment Entities are acting solely as principals and not as the agents or fiduciaries of the Borrower, its management, equity holders, affiliates, creditors or any other person. The Borrower acknowledges and agrees that it has consulted its own legal, tax, investment, accounting and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. To the fullest extent permitted by law, the Borrower agrees that it will not bring any claim that the Commitment Entities have breached any fiduciary or similar duty to the Borrower with respect to the financing transactions contemplated hereby or owe a fiduciary or similar duty to the Borrower, in connection with such financing transactions or the process leading thereto. In addition, each Commitment Party may employ the services of its affiliates in providing services and/or performing its or their obligations hereunder and may, subject to Section 7, exchange with such affiliates information concerning the Borrower and other companies that may be the subject of this arrangement, and such affiliates will be entitled to the benefits afforded to such Commitment Party hereunder (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential). Notwithstanding the foregoing, nothing herein shall affect the Borrower's rights in respect of any separate engagement of any Commitment Party, including as financial advisor, in connection with the Transactions or any other matter.

You further acknowledge that certain of the Commitment Parties and/or their affiliates currently are acting as lenders and as the administrative agent under certain of the Borrower's credit agreements, and your and your affiliates' rights and obligations under any other agreement with any Commitment Party or any of its affiliates (including the Funded Debt Documents and the DIP Facility Credit Agreement (each as defined in the Plan)) that currently exist or hereafter may exist are, and shall be, separate and distinct from the rights and obligations of the parties pursuant to this Commitment Letter, and none of such rights and obligations under such other agreements shall be affected by any Commitment Party's performance or lack of performance of services hereunder. You hereby agree that each Commitment Party may render its services under this Commitment Letter notwithstanding any actual or potential conflict of interest presented by the foregoing, and you agree that you will not claim any conflict of interest relating to the relationship among such Commitment Party and you and your affiliates in connection with the commitments and services contemplated hereby, on the one hand, and the exercise by any Commitment Party or any of its affiliates of any of their rights and duties under any credit agreement or other

agreement (including the Funded Debt Documents and the DIP Facility Credit Agreement) on the other hand.

In addition, please note that the Commitment Entities do not provide accounting, tax or legal advice.

9. **Miscellaneous**.

Neither this Commitment Letter nor the Fee Letter may be amended or any term or provision hereof or thereof waived or otherwise modified except by an instrument in writing signed by each of the parties hereto or thereto, as applicable, and any term or provision hereof or thereof may be amended or waived only by a written agreement executed and delivered by all parties hereto or thereto.

The provisions set forth under Sections 3, 4, 5, 7 and 8 hereof (in each case other than any provision therein that expressly terminates upon execution of the Facility Documentation), this Section 9 and the provisions of the Fee Letter will remain in full force and effect regardless of whether the Facility Documentation is executed and delivered, except that the provisions of Sections 3 and 4 shall not survive if the commitments and undertakings of the Commitment Parties are terminated prior to the effectiveness of the Facility; *provided* that (x) the foregoing provisions in this paragraph (other than with respect to the provisions set forth in the Fee Letter and under Sections 7, 8 and this Section 9 hereof, which will remain in full force and effect notwithstanding the expiration or termination of this Commitment Letter or the Commitment Parties' respective commitments and agreements hereunder) shall be superseded in each case, to the extent covered thereby, by the applicable provisions contained in the Facility Documentation upon execution thereof and thereafter shall have no further force and effect and (y) the provisions of Sections 3 and 4 shall terminate on the Syndication Date.

Each of the parties hereto (for itself and its affiliates) agrees that any suit or proceeding arising in respect of this Commitment Letter or the Commitment Parties' commitments or agreements hereunder or the Fee Letter will be tried exclusively in (i) subject to clause (ii)(B), until the Effective Date (as defined in the Plan) of the Plan, the Bankruptcy Court and (ii)(A) thereafter or (B) if the Bankruptcy Court refuses to accept, or the Bankruptcy Court or any appellate court from the Bankruptcy Court determines in a final, non-appealable order that the Bankruptcy Court does not have, jurisdiction, any Federal court of the United States of America sitting in the Borough of Manhattan or, if that court does not have subject matter jurisdiction, in any state court located in the City and County of New York, and each party hereby submits to the exclusive jurisdiction of, and to venue in, such court. Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either the Commitment Parties' commitments or agreements or any matter referred to in this Commitment Letter or the Fee Letter is hereby waived by the parties hereto (to the fullest extent permitted by applicable law). Each of the parties hereto (for itself and its affiliates) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail or overnight courier addressed to any of the parties hereto at the addresses above shall be effective service of process against such party for any suit, action or proceeding brought in any such court. This Commitment Letter and the Fee Letter and any claim, controversy or dispute arising hereunder or thereunder will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

10. **PATRIOT Act Notification**.

The Commitment Parties hereby notify the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") and

the requirements of 31 C.F.R. § 1010.230 (the "**Beneficial Ownership Regulation**") the Commitment Parties and each Lender may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Commitment Parties and each Lender to identify the Borrower in accordance with the Patriot Act and the Beneficial Ownership Regulation. This notice is given in accordance with the requirements of the Patriot Act and is effective for the Commitment Parties and each Lender.

11. **Acceptance and Termination**.

Each of the parties hereto agrees that this Commitment Letter is a binding and enforceable agreement with respect to subject matter contained herein, including an agreement to negotiate in good faith the Facility Documentation by the parties hereto in a manner consistent with this Commitment Letter, it being acknowledged and agreed that the commitments provided hereunder by the Commitment Parties are subject to the conditions expressly set forth in Annex B hereto.

This Commitment Letter may be executed in any number of counterparts, each of which when executed will be an original, and all of which, when taken together, will constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (e.g., "pdf" or "tif") will be effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Fee Letter are the only agreements that have been entered into among the parties hereto with respect to the Facility and set forth the entire understanding of the parties with respect thereto and supersede any prior written or oral agreements among the parties hereto with respect to the Facility.

The Commitment Parties' commitments and agreements hereunder will terminate upon the first to occur of (i) the execution and delivery of the Facility Documentation by each of the parties thereto, (ii) the Effective Date of the Plan without using the loans under the Facility, (iii) 11:59 p.m., New York City time, on (A) June 30, 2020, if the Confirmation Order has not been entered prior to such time or (B) August 29, 2020, if the Closing Date has not occurred prior to such time, (iv)(A) the Plan or the Approval Order is amended or modified or any condition contained therein waived, in a manner that is adverse to the Commitment Parties in their capacities as such, in either case without the consent of (I) prior to the date that an additional "Commitment Party" becomes party to this Commitment Letter pursuant to a Joinder Agreement, the Commitment Parties party hereto on the date hereof (the "**Initial Commitment Parties**") and (II) thereafter, the Administrative Agent and the Commitment Parties holding 66 2/3% of the commitments hereunder in respect of the Facility (clauses (I) and (II), collectively, the "**Required Commitment Parties**") (such consent not to be unreasonably withheld, conditioned or delayed; *provided* that modifications to the Plan solely as a result of an increase in roll-over, "take-back" or reinstatement of any existing debt of the Debtors shall be deemed not to be adverse to the Commitment Parties for the purposes of this clause (A)), (B) any Plan Supplement or any Plan Document (each as defined in the Plan) that is adverse to the interests of the Commitment Parties in their capacities as such is filed or finalized without the consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed), (v) the Chapter 11 Case with respect to any Debtor is dismissed or converted to a proceeding under chapter 7 of the Bankruptcy Code, (vi) a trustee or examiner with enlarged powers (having powers beyond those set forth in section 1106(a)(3) and 1106(a)(4) of the Bankruptcy Code) is appointed with respect to any of the Debtors, (vii) there is in effect an order of a governmental authority of competent jurisdiction permanently restraining, enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by the Plan, or any law, statute, rule, regulation or ordinance is adopted that makes consummation of the transactions contemplated by the Plan illegal or otherwise prohibited; (viii) the Bankruptcy Court shall not have entered the motion filed with the Bankruptcy Court authorizing the Borrower's entry into and performance under this Commitment Letter, the Fee Letter and any related engagement letter (the "**Approval Order**"), in form and substance reasonably satisfactory to

the Commitment Parties, on or before November 20, 2019; (ix) the Debtors' aggregate liability with respect to Wildfire Claims (as defined in the Plan) is determined (whether (A) by the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes), (B) pursuant to an agreement between the Debtors and the holders of Wildfire Claims, or (C) through a combination thereof) to exceed $18.9 billion (the "**Wildfire Claims Cap**"); *provided, however,* that for purposes of this clause (ix), (1) any Wildfire Claim that the California Public Utilities Commission has approved or agreed to approve for recovery or pass through by the Utility shall not count in determining the Wildfire Claims Cap and (2) the Wildfire Claims Cap shall be increased by an amount equal to the amount of Wildfire Claims consisting of professional fees that the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes) determines to be reasonable; (x) (A) the occurrence of one or more wildfires within PG&E's service area after the Petition Date (as defined in the Plan) and prior to January 1, 2020 that is asserted by any person to arise out of the Debtors' activities and that destroys or damages more than 500 dwellings or commercial structures ("**Structures**"); *provided, however*, that any notice of termination under this clause (x)(A) must be given on or before January 15, 2020, or (B) the occurrence of one or more wildfires on or after January 1, 2020 destroying or damaging at least 500 Structures within PG&E's service area at a time when the portion of PG&E's system at the location of such wildfire was not successfully de-energized; (xi) the Debtors shall not have received at least $14,000 million of equity commitments by November 7, 2019 on terms reasonably satisfactory to the Commitment Parties, (xii) since June 30, 2019, a Material Adverse Effect shall have occurred; (xiii) the Debtors have failed to perform any of their obligations set forth in this Commitment Letter, which failure to perform (A) would give rise to the failure of the condition set forth in paragraph 1(a) or 1(d) on Annex B hereto and (B) is incapable of being cured or, if capable of being cured by June 30, 2020, the Debtors have not cured within 10 calendar days following receipt by the Debtors of written notice of such failure to perform from the Commitment Parties holding a majority of the commitments in respect of the Facility, (xiv) to the extent that there is a similar termination event under the BCLs as of the applicable date of determination, if at any time after the first day of the Confirmation Hearing (as defined in the Plan), asserted Administrative Expense Claims (as defined in the Plan) exceed $250 million (excluding all ordinary course Administrative Expense Claims, Professional Fee Claims, and Disallowed Administrative Expense Claims (in each case, as defined in the Plan) and including for the avoidance of doubt, any such expenses or claims with respect to the Facility) and (xv) on or prior to June 30, 2020, the Borrower shall not have received from the CPUC all necessary approvals, authorizations and final orders to implement the Plan, and to participate in the Go-Forward Wildfire Fund, including (i) provisions pertaining to authorized return on equity and regulated capital structure, (ii) a disposition of proposals for certain potential changes to PG&E's corporate structure and authorizations for the Utility to operate as a utility, (iii) resolution of claims for monetary fines or penalties under the California Public Utilities Code for conduct prior to the Petition Date and (iv) approval (or exemption from approval) of the financing structure and the securities to be issued under the Plan; (the earliest date in clauses (ii) through (xv) being the "**Commitment Termination Date**"); *provided* that the termination of any commitment pursuant to this sentence does not prejudice your rights and remedies in respect of any breach of this Commitment Letter. You will have the right to terminate this Commitment Letter in the event that the Debtor's exclusive periods to file and solicit acceptances of a plan of reorganization are terminated or modified.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to JPMorgan an executed copy of this Commitment Letter, together, if not previously executed and delivered, with an executed copy of the Fee Letter, on or before 11:59 p.m., New York City time, on October 11, 2019, whereupon this Commitment Letter and the Fee Letter will become binding agreements between us. This offer will terminate on such date if this Commitment Letter and the Fee Letter have not been signed and returned as described in the preceding sentence. We look forward to working with you on this transaction.

[Remainder of page intentionally left blank]

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: _____

Name: Sandeep S. Parihar
Title: Executive Director

BofA SECURITIES, INC.

By: 

Name: Sanjay Rijhwani
Title: Managing Director

BANK OF AMERICA, N.A.

By: 

Name: Sanjay Rijhwani
Title: Managing Director

BARCLAYS BANK PLC

By: _____
Name: Sydney G. Dennis
Title: Director

[Signature Page to Commitment Letter (Utility)]

CITIGROUP GLOBAL MARKETS INC.

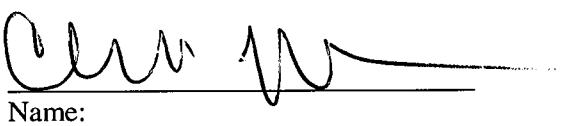
By: _____
Name: Carolyn Kee
Title: Managing Director

GOLDMAN SACHS BANK USA

By: 

Name:
Title: Charles D. Johnston
Authorized Signatory

GOLDMAN SACHS LENDING PARTNERS LLC

By: 

Name:
Title: Charles D. Johnston
Authorized Signatory

ACCEPTED AND AGREED AS OF
THE DATE FIRST WRITTEN ABOVE:

PG&E CORPORATION

By: _____
Name:
Title:

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

Pacific Gas and Electric Company
$27,350 Million Senior Secured 364-Day Facility
Summary of Principal Terms[1]

Borrower:	Pacific Gas and Electric Company, a California corporation (the "**Utility**"), or any domestic entity formed to hold all of the assets of the Utility upon emergence from bankruptcy (the "**Borrower**").
Guarantors:	None.
Security:	The Borrower's obligations under the Facility and under any cash management, interest protection or other hedging arrangements entered into by the Borrower with a Lender, an affiliate of a Lender or any person that was a Lender or an affiliate of a Lender at the time such arrangements were entered into (each, a "**Counterparty**") will be secured, from and after the Closing Date, either directly or indirectly through a first mortgage bond on terms and conditions reasonably satisfactory to the Administrative Agent, by a first-priority security interest in substantially all of the present and after-acquired assets of the Borrower (subject to permitted liens and other customary exceptions and limitations on perfection steps and thresholds to be agreed, the "**Collateral**").
Administrative Agent:	JPMorgan Chase Bank, N.A. ("**JPMorgan**") will act as sole administrative agent and collateral agent (collectively, in such capacity, the "**Administrative Agent**") for a syndicate of banks, financial institutions and other institutional lenders approved in accordance with the Commitment Letter (together with JPMorgan, the "**Lenders**", and together with the Administrative Agent, the Arrangers and the Counterparties, the "**Secured Parties**"), and will perform the duties customarily associated with such role.
Joint Bookrunners and Joint Lead Arrangers:	JPMorgan, BofA, Barclays, Citi and GS Bank will act as joint bookrunners and joint lead arrangers for the Facility described below (in such capacities, the "**Arrangers**"), and will perform the duties customarily associated with such roles.
Co-Syndication Agents:	BofA, Barclays, Citi and GS Bank will act as co-syndication agents for the Facility and will perform the duties customarily associated with such roles.
Facility:	A senior secured bridge term loan credit facility in an aggregate principal amount of $27,350 million (the "**Facility**").
Purpose:	The proceeds of the Facility will be used by the Borrower in accordance with the Plan to finance a portion of the Transactions, including to repay existing indebtedness of the Borrower and its affiliates, and to pay related fees and expenses.

[1]All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Annex A is attached, including Annex B thereto, unless otherwise specified.

Availability:	One drawing may be made under the Facility on the closing date of the Facility upon satisfaction of the conditions to funding described in Annex B to this Commitment Letter (the "**Closing Date**"). Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.
Interest Rates and Fees:	As set forth in Annex A-I hereto.
Final Maturity and Amortization:	The Facility will mature on the day that is 364 days after the Closing Date (the "**Maturity Date**"). There will be no scheduled amortization payments.
Mandatory Prepayments and Commitment Reductions:	On or prior to the Closing Date, the aggregate commitments in respect of the Facility under the Commitment Letter or under the Facility Documentation (as applicable) shall be automatically and permanently reduced, and after the Closing Date, the aggregate principal amount of loans under the Facility shall be prepaid, in each case without penalty or premium and on a dollar-for-dollar basis, by the following amounts (without duplication): (a) 100% of the Net Cash Proceeds (as defined below) of all asset sales or other dispositions of property by PG&E, the Borrower and their respective subsidiaries and any insurance and condemnation proceeds, other than (i) sales or other dispositions of assets in the ordinary course of business, (ii) sales or other dispositions of obsolete or worn-out property and property no longer used or useful in the business, (iii) intercompany transfers among PG&E, the Borrower and their respective subsidiaries, (iv) sales or other dispositions of assets the Net Cash Proceeds of which do not exceed $10,000,000 in any single transaction or series of related transactions, (v) other sales or other dispositions of assets the Net Cash Proceeds of which do not exceed an aggregate amount of $100,000,000, and (vi) Net Cash Proceeds of any casualty or condemnation event that are reinvested or committed to be reinvested to replace or repair the affected assets within twelve months after the receipt of such proceeds; (b) 100% of the Net Cash Proceeds received by PG&E, the Borrower or any of their respective subsidiaries from (i) any issuance of debt securities (including the Notes) or other debt for borrowed money (including pursuant to any bank or other credit facility and including the Net Cash Proceeds of any securitization securities or facilities) (other than Excluded Debt (as defined below) and amounts referred to in clause (c) below) (collectively, "**Specified Debt**") and (ii) any issuance of equity securities (including shares of its common stock or preferred equity or equity-linked securities) (other than Excluded Equity Offerings (as defined below)); and (c) 100% of the committed amount under any Qualifying Bank Financing (as defined below), excluding up to $7,000 million under

any Qualifying Bank Financing of PG&E;

provided, *however*, that until such time as the Backstop Commitments (as defined in those certain Chapter 11 Plan Backstop Commitment Letters (the "**BCLs**"), as in effect on the date hereof) have been reduced to $0, except as contemplated by the proviso to the Excluded Debt definition below, the commitments in respect of the Facility shall not be reduced by any cash proceeds from any Additional Capital Source (as defined in the BCLs, as in effect on the date hereof) to the extent that such cash proceeds also reduce the Backstop Commitments.

Mandatory prepayments or reductions under clause (a) and (b) above, or the proviso to the Excluded Debt definition below, may be applied, at the option of the Borrower, either to prepay loans or reduce commitments under the Facility and that certain senior unsecured bridge facility of PG&E described in the commitment letter dated as of the date hereof among PG&E, the Borrower, JPMorgan and the other "Commitment Parties" party thereto (such facility, the "**PG&E Facility**"), provided that (i) the Borrower may not prepay loans or reduce commitments under the Facility without prepaying or reducing the PG&E Facility on a pro rata basis and (ii) Net Cash Proceeds of any Notes issued by the Borrower shall be applied to prepay loans or reduce commitments under the Facility before being applied to prepay or reduce the PG&E Facility. The application of Net Cash Proceeds received by the Utility to prepay or reduce the PG&E Facility shall be subject to requisite regulatory approvals (and such Net Cash Proceeds shall be applied to prepay or reduce the Facility to the extent not permitted to be applied to prepay or reduce the PG&E Facility). For the avoidance of doubt, each dollar from a mandatory prepayment or reduction event described under this heading shall be applied to reduce either (but not both) of the commitments under the Facility or the commitments under the PG&E Facility, or to prepay either (but not both) the loans under the Facility or the loans under the PG&E Facility, in each case in accordance with the terms described under this heading.

Furthermore, the obligations of the Commitment Parties to fund on the Closing Date in respect of the Facility under the Commitment Letter or under the Facility Documentation (as applicable) shall be automatically and permanently reduced, without penalty or premium and on a dollar-for-dollar basis, by (without duplication of any of the clauses above) the aggregate principal amount of any roll-over, "take-back" or reinstated debt (the "**Surviving Debt**") of the Borrower or its subsidiaries.

"**Net Cash Proceeds**" shall mean:

(a) with respect to a sale or other disposition of any assets of the Borrower, PG&E or any of their respective subsidiaries, the excess, if any, of (i) the cash actually received in connection therewith

(including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) payments made to retire any debt that is secured by such asset or that is required to be repaid in connection with the sale thereof (other than loans under the Facility), (B) the fees and expenses incurred by the Borrower, PG&E or any of their respective subsidiaries in connection therewith, (C) taxes paid or reasonably estimated to be payable in connection with such transaction, (D) the amount of any rebates or credits required to be applied to benefit ratepayers as a result of a reduction in the rate base as a result of the sale or disposition of the 77 Beale Street, San Francisco property or any hydroelectric generation assets; provided that the Facility will provide that not more than $750 million of hydroelectric generation assets may be disposed of, and (E) the amount of reserves established by the Borrower, PG&E or any of their respective subsidiaries in good faith and pursuant to commercially reasonable practices for adjustment in respect of the sale price of such asset or assets in accordance with applicable generally accepted accounting principles; *provided* that if the amount of such reserves exceeds the amounts charged against such reserve, then such excess, upon determination thereof, shall then constitute Net Cash Proceeds;

(b) with respect to the incurrence, issuance, offering or placement of debt securities or other debt for borrowed money, the excess, if any, of (i) cash actually received by the Borrower, PG&E and their respective subsidiaries in connection with such incurrence, issuance, offering or placement over (ii) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower, PG&E and their respective subsidiaries in connection with such incurrence, issuance, offering or placement; and

(c) with respect to the issuances of equity interests, the excess of (i) the cash actually received by the Borrower, PG&E and their respective subsidiaries in connection with such issuance over (ii) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower, PG&E or any of their respective subsidiaries in connection with such issuance.

"**Excluded Debt**" shall mean (i) intercompany indebtedness of the Borrower, PG&E or any of their respective subsidiaries, (ii) ordinary-course purchase money indebtedness, facility and equipment financings, other debt incurred in the ordinary course of business for capital expenditures and working capital purposes, financial leases or capital lease obligations, overdraft protection, ordinary course letter of credit facilities, hedging and cash management, and similar obligations, (iii) borrowings under the Revolving Credit Facility up to an aggregate amount not to exceed $3,500 million, (iv) revolving borrowings under the DIP Facility Credit Agreement (as defined in the Plan) (or refinancings thereof) up to an aggregate amount not to exceed the amount of the

revolving commitments in effect thereunder on the date of the Commitment Letter, (v) incremental facilities under the DIP Facility Credit Agreement (or refinancings thereof) or any new debtor-in-possession facilities, in either case that are to be paid in full in cash at emergence from the Chapter 11 Cases, (vi) securitization securities or facilities contemplated by the Plan, and (vii) issuances of debt by PG&E in a principal amount not to exceed $7,000 million and debt or unfunded commitments under a revolving credit facility to be entered into by PG&E in an amount not to exceed $500 million, in each case as contemplated by the Plan; *provided* that, notwithstanding the foregoing, if (A) the aggregate principal amount of Specified Debt issued or incurred by the Borrower or its subsidiaries plus the aggregate principal amount of Excluded Debt issued or incurred by the Borrower or its subsidiaries pursuant to clause (iv), (v) or (vi) plus the principal amount of Surviving Debt of the Borrower or its subsidiaries exceeds $30,000 million, or (B) the aggregate principal amount of Specified Debt issued or incurred by PG&E plus the aggregate principal amount of Excluded Debt issued or incurred by PG&E pursuant to clause (vi) or (vii) plus the principal amount of Surviving Debt of PG&E exceeds $7,000 million, then in either case the commitments with respect to the Facility shall be reduced, or the loans under the Facility shall be prepaid, by an equivalent amount (for the avoidance of doubt, until such commitments or the aggregate principal amount of such loans, in either case, equal zero).

"**Excluded Equity Offerings**" shall mean (i) issuances pursuant to employee compensation plans, employee benefit plans, employee based incentive plans or arrangements, employee stock purchase plans, dividend reinvestment plans and retirement plans or issued as compensation to officers and/or non-employee directors or upon conversion or exercise of outstanding options or other equity awards, (ii) issuances of directors' qualifying shares and/or other nominal amounts required to be held by persons other than PG&E, the Borrower and their respective subsidiaries under applicable law, (iii) issuances to or by the Borrower or any subsidiary of the Borrower to PG&E, the Borrower or any other subsidiary of the Borrower (including in connection with existing joint venture arrangements), (iv) any equity issued pursuant to the Plan in an aggregate amount not to exceed $14,000 million and (v) additional exceptions to be agreed.

"**Qualifying Bank Financing**" shall mean a committed but unfunded bank or other credit facility for the incurrence of debt for borrowed money by PG&E or the Borrower that has become effective for the purposes of financing the Transactions (excluding, for the avoidance of doubt, the Facility), subject to conditions to funding that are, in the written determination of the Borrower, no less favorable to the Borrower than the conditions to the funding of the Facility set forth herein.

In addition, the aggregate commitments in respect of the Facility shall be permanently reduced to zero on the Commitment Termination Date.

The Borrower shall provide the Administrative Agent with prompt written notice of any mandatory prepayment or commitment reduction being required hereunder.

Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.

Voluntary Prepayments and Reductions in Commitments: Prepayments of borrowings under the Facility will be permitted at any time, in whole or in part and in minimum principal amounts to be agreed upon, without premium or penalty, subject to reimbursement of the Lenders' redeployment costs in the case of a prepayment of Adjusted LIBOR borrowings other than on the last day of the relevant interest period. The Borrower may voluntarily reduce unutilized portions of the commitments under the Facility at any time without penalty.

Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.

Documentation: The making of the loans under the Facility will be governed by definitive loan and related agreements and documentation (collectively, the "**Facility Documentation**" and the principles set forth in this paragraph, the "**Documentation Principles**") to be negotiated in good faith, which will be based on the Borrower's Second Amended and Restated Credit Agreement, dated as of April 27, 2015, among the Borrower, the financial institutions from time to time party thereto and Citibank, N.A., as administrative agent (as amended from time to time prior to the date hereof, the "**Pre-Petition Credit Agreement**"). The Facility Documentation will contain only those representations and warranties, affirmative and negative covenants, mandatory prepayments and commitment reductions, and events of default expressly set forth in the Commitment Letter (including this Annex A). The Facility Documentation shall include modifications to the Pre-Petition Credit Agreement (a) as are necessary to reflect the terms set forth in the Commitment Letter (including this Annex A) and the Fee Letter, (b) to reflect any changes in law or accounting standards since the date of the Pre-Petition Credit Agreement, (c) to reflect the operational or administrative requirements of the Administrative Agent and operational requirements of the Borrower and its subsidiaries, (d) to reflect the nature of the Facility as a bridge facility, (e) to reflect the Borrower's pro forma capital structure, (f) to reflect certain provisions in the DIP Facility Credit Agreement to be agreed and (g) to reflect the terms of the Plan.

Representations and Warranties: The Facility Documentation will contain only the following representations and warranties, which shall be made on the effectiveness of the Facility Documentation (the "**Facility**

	Documentation Effective Date") and on the Closing Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): financial condition, no change, existence; compliance with law; power; authorization; enforceable obligations; no legal bar; litigation; no default; taxes; federal regulations; ERISA; investment company act and other regulations; use of proceeds; environmental matters; no EEA financial institution; regulatory matters; solvency (after giving effect to the Transactions, with "solvency" to be defined consistent with the solvency certificate attached hereto as Annex B-1); validity of security interests; full disclosure; beneficial ownership certification; anti-corruption and sanctions; ownership of property; subsidiaries; and intellectual property.
Conditions to Borrowing on the Closing Date:	The borrowing under the Facility on the Closing Date will be subject to the conditions expressly set forth in Annex B to the Commitment Letter (the "**Funding Conditions**").
Affirmative Covenants:	The Facility Documentation will contain only the following affirmative covenants, which shall become effective on the Facility Documentation Effective Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): financial statements, certificates and other information, payment of taxes, maintenance of existence, compliance, maintenance of property, insurance, inspection of property, books and records, discussions, notices, maintenance of licenses, further assurances with respect to collateral, and maintenance of ratings (but, for the avoidance of doubt, not any particular rating).
Negative Covenants:	The Facility Documentation will contain only the following negative covenants, which shall become effective on the Facility Documentation Effective Date, and be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): liens (modified to reflect stand-alone exceptions to be agreed, including the Facility and the Notes), fundamental changes, debt (with exceptions to be agreed, including debt for borrowed money (including the Facility and the Notes) not to exceed $30,000 million and the Revolving Credit Facility), modifications of organizational documents, sale leaseback transactions, swap agreements, and change of fiscal year.
Financial Covenants:	Subject to the Documentation Principles, maintenance of a maximum Consolidated Capitalization Ratio of less than or equal to 0.65 to 1.00, calculated in accordance with (and capitalized terms to have the meaning set forth in) the Pre-Petition Credit Agreement.
Events of Default:	The Facility Documentation will contain only the following events of default, which shall be based on those in the Pre-Petition Credit Agreement (subject to the Documentation Principles): nonpayment of principal when due; nonpayment of interest or other amounts after a grace period of five business days; material inaccuracy of

representations and warranties; Facility Documentation ceasing to be in full force and effect or any Borrower party thereto so asserting; violation of covenants (subject, in the case of certain affirmative covenants, to a grace period of 30 days); cross-default with respect to material indebtedness; bankruptcy events (from and after the Closing Date); certain ERISA events; material judgments; actual or asserted invalidity of security documents representing a material portion of the collateral; and a change of control (to be defined in a manner to be agreed).

Voting: Subject to the Documentation Principles and based on the Pre-Petition Credit Agreement, including all lender vote for the release of all or substantially all of the Collateral.

Cost and Yield Protection: Usual and customary for facilities and transactions of this type, including customary tax gross-up provisions (including but not limited to provisions relating to Dodd-Frank and Basel III), but subject to the Documentation Principles and based on the Pre-Petition Credit Agreement.

Assignments and Participations: Subject to the Documentation Principles and based on the Pre-Petition Credit Agreement as follows:

Prior to the Closing Date, the Lenders will not be permitted to assign commitments under the Facility to any Person except in accordance with the terms of the syndication provisions in the Commitment Letter.

From and after the Closing Date, the Lenders will be permitted to assign loans under the Facility to eligible assignees subject to the consent of the Borrower (not to be unreasonably withheld or delayed); *provided* that no such consent shall be required with respect to any assignment (x) to a Lender, an affiliate of a Lender or an approved fund, (y) to an Approved Lender or (z) if a payment or bankruptcy (from and after the Closing Date) event of default shall have occurred and be continuing; *provided, further*, that such consent shall be deemed to have been given if the Borrower shall not have responded to a written request for consent within 10 business days. All assignments shall require the consent of the Administrative Agent (not to be unreasonably withheld or delayed). Each assignment shall be accompanied by the payment of a $3,500 assignment processing fee to the Administrative Agent (which fee may be waived by the Administrative Agent in its sole discretion).

Lenders may sell participations without the consent of any person, so long as any such participation does not create rights in participants to approve amendments or waivers, except in respect of certain customary matters consistent with the Pre-Petition Credit Agreement.

Defaulting Lenders: The Facility Documentation will contain customary "defaulting Lender" provisions, including the suspension of voting rights and

rights to receive certain fees, and the termination or assignment of commitments or loans of defaulting Lenders; *provided* that such provisions shall be subject to the Documentation Principles and be based on the Pre-Petition Credit Agreement.

Expenses and Indemnification: Subject to the limitations set forth in Section 5 of the Commitment Letter, the Borrower shall pay (a) all reasonable, documented and invoiced out-of-pocket expenses of the Administrative Agent and the Arrangers associated with the syndication of the Facility and the preparation, execution, delivery and administration of the Facility Documentation and any amendment or waiver with respect thereto (including the reasonable, documented and invoiced fees, disbursements and other charges of one primary counsel, one regulatory counsel, one special bankruptcy counsel and one additional local counsel in each applicable jurisdiction) and (b) all reasonable, documented and invoiced out-of-pocket expenses of the Administrative Agent and the Lenders (including the reasonable, documented and invoiced fees, disbursements and other charges of counsel referred to in clause (a) above and additional conflicts counsel, subject to the Counsel Limitations) in connection with the enforcement of the Facility Documentation.

The Administrative Agent, the Arrangers and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent determined by a court of competent jurisdiction by a final and non-appealable judgment to have resulted from (x) the gross negligence, bad faith or willful misconduct of the indemnified party or any of its affiliates, (y) such party's or any of its affiliates' material breach of the Facility Documentation or (z) disputes among Lenders not arising from the Company's breach of its obligations under the Facility Documentation (other than a dispute involving a claim against an indemnified party for its acts or omissions in its capacity as an arranger, bookrunner, agent or similar role in respect of the Facility, except, with respect to this clause (z), to the extent such acts or omissions are determined by a court of competent jurisdiction by a final and non-appealable judgment to have constituted the gross negligence, bad faith or willful misconduct of such indemnified party in such capacity)).

Governing Law and Forum: New York.

Arranger's and Administrative Agent's Counsel: Davis Polk & Wardwell LLP.

Miscellaneous: The Facility Documentation will contain customary European Union "bail-in" provisions and customary provisions pertaining to division of limited liability companies and the QFC stay rules. The Lenders

will provide customary representations as to their fiduciary status under ERISA.

Interest Rates:

The interest rates under the Facility will be, at the option of the Borrower, (a) Adjusted LIBO Rate plus the Applicable Adjusted LIBO Rate Margin (each as defined below) or (b) ABR (as defined below) plus the Applicable Adjusted LIBO Rate Margin minus 1.00% (but in any event not less than 0.00%).

The Borrower may elect interest periods of 1, 2, 3 or 6 months for Adjusted LIBO Rate borrowings. Calculation of interest shall be on the basis of the actual number of days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans based on the prime rate) and interest shall be paid in arrears (i) at the end of each interest period and no less frequently than quarterly, in the case of Adjusted LIBO Rate advances, and (ii) quarterly, in the case of ABR advances.

"**ABR**" is the Alternate Base Rate, which is the greatest of (i) the Prime Rate, (ii) the NYFRB Rate from time to time plus 0.5% and (iii) the Adjusted LIBO Rate for a one month interest period on the applicable date plus 1%.

"**Adjusted LIBO Rate**" means the LIBO Rate, as adjusted for statutory reserve requirements for eurocurrency liabilities.

"**Interpolated Rate**" means, at any time, for any interest period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which the LIBO Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time; *provided* that if any Interpolated Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of the Facility Documentation.

"LIBO Rate" means, with respect to any Eurocurrency borrowing for any applicable currency and for any interest period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two business days prior to the commencement of such interest period; *provided* that if the LIBO Screen Rate shall not be available at such time for such interest period (an "**Impacted Interest Period**") with respect to the applicable currency then the LIBO

Rate shall be the Interpolated Rate.

"**LIBO Screen Rate**" means, for any day and time, with respect to any Eurocurrency borrowing for any applicable currency and for any interest period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for the relevant currency for a period equal in length to such interest period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); *provided* that if the LIBO Screen Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of calculating such rate.

"**NYFRB**" means the Federal Reserve Bank of New York.

"**NYFRB Rate**" means, for any day, the greater of (i) the Federal Funds Effective Rate in effect on such day and (ii) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a business day, for the immediately preceding business day); *provided* that if none of such rates are published for any day that is a business day, the term "NYFRB Rate" means the rate quoted for such day for a federal funds transaction at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; *provided*, *further*, that if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of the Facility Documentation.

"**Overnight Bank Funding Rate**" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding business day by the NYFRB as an overnight bank funding rate.

"**Prime Rate**" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate,

the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined reasonably and in good faith by the Administrative Agent) or in any similar release by the Federal Reserve Board (as determined reasonably and in good faith by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

LIBO Rate Replacement: The Facility Documentation shall contain customary provisions for the replacement of the LIBO Rate.

Applicable Adjusted LIBO Rate Margin:

Public Debt Rating[2]	**BBB+/Baa1**	**BBB/Baa2**	**BBB-/Baa3**	**BB+/Ba1 or worse**
Closing Date until 89 days following the Closing Date	1.125%	1.375%	1.50%	1.75%
90th day following the Closing Date until 179th day following the Closing Date	1.375%	1.625%	1.75%	2.00%
180th day following the Closing Date until 269th day following the Closing Date	1.625%	1.875%	2.00%	2.25%
From the 270th day following the Closing Date	1.875%	2.125%	2.25%	2.50%

At any time when the Borrower is in default in the payment

[2]Based on public ratings from S&P and Moody's for senior secured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other person or subsidiary and not supported by any other credit enhancement (the "Public Debt Rating"). Split ratings to be handled consistently with the Pre-Petition Credit Agreement except that if the rating differential is 2 levels or more, the rating level that would apply at the rating one level below the higher rating shall apply.

Default Rate:	of any amount of principal due under the Facility, the overdue amount shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to ABR loans.
Ticking Fees:	Ticking fees ("**Ticking Fee**") equal to 0.175% per annum times the actual daily undrawn commitments under the Facility (as such amounts shall be adjusted to give effect to any voluntary or mandatory reductions of the commitments in accordance with the terms hereof) will accrue during the period commencing on the date that is the later of the Facility Documentation Effective Date and 90 days after the date of the Commitment Letter and ending on and including the earlier of (x) the Closing Date and (y) the date of termination of the commitments under the Facility, for the account of each Lender in arrears quarterly and on the earlier of the Closing Date and the date of termination of the commitments under the Facility.
Duration Fees:	The Borrower will pay a fee (the "**Duration Fee**"), for the ratable benefit of the Lenders, in an amount equal to (i) 0.50% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 90 days after the Closing Date, due and payable in cash on such 90th day (or if such day is not a business day, the next business day); (ii) 0.75% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 180 days after the Closing Date, due and payable in cash on such 180th day (or if such day is not a business day, the next business day); and (iii) 1.00% of the aggregate principal amount of the loans under the Facility outstanding on the date which is 270 days after the Closing Date, due and payable in cash on such 270th day (or if such day is not a business day, the next business day).

$27,350 Million Senior Secured 364-Day Facility
Conditions[3]

The borrowing under the Facility shall be subject to the satisfaction or waiver by the Commitment Parties of the following conditions:

1. (a) The Bankruptcy Court shall have entered (x) the Approval Order and (y) a confirmation order confirming the Plan with respect to the Debtors in form and substance reasonably satisfactory to the Required Commitment Parties (the "**Confirmation Order**") by no later than June 30, 2020, each of which shall (i) not be stayed, (ii) be in full force and effect, (iii) be final and non-appealable, and (iv) not have been reversed, vacated, amended, supplemented, or otherwise modified in a manner adverse to the interests of the Commitment Parties without the consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed; *provided* modifications to the Plan solely as a result of an increase in roll-over, "take-back" or reinstatement of any existing debt of the Debtors shall be deemed not to be adverse to the Commitment Parties for the purposes of this clause (iv)), (b) none of the Plan, the Confirmation Order or the Approval Order shall have been amended or modified or any condition contained therein waived, in either case without the consent the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed), (c) the Plan shall have become effective in accordance with its terms no later than 60 days after the entry of the Confirmation Order, and all conditions precedent to the effectiveness of the Plan shall have been, or substantially contemporaneously with the closing under the Facility, will be, satisfied or waived (to the extent adverse to their interests, with the prior consent of the Required Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed)), (d) the transactions as described and defined in the Plan to occur upon the Effective Date of the Plan shall have been consummated, or substantially concurrently with the closing of the Facility will be consummated, on the Closing Date, (e) the Debtors shall be in compliance in all material respects with the Confirmation Order and (f) all documents necessary to implement the Plan and the financings and distributions contemplated thereunder shall have been executed (each, to the extent adverse to their interests, in form and substance reasonably acceptable to the Required Commitment Parties).

2. (x) The Arrangers shall have received (a) U.S. GAAP audited consolidated balance sheets and related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows of the Borrower and its subsidiaries for the three most recent fiscal years ended at least 60 days prior to the Closing Date and (b) U.S. GAAP unaudited consolidated balance sheets and related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows of the Borrower and its subsidiaries for each subsequent fiscal quarter ended at least 40 days before the Closing Date (other than the last fiscal quarter of any fiscal year); *provided* that in each case the financial statements required to be delivered by this paragraph 2(x) shall meet the requirements of Regulation S-X under the Securities Act, and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a registration statement on Form S-1, in all material respects. The Arrangers hereby acknowledges receipt of the financial statements of the Utility in the foregoing clause (a) for the fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016, and in the foregoing clause (b) for the fiscal quarters ended June 30, 2019 and March 31, 2019. The Borrower's filing of any required audited financial statements with respect to the Borrower on Form 10-K or required unaudited financial statements with respect to the Borrower on Form 10-Q, in each case, will satisfy the requirements under clauses (a) or (b), as applicable, of this paragraph.

[3]All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this Annex B is attached, including Annex A thereto.

(y) The Arrangers shall have received a pro forma consolidated balance sheet and a related pro forma consolidated statement of income of the Borrower and its subsidiaries (based on the financial statements referred to in paragraph above) as of and for the twelve-month period ending on the last day of the most recently completed four-fiscal quarter period ended at least 40 days before the Closing Date, or, if the most recently completed fiscal period is the end of a fiscal year, ended at least 60 days before the Closing Date (regardless of when such pro forma financial statements may be required to be filed with the SEC), prepared after giving effect to the Transactions (including, to the extent required by applicable accounting standards, the application of fresh start accounting) as if they had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other statement of income) which shall meet the requirements of Regulation S-X under the Securities Act and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a registration statement on Form S-1, in all material respects; *provided*, *however*, to the extent such pro forma financial statements are filed by the Borrower with the SEC, the condition set forth in this paragraph (y) shall be deemed satisfied.

3. The representations and warranties in the Facility Documentation shall be true and correct in all material respects (provided, that any such representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be accurate in all respects and that any such representation or warranty that specifically refers to an earlier date shall be true and correct in all material respects (or in all respects, as the case may be) as of such earlier date) and no default or event of default shall be in existence at the time of, or after giving effect to the making of, the making of loans to the Borrower on the Closing Date.

4. The execution and delivery by the Borrower of the Facility Documentation consistent with the terms set forth or referred to in this Commitment Letter (but taking into account the market flex provisions set forth in the Fee Letter) shall have occurred.

5. The Administrative Agent shall have received customary legal opinions of counsel to the Borrower, corporate organizational documents of the Borrower, a good standing certificate of the Borrower from the jurisdiction of organization of the Borrower, resolutions and a customary closing certificate of the Borrower, and a customary borrowing notice, in each case as are customary for transactions of this type (collectively, the "**Closing Deliverables**").

6. The Administrative Agent shall have received a solvency certificate from the chief financial officer of the Borrower in substantially the form of Annex B-I hereto.

7. The Arrangers and the Lenders shall have received all fees and, to the extent invoiced at least three business days prior to the Closing Date, expenses required to be paid on or prior to the Closing Date pursuant to the Fee Letter or the Facility Documentation.

8. The Arrangers shall have received, at least three business days prior to the Closing Date (to the extent requested in writing at least ten business days prior to the Closing Date), all documentation and other information with respect to the Borrower that the Arrangers reasonably determines is required by United States regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act and, to the extent applicable, the Beneficial Ownership Regulation.

9. All documents and instruments required to perfect the Administrative Agent's security interests in the Collateral securing the Facility (including any pledged first mortgage bonds) shall have been executed and delivered by the Borrower and if applicable, be in proper form for filing and, with

respect to any real property that constitutes Collateral, the Commitment Parties shall be satisfied that flood insurance due diligence and flood insurance compliance has been completed.

10. The Borrower shall have received investment grade senior secured debt ratings of (i) in the case of Moody's, Baa3 or better and (ii) in the case of S&P, BBB- or better and in each case, with a stable or better outlook.

11. Total PG&E weighted average earning rate base (including electric generation, electric transmission, electric distribution, gas distribution, gas transmission and storage) for estimated 2021 as approved by the California Public Utilities Commission (the "**CPUC**") shall be no less than 95% of $48 billion.

12. Since June 30, 2019, no result, occurrence, fact, change, event, effect, violation, penalty, inaccuracy or circumstance (whether or not constituting a breach of a representation, warranty or covenant set forth in the Plan) that, individually or in the aggregate with any such other results, occurrences, facts, changes, events, effects, violations, penalties, inaccuracies, or circumstances, (i) would have or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, capitalization, financial performance, financial condition or results of operations, in each case, of the Debtors, taken as a whole, or (ii) would reasonably be expected to prevent or materially delay the ability of the Debtors to consummate the transactions contemplated by this Commitment Letter or the Plan or perform their obligations hereunder or thereunder, including their obligations under the Facility or the PG&E Facility (each a "***Material Adverse Effect***") shall have occurred; *provided*, *however*, that none of the following results, occurrences, facts, changes, events, effects, violations, penalties, inaccuracies or circumstances shall constitute or be taken into account in determining whether a Material Adverse Effect has occurred, is continuing or would reasonably be expected to occur: (A) the filing of the Chapter 11 Cases, and the fact that the Debtors are operating in bankruptcy, (B) results, occurrences, facts, changes, events, violations, inaccuracies or circumstances affecting (1) the electric or gas utility businesses in the United States generally or (2) the economy, credit, financial, capital or commodity markets, in the United States or elsewhere in the world, including changes in interest rates, monetary policy or inflation, (C) changes or prospective changes in law (other than any law or regulation of California or the United States that is applicable to any electrical utility) or in GAAP or accounting standards, or any changes or prospective changes in the interpretation or enforcement of any of the foregoing, (D) any decline in the market price, or change in trading volume, of any securities of the Debtors, (E) any failure to meet any internal or public projections, forecasts, guidance, estimates, milestones, credit ratings, budgets or internal or published financial or operating predictions of revenue, earnings, cash flow or cash position, (F) any wildfire occurring after the Petition Date and prior to January 1, 2020, and (G) one or more wildfires, occurring on or after January 1, 2020, that destroys or damages fewer than 500 Structures in the aggregate (it being understood that (I) the exceptions in clauses (D) and (E) shall not prevent or otherwise affect a determination that the underlying cause of any such change, decline or failure referred to therein is a Material Adverse Effect, and (II) a Material Adverse Effect shall include the occurrence of one or more wildfires on or after January 1, 2020 destroying or damaging at least 500 Structures within PG&E's service area at a time when the portion of PG&E's system at the location of such wildfire was not successfully de-energized.

13. The Debtors' aggregate liability with respect to Wildfire Claims shall be determined (whether (i) by the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes), (ii) pursuant to an agreement between the Debtors and the holders of Wildfire Claims, or (iii) through a combination thereof) not to exceed the Wildfire Claims Cap; *provided*, *however*, that for purposes of this paragraph 13, (A) any Wildfire Claim that the CPUC has approved or agreed to approve for recovery or pass through by the Utility shall not count in determining the Wildfire Claims Cap and (B) the Wildfire Claims Cap shall be increased by an amount equal to the amount of

Wildfire Claims consisting of professional fees that the Bankruptcy Court (or the District Court to which the reference has been partially withdrawn for estimation purposes) determines to be reasonable.

14. PG&E shall have received at least $14,000 million of proceeds from the issuance of equity, on terms acceptable to each Commitment Party in its sole discretion, provided that up to $2,000 million of such proceeds shall be permitted to come from the proceeds of preferred equity, equity-linked securities or securitizations issued by PG&E or the Utility, so long as such issuance could not reasonably be expected to negatively impact cash distributions to PG&E or distributions that will be available to service debt at PG&E.

15. The Utility has both (i) elected, and received Bankruptcy Court approval, to participate in the Go-Forward Wildfire Fund (as defined in the Plan) and (ii) satisfied the other conditions to participation in the Go-Forward Wildfire Fund set forth in the Wildfire Legislation (as defined in the Plan).

16. PG&E shall own directly 100% of the common stock of the Borrower.

17. No order of a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation or funding of any transactions contemplated by the Plan shall have been received by the Debtors, and no law, statute, rule, regulation or ordinance shall have been adopted that makes the consummation or funding of any transactions contemplated by the Plan illegal or otherwise prohibited.

18. One or more investment banks reasonably satisfactory to the Commitment Parties shall have been engaged to publicly sell or privately place the Notes for the purpose of reducing, replacing or refinancing the Facility.

Form of Solvency Certificate

[DATE]

This Solvency Certificate ("**Certificate**") of [_____] ("**the Borrower**"), and its Subsidiaries is delivered pursuant to Section [__] of the $[_____] Senior Secured Term Loan Credit Agreement, dated as of [_____] (the "**Credit Agreement**"), by and among the Borrower, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, [_____], the duly elected, qualified and acting [Chief Financial Officer] of the Borrower and its Subsidiaries, DO HEREBY CERTIFY that I have reviewed the Credit Agreement and the other Loan Documents referred to therein and have made such investigation as I have deemed necessary to enable me to express a reasonably informed opinion as to the matters referred to herein.

I HEREBY FURTHER CERTIFY, in my capacity as [Chief Financial Officer] and not in my individual capacity, that as of the date hereof, immediately after giving effect to the Transactions:

1. The fair value of the assets of the Borrower and its Subsidiaries, on a consolidated basis, at a fair valuation on a going concern basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise.

2. The present fair saleable value of the property of the Borrower and its Subsidiaries, on a consolidated and going concern basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured in the ordinary course of business.

3. The Borrower and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured in the ordinary course of business.

4. The Borrower and its Subsidiaries are not engaged in businesses, and are not about to engage in businesses for which they have unreasonably small capital.

For purposes of this Certificate, the amount of any contingent liability at any time shall be computed as the amount that, in light of all the facts and circumstances existing as of the date hereof, would reasonably be expected to become an actual and matured liability.

For the purpose of the foregoing, I have assumed there is no default under the Credit Agreement on the date hereof and will be no default under the Credit Agreement after giving effect to the funding under the Credit Agreement.

[Remainder of page intentionally left blank]

Exhibit C

Akin Memo

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

Message

From: Crawford, Ashley Vinson [/O=AKINGUMP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=AVINSON]
Sent: 6/30/2019 12:52:29 AM
To: Mitchell, Nancy [nmitchell@omm.com]; Millstein, James [Jim.Millstein@guggenheimpartners.com]; Abrams, Elizabeth [Elizabeth.Abrams@guggenheimpartners.com]; Hinker, Matthew [mhinker@omm.com]
CC: Tracy, A (External) [/O=AKINGUMP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Tracy, A (External)f77]
Subject: AB 1054
Attachments: AB1054 Talking Points.pdf

All,

Thanks again for taking the time with us this morning. As discussed, attached are our initial comments and proposed changes to the legislation.

Please let us know if you have any questions or would like to discuss.

Thanks,
Ashley

Ashley Vinson Crawford
AKIN GUMP STRAUSS HAUER & FELD LLP
580 California Street ┆ Suite 1500 ┆ San Francisco, CA 94104-1036 ┆ USA ┆ Direct: +1 415.765.9561 ┆ Internal: 49561
Fax: +1 415.765.9501 ┆ Mobile: +1 415.408.1441 ┆ avcrawford@akingump.com ┆ akingump.com ┆ Bio

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1. **An insurance fund is the only viable option.**
    - A liquidity fund without a mechanism similar to a stress test cap, even under the new cost recovery standard creates a substantial risk of immediate downgrades and future rate fluctuations
    - Stress test cap is critical (at least as a 10 year stop-gap measure) as it will likely take several years for the market to gain comfort with the new standard, mechanism and plumbing – i.e., that CPUC appropriately executes on the new recovery standard
    - Changes:
        i. Delete PUC 3291.
        ii. Amend PUC 3292(a) as follows: "(a) If, within 15 days of the effective date of this part, ~~each~~ *any* large electrical corporation ~~not subject to an insolvency proceeding on the effective date of this part~~ notifies the commission of its commitment to provide the initial contribution and the annual contributions, and subsequently provides its initial contribution as set forth in paragraph (4) of subdivision (b), the fund shall be established to pay eligible claims as set forth in subdivision (f) and obtain reimbursement from electrical corporations as set forth in subdivision (g)."
2. **The legislation should not permit securitization of ROE or of cost cutting measures.**
    - Cost cuts should be for the benefit of California energy customers (in the form of lower rates) and not to pay victims of past wildfires. Returns on equity should not be misdirected to overleverage the utility through financial engineering. These are fundamental principles of regulated utility ratemaking. As returns and costs go up, rates go up. And as they go down, so should rates. Can't be heads I win, tails you lose
    - PG&E equity holders are looking to use tax free securitization debt to benefit their equity positions while the state and federal government would forego potentially billions of dollars of tax revenue
    - The additional significant tens of billions of securitization debt proposed by PG&E equity holders will meaningfully impair the credit quality of PG&E and place undue stress on the company, its capital structure, and cost of capital going forward. This means future borrowing and financing to fund capital projects and rate base growth will be much more expensive, and this will ultimately trickle down into higher rates to consumers. Adding another >$10.0 billion of securitization debt on top of the new DWR issuance likely puts upward pressure on the pricing and cost of both tranches of debt

- Moody's will almost definitely consolidate this off-balance sheet debt, and PG&E will be low credit quality as a result, once again leading to meaningfully higher funding costs going forward / higher costs of capital
- The plan proposed by the PG&E equity holders is a scheme the likes of which haven't been seen since Enron in the energy space
- Simply and fundamentally, this is the question of who should pay for the past PG&E wrongdoing and large past wildfires: California residents in rates or PG&E's existing equity holders? No question — the latter

3. The insurance fund must have the ability to sustain catastrophic fires for 10 years.

- *The ratings agencies' main concern is durability of the stress test cap for 10 years*
- Despite the investment dollars and best efforts of management, the broader environmental conditions creating acute wildfire risk may continue to leave the IOUs vulnerable and investors unwilling to take the risk that the occurrence of catastrophic wildfire will meaningfully diminish
- Without a backstop, the Fund essentially requires IOUs to merely pre-fund their unreasonable costs
- With proper durability of the insurance fund, all California utilities could find themselves in a few years back to the untenable situation they are sitting in today
- Changes:
    i. Amend PUC 3292(h) and other relevant provisions to provide that if insurance fund exhausts before year 10, the DWR securitization shall be supplemented with additional securitization bond funding and/or tax proceeds, such that PUC 3292(g)(2) reimbursement limitation is extended through year 10
- Under PUC 1701.8(b)(1)(A) the cost recovery proceeding is unnecessarily delayed until after the utility exhausts all third-party liability claims
- This timing mismatch is problematic both in terms of certainty to the utility and durability of the insurance fund
- Changes:
    i. [*In process*] Amend PUC 451.1(d) as follows:
    ii. Amend PUC 1701.8(b)(1)(A) as follows: "(1) (A) An electrical corporation may file an application pursuant to Section 451.1 at any time after ~~it has paid all or, if authorized by the commission for good cause, substantially all third party damage claims, including payments made pursuant to judgments or settlement agreements related to a covered wildfire~~ *the Department of Forestry and Fire Protection has determined that a wildfire was a covered wildfire, and it has exhausted all rights to insurance*

proceeds related to the covered wildfire. ~~Except as authorized by the commission for good cause, before filing the application, t~~The electrical corporation shall exhaust all *other* rights to indemnification or other claims, contractual or otherwise, against any third parties~~, other than collecting insurance proceeds,~~ related to the covered wildfire*, and must remit any settlements, which must be pre-approved by the fund, or judgments with respect to such claims to the fund within thirty (30) days of receipt*.

4. **PG&E must be able to obtain coverage from the insurance fund for any 2019 fires.**

- Without full coverage for any 2019 fires, material post-petition PG&E-ignited wildfires would likely prevent PG&E from emerging from bankruptcy by 6/30/20 and thus from accessing either fund
- Material wildfire in Q4 would make exit by 6/30/20 with an investment grade-rating impossible
- It is highly unlikely that PG&E can achieve an investment-grade rating without a stress test cap. PG&E will not be able to exit bankruptcy without line of sight to an investment-grade rating
- Additionally, PG&E at below investment-grade rating has material negative impact on its own cost of capital and hence rates to its customers, and will create a ripple effect on the other California IOUs
- Changes:

i. Amend PUC 3292(e) as follows: "Participation of an electrical corporation that is the subject of an insolvency proceeding that satisfies the requirements of this subdivision shall be effective as of the effective date of this part and shall apply to covered wildfires after the effective date~~,~~ provided that the fund shall not pay more than 40 percent of the allowed amount of any claim arising between the effective date and the date the electrical corporation exits bankruptcy. *Any percentage of the allowed amount of any claim arising between the effective date and the date the electrical corporation exits bankruptcy that is not paid by the fund shall be recoverable in rates, in accordance with Section 451.1. In the event that a covered wildfire, for which third-party liability claims will likely exceed five billion dollars ($5,000,000,000), occurs between the effective date and the date the electrical corporation exits bankruptcy, the deadline for an electrical corporation that is the subject of an insolvency proceeding to meet the conditions specified in this Section and Section 3291 shall be December 31, 2020."*

5. **The stress test cap language should clearly define how the "rolling 3-year basis" will be applied.**
    - The legislation should specify how the cap will be calculated, to show that the actual dollar amount of the cap will grow over time as electric T&D rate base grows and will reset after the third year, and that the calculations will be published annually
    - Maximum of 20% of electric T&D equity rate base hits the right balance as it provides for a large potential reimbursement amount from utilities back to the fund, while still providing sufficient headroom in net income to continue needed safety/hardening spend and maintain strong investment-grade ratings
6. **The cost of insurance required under Public Utilities Code section 3293 should be explicitly recoverable in rates.**
    - Change:
        i. Amend PUC 3293 as follows: "A participating electrical corporation shall maintain commercially reasonable insurance coverage as determined annually by the administrator. The administrator shall determine the appropriate amount of insurance coverage required, taking into account the availability of insurance, the electrical corporation's service territory, including the fire risk of the territory, the size of the territory, and the value of the real estate in the territory, the safety record of the electrical corporation, the wildfire mitigation measures implemented by the electrical corporation, the impact to the ratepayers, and other factors deemed appropriate by the administrator. *The premiums paid for the insurance required by this Section that are incurred by an electrical corporation shall be considered just and reasonable under Section 451.*"
7. **The legislation needs to more clearly define which of the safety certification requirements apply in 2019 and the standards for each applicable requirement.**
    - Some of the safety certification requirements in PUC 8389(e) are unclear and, as currently drafted, are subject to discretion of the CPUC for 2019.
    - (3) The electrical corporation is in substantial compliance with the findings of its most recent safety culture assessment, if applicable.
        i. Need clarity that this requirement does not apply in 2019 and that it refers only to the new assessments that will be established under PUC 8389(b)(3), (d)(4)
    - (4) Establishment of a safety committee of its board of directors composed of members with relevant safety experience.
        i. Need clarity as to what is required by "relevant safety experience" and how many members must serve on the safety committee

ii. Need clarity as to whether PG&E's current board will qualify for 2019, and provide a reasonable amount of time to cure any deficiency

- (5) Establishment of an executive incentive compensation plan linked to safety performance metrics.
    i. Need clarity as to what is required for 2019 and future years, if different
    ii. Need clarity as to whether PG&E's current executive incentive compensation plan is adequately linked to safety performance metrics
- (6) Establishment of board-of-director-level reporting to the commission on safety issues.
    i. Need clarity as to what is required for 2019 and future years, if different
    ii. Need clarity as to whether PG&E's current reporting (under 6/13/19 order in I. 15-08-009) satisfies this requirement

8. **The legislation needs to explicitly state that IOUs may seek rate recovery for the $5.0 billion of fire risk mitigation capital expenditures that are excluded from equity rate base, as well as any associated financing costs.**
    - Changes:
        i. Amend PUC 8386.1(e)(2) as follows: "The commission shall not allow a large electrical corporation to include in its equity rate base its share, as determined pursuant to the wildfire allocation metric specified in Section 3279, of the first five billion dollars ($5,000,000,000) expended in aggregate by large electrical corporations over the period of 2020 to 2024, inclusive, on fire risk mitigation capital expenditures included in the electrical corporations' approved wildfire mitigation plans. ~~Nothing in this paragraph shall prevent an electrical corporation from recovering the debt financing costs of these fire risk mitigation capital expenditures.~~ *An electrical corporation's share of the fire risk mitigation capital expenditures and the debt financing costs of these fire risk mitigation capital expenditures shall be considered just and reasonable under Section 451."*

9. **The new cost recovery standard should not overlap with the CPUC prudent manager standard.**
    - The new cost recovery standard still has ties to the prudent manager standard. Any overlap will create confusion in its application and uncertainty in the market.
    - Changes:
        i. Amend PUC 451.1(a) as follows: "Reasonable conduct is not limited to, all to the optimum practice, method, or act to the exclusion of others, but rather encompasses a spectrum of possible practices, methods, or acts ~~consistent with utility system needs, the interest of the ratepayers, and~~

~~the requirements of governmental agencies of competent jurisdiction~~ *that could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.*"

- The excised language is based on prior CPUC decisions. Any overlap will create confusion in its application and uncertainty in the market.
- The replacement language is from FERC's definition of "Good Utility Practice" in the *pro forma* Open Access Transmission Tariff.

ii. Amend 451.1(c) as follows: "If the electrical corporation has received a valid safety certification for the time period in which the covered wildfire ignited, an electrical corporation's practices conduct shall be deemed to have been reasonable pursuant to subdivision (b) unless a party to the proceeding demonstrates, based on a preponderance of the evidence, that the electrical corporation's conduct *with respect to the ignition of the covered wildfire* was not reasonable *and was a proximate cause of the covered wildfire*."

- Absent this change, an interested party may rebut the presumption with evidence of unreasonable conduct that had no causal nexus to the covered wildfire.

10. The legislation should ensure that payments from the insurance fund will not create liquidity problems for IOUs.

- Change:

i. Amend PUC 3291(c) as follows: "(c) A participating electrical corporation may seek payment from the fund ~~to satisfy~~ *in order to timely pay* settled or finally adjudicated eligible claims. *The administrator shall establish claims administration procedures to accomplish this purpose.* Only eligible claims shall be made against or paid by the fund. The administrator shall review and approve any settlement of an eligible claim before releasing funds to the electrical corporation for payment. The administrator may establish processes to facilitate the review and approval of settled eligible claims, including guidelines or values of settlements. To the extent approved by the administrator, the settlement shall not be subject to further review by the commission.

11. Public Utilities Code section 3292(b)(2)(C) should be revised to make clear equity holders are not considered "indirect owners" for purposes of this section.

- Change:

i. Amend PUC 3292(b)(2)(C) as follows: "The commission has approved the reorganization plan and other documents resolving the insolvency proceeding, including the electrical corporation's resulting governance

structure, which shall include the governance structure of any direct or indirect owners*, other than equity holders,* of the electrical corporation following the resolution of the insolvency proceedings."

Exhibit D

Deposition Transcript of Brent C. Williams (Oct. 3, 2019)

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

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re:	) Bankruptcy Case
	) No. 19-30088(DM)
PG&E CORPORATION	)
	) Chapter 11
- and -	)
	)
PACIFIC GAS and ELECTRIC COMPANY,	)
	)
Debtors.	)

* CONFIDENTIAL - PROFESSIONAL EYES ONLY *

DEPOSITION OF BRENT CARLTON WILLIAMS

TCC 30(b)(6)

New York, New York

Thursday, October 3, 2019

Reported by:

KRISTIN KOCH, RPR, RMR, CRR

JOB NO. 169576

October 3, 2019
10:37 a.m.

Deposition of TCC by BRENT CARLTON WILLIAMS, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, held at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York, before Kristin Koch, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter and Notary Public of the State of New York.

APPEARANCES:

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MILBANK LLP
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KIMBERLY S. MORRIS, ESQ. (by phone)
- and -
45 Rockefeller Plaza
New York, New York 10111
BY: JORIAN L. ROSE, ESQ.

ALSO PRESENT:

BRENDAN J. MURPHY, Lincoln International
JACOB CZARNICK, Perella Weinberg Partners

Page 6

BRENT CARLTON WILLIAMS,
called as a witness, having been duly sworn by a Notary Public, was examined and testified as follows:
EXAMINATION BY
MR. ORSINI:
Q. Good morning, Mr. Williams.
A. Good morning.
Q. Kevin Orsini from Cravath for the Debtors. How are you this morning?
A. Great. Thank you.
Q. So I take it you have been deposed a number of times before?
A. I have.
Q. I will skip all of the preliminaries then. You know how this works. If you don't understand something, let me know. If you want a break, just tell me.
Can you give us on the record just a description of your employment, your current employment, who you work for and what you do, what you specialize in.
A. Certainly. I am a co-head of special situations at Lincoln International, a financial advisory firm.

Page 7

Q. Is your practice focused on restructurings?
A. My practice is, yes.
Q. And how long have you been with Lincoln?
A. It's been about two, two and a half years or so.
Q. Where were you prior to that?
A. I was at Teneo Capital, and prior to that, Duff & Phelps.
Q. And at your prior stops, were you also focused on restructurings?
A. I was, yes.
Q. In a financial advisory capacity?
A. Correct.
Q. Roughly how many restructurings have you worked on?
A. Probably over a hundred.
Q. High-level educational experience?
A. A CPA, chartered accountant in Canada, and bachelor of commerce in Canada as well.
Q. Okay. Great.
When were you engaged to work on the PG&E bankruptcy?

Page 8

A. It would be the beginning of March 2019.
Q. And in your role -- well, by whom were you engaged?
A. I was engaged by what's referred to as the TCC, so it's the Tort Claimants Committee.
Q. Generally speaking, what has Lincoln Financial's role been in supporting the TCC in this bankruptcy?
A. Sure. We advise in the areas of plan valuation, due diligencing the business plan of the Debtor, plan structure and negotiations is kind of our key focus.
MR. RICHARDSON: Counsel, if I could just interrupt for a second. I am told that the phone line has not been opened.
MR. ORSINI: Oh, okay. I didn't know we had a phone line, so it has not been opened.
MR. RICHARDSON: My understanding is there are some people phoning in to listen in.
MR. ORSINI: All right. Can we go off the record for a second.

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(Recess was taken from 10:39 to 10:45.)
(Ms. Morris enters via phone.)
MR. RICHARDSON: Before you get into any more detail, I just want to confirm the understanding that the transcript for this deposition will be deemed confidential, professional eyes only.
MR. ORSINI: Okay, I understand your designation. We reserve our rights with respect to that designation.
BY MR. ORSINI:
Q. Okay. So I believe before we went off the record to get the phone line up you said that plan structure and negotiations has been your focus in supporting the TCC; is that generally right?
A. In addition to due diligence on the company as well as evaluation, yes.
Q. How many individuals do you have on your team at Lincoln working on this matter?
A. I think we have upwards of ten or eleven.
Q. Have you or others on the team with Lincoln Financial done diligence on PG&E

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through discussions with the Debtors' financial advisors?
A. Yes, we have.
Q. Do you know roughly how many conversations Lincoln has had with Lazard?
A. I couldn't say. One of my colleagues, Brendan Murphy, has more interaction than I do. I would say it would be numerous.
Q. Those have been throughout the course of the bankruptcy?
A. Correct, yes.
Q. Are you generally familiar with the Debtors' capital structure?
A. Yes.
Q. Have you received anything in the form of a business plan or anything like that from Lazard?
A. We received it from the actual debtor as well as AlixPartners, yes.
Q. Okay. Have you been able to have conversations with AlixPartners during the course of your engagement for the TCC?
A. Yes.
Q. And who does AlixPartners represent?

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A. Obviously, the Debtor.
Q. Do you have any idea roughly how many such conversations you have had?
A. Numerous.
Q. A dozen, more?
A. Lots. We speak with John Boken a fair bit and his team as well, so...
Q. John Boken is with AlixPartners?
A. Correct, yes.
Q. What about conversations directly with the Debtors themselves?
A. Always in the context of with AlixPartners, so we would have a meeting, you know, Jason Wells and some of the other C-level individuals, but always with Alix. No independent conversations.
Q. In your extensive restructuring experience, how would you characterize the level of engagement that your team has gotten from the Debtors and their advisors?
A. I think it's been positive.
Q. Now, have you participated in any mediations between the Debtors and the TCC?
A. I believe I attended one, which you were at attendance as well.

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Q. I was indeed.
Are you aware that there have been other mediations since the filing with the TCC and the Debtors?
A. I know there was other mediations prior, but I'm not privy to whether or not there were mediations, you know, post petition other than the meeting we attended.
MR. ORSINI: Okay. So let me mark as Williams Exhibit 1 the Notice of Rule 30(b)(6) Deposition in this case.
(Williams Exhibit 1, Notice of Rule 30(b)(6) Deposition of The Official Committee of Tort Claimants, marked for identification.)
Q. Mr. Williams, do you recognize this document?
A. I do, yes.
Q. And you understand that you have been designated to serve as the Rule 30(b)(6) witness for the TCC today?
A. Correct.
Q. And to testify on the topics that are set forth in this notice?
A. Correct, yes.

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Q. And generally speaking, I don't want to get into privileged discussions, but process-wise what did you do to prepare for today?
A. I have obviously read this document and some of the inquiries in the document and just looked at my files that related to some of the questions.
Q. Did you meet with any attorneys to prepare for this deposition?
A. Just logistical discussions in terms of, you know, where the deposition was gonna be, timing, that sort of thing.
Q. Did you have any discussions with any members of the TCC in preparation for this deposition?
A. I did not, no.
Q. Did you have any discussions with any of the lawyers who represent directly the wildfire victims in preparation for this deposition?
A. No.
Q. Did you have any discussions with any members of your team in preparation for this deposition?

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A. Just, again, logistics and understanding some of the documents that were required.
Q. Okay. So when did the Tort Claimants Committee first start communicating with the Ad Hoc Bondholders Committee about a potential term sheet for a plan of reorganization?
A. I would say some point early September.
Q. Had there been any conversations between the TCC and the ad hoc bondholder group prior to that?
A. Yes. We had conversations as is normal course. In a Chapter 11 case you talk to the key stakeholders, so...
Q. Had those conversations included discussions about potential -- a potential term sheet to be put forth or actually had been put forth by the Ad Hoc Bondholders Committee?
A. Yes.
Q. And when do you recall first -- when do you recall the TCC first had any conversations with the Ad Hoc Bondholders Committee about a potential term sheet for a

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plan of reorganization that the bondholders would put forward?
A. Well, there is different iterations of the term sheet. Are you talking about the current version of the term sheet?
Q. So I am talking about any version right now. We can break it down.
So you are aware generally that earlier this summer, I believe it was May --
A. Yeah.
Q. -- the ad hoc bondholders filed a motion to terminate exclusivity and they attached to that motion a term sheet for a planned reorganization. You are aware of that generally?
A. I am, yes.
Q. And do you have a general recollection as to what the TCC's position was with respect to that motion to terminate exclusivity?
A. Yeah, certainly. So the -- as it relates to this iteration of the term sheet, those conversations were late August, early September. We had conversations back in I believe it was June, July on the initial

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iteration of the term sheet.
Q. Okay. Did the TCC have discussions with the ad hoc committee of bondholders or any of its members or advisors about the bondholders' first term sheet before they filed their motion to terminate exclusivity?
A. I believe, yes.
Q. And what do you recall generally about those conversations?
A. We obviously weren't happy with the recovery provided in that term sheet, as was clear by our position at that point in time.
Q. So the bondholders -- I will call it the first term sheet. Do you understand what I am talking about when I say that?
A. I do, yes.
Q. So did the bondholders share that first term sheet with the TCC before it was filed with the court?
A. I don't believe so, no. I think the first time I saw the actual term sheet and some of the other plan documents was when it was filed on the docket.
Q. Had the bondholders discussed with the TCC or any of its members or advisors the

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amount of consideration that would be provided for the wildfire victims in the term sheet before it was filed with the court, the first term sheet?
A. Minimal discussions, but we didn't -- minimal discussions, but we didn't have active input into that term sheet.
Q. Prior to the bondholders filing that first term sheet, did the TCC provide the bondholders with any information about the value of the wildfire claims?
A. I mean, I can't speak for the whole committee. I didn't personally and my team didn't, so -- but I can't speak to individual members of the TCC.
Q. Are you aware of anyone providing any such information to the bondholders prior to them filing that first term sheet?
A. I am not aware, no.
Q. And are you aware of anyone from the TCC or affiliated with the TCC providing the bondholders with any information about the number of anticipated wildfire claimants prior to the bondholders filing that first term sheet?

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A. I am not aware, no.
Q. So once that first term sheet was filed, I believe you testified a moment ago that there were discussions between the TCC and the bondholders about the consideration for the wildfire victims?
A. Correct, and just to be clear, when we say "TCC," I am referring to the advisors of the TCC.
Q. Okay, that's fine. And just generally speaking, for all of our sake for shorthand, when I say "the TCC," I mean to include the members or its advisors. Is that fair?
A. Fair enough.
Q. Okay. That way each question doesn't need seventeen words just to say who we are talking about.
So after that first term sheet was filed, can you tell me what you recall about the conversations between the TCC and the bondholders about the wildfire consideration provided in that first term sheet?
A. We had minimal conversations. I don't think I spoke again to their financial

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advisors until, like I said, August. We had very minimal conversations.
MR. RICHARDSON: Just to address the definition you provided for TCC, I am just concerned that it may appear that when he is answering on behalf of the TCC and references to its members, that it be taken as an answer of what individual members might have been doing on their own at some point in time and he might not have awareness of that.
MR. ORSINI: Okay. That's a fair clarification, and I take it by that you mean conversations that those individuals or their lawyers may have been having in their individual capacity --
MR. RICHARDSON: Correct.
MR. ORSINI: -- as opposed to authorized by the TCC.
MR. RICHARDSON: Correct.
MR. ORSINI: Fair? Okay. So then let me follow up on that.
Q. Between the time when the first term sheet was filed and the conversations you just described in August with the bondholders'

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financial advisors, are you aware of any conversations that individual members of the TCC or their lawyers had with the bondholders or their representatives?
A. And you are referring to the period between when the first term sheet was filed and the second term sheet was filed?
Q. A little narrower. Between when the first term sheet was filed and when you had the conversation you just described in early August.
A. Oh, yeah, no, I'm unaware of any other, you know, independent conversations that TCC members had.
Q. Okay. So the conversations that began in August with the bondholders' financial advisors, do you recall when that was, early August, late August?
A. No, I think as I mentioned earlier in testimony, late August, early September.
Q. Okay. Who initiated those conversations?
A. I'm not sure if Alex Tracy called me or I called Alex.
Q. And who is Mr. Tracy?

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A. He is a managing director at Perella. He is the financial advisor to the ad hoc bondholder group.
Q. And do you recall -- what do you recall about the first set of discussions that you had in late August or early September with Perella?
A. You know, just that, you know, there would be some movement on the initial term sheet. He wanted to get the dialogue obviously going again, as was normal case in a restructuring.
Q. During that initial conversation, did you provide or anyone else from the TCC provide Perella with information about the value of the wildfire claims?
A. At what point in time are you referring to?
Q. Late August, early September.
A. To my knowledge, no. I know there is a -- something in discovery, an e-mail in discovery, but prior to seeing that discovery, I had no knowledge.
Q. To your knowledge, prior to the time -- well, strike that, because I want to

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get terminology clear.
So we had the initial term sheet that was filed with the first motion to terminate exclusivity that we discussed a moment ago.
A. Correct.
Q. Then we had a second term sheet that was filed with a joint motion to terminate exclusivity by the TCC and the bondholders. Are you familiar with that?
A. Correct, yes.
Q. That was filed in mid September?
A. Correct.
Q. That, following the hearing before the court about a week or so ago, was subsequently amended. Are you familiar with that?
A. Yes.
Q. So would you be comfortable if I called the initial term sheet the first term sheet, the one that was filed with the joint motion to terminate exclusivity the second term sheet, and the final one the amended term sheet?
A. Certainly, that's fine.

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Q. Okay. All right.
So between late August, early September and the filing of the second term sheet, what information did the TCC share with the ad hoc bondholders about the value of the wildfire claims?
A. Yeah, I believe on or about it was September 9th, if I'm not mistaken, whatever that Monday is, there was dialogue between I believe it was committee member Kim Morris, who is on the phone, from Baker, and then representative -- advisors to the ad hoc bondholder group going through kind of some of the machinations in the wildfire claim pool.
Q. Was anyone other than Ms. Morris -- well, was this a face-to-face meeting, a telephone call?
A. Yeah, I dialed in, I was on telephonically, and Kim was -- Kim Morris was in person, and I believe Frank Pitre was in person as well.
Q. Was anyone else representing the TCC there in person?
A. I believe Steve Skikos might be there, but, again, I wasn't there in person, so

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I'm not sure all the participants.
Q. And who was there on behalf of the ad hoc bondholders?
A. I believe their advisors from Charles River, if I'm not mistaken, and I believe Alex Tracy was on telephonically as well.
Q. Was there anyone from Elliott present?
A. Not to my knowledge, no.
Q. What do you recall about that conversation?
A. I think it was about an hour-plus call and it was more of a high-level call, trying to understand, you know, the various components of the wildfire pool, you know, breaking down between economic, non-economic. I think the number that was -- the high-level number that I recall was 46 billion, which was a combination of economic and non-economic. I think there might be some punitive losses that weren't included, but, again, I didn't -- I wasn't provided any documents, didn't take any notes, so I was just there kind of doing my normal role as an FA due diligence, making sure

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that, you know, the bondholders advisors were getting, you know, the information they requested.
Q. Were any documents provided to the ad hoc bondholders during that meeting?
A. Like I said, I wasn't there in person, so I don't recall one way or the other.
Q. And in advance of this deposition, you didn't do anything to determine whether or not documents were provided?
A. No, I don't know if they did a handout and took it back or -- I physically wasn't there, so I don't know.
Q. To your knowledge, was any documentation or data about the value of the wildfire claims provided to the bondholders in advance of this call?
A. No, I think you have to make a distinction between the bondholders and their advisors, because the bondholders, my understanding is they weren't restricted, so they wouldn't be allowed to have access to that information, so it would have been Akin, Charles River, and I am assuming Perella as well.

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Q. So prior to this meeting on or about September 9th, were any materials, documents, data, provided to the advisors for the bondholders concerning the value of the wildfire claims?
A. Again, I wasn't there in person, so from what I understand, they verbally went through the numbers, but, again, I'm not sure what transpired in that meeting, because I was on the phone.
Q. I understand that. I am asking a slightly different question, which is before that meeting, at any time before that meeting, was anything in writing, any data provided to the bondholders or their advisors by the TCC concerning the value of the wildfire claims?
A. Again, we have to make a distinction between the TCC and the advisors. From my advisor perspective, I don't recall conveying any information as it relates to claims. I can't speak for individual members of the TCC.
Q. I understand that, but right now I am not asking about individual members. Anyone on the TCC or authorized by the TCC to provide -- let me ask the question -- strike

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that.
Prior to the meeting on or about September 9th, did the TCC either through its advisors or through anyone who was authorized by the TCC provide any information to the ad hoc bondholders or their advisors about the value of the wildfire claims asserted in these cases?
A. Yeah, as it relates to advisors or somebody authorized to provide --
Q. Correct.
A. To my knowledge, I don't know.
Q. Okay. Can you give me all the detail you recall from that hour, hour-and-a-half phone call on September 9th.
A. Certainly. I think the key classifications were economic, non-economic, with economic being actual physical damage to structures as well as business interruption. Forestry was another component I recall. And then non-economic would be zone of danger, wrongful death, you know, personal injury, that kind of thing, in terms of conversation. So I don't recall the breakdown between the two groupings, but I do recall the 46 billion is a

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number that resonated with me as the total number.
Q. And that $46 billion, that would be the total amount of claimed damages for individual wildfire victims?
A. My understanding was it would be economic, non-economic. It didn't include punitive, from what I understand. Again, I was just on --
Q. Did not?
A. Did not. I was just on the call. And it's also my understanding that would be inclusive of subro.
Q. Would it also be inclusive of any government claims?
A. I don't believe so.
Q. Was there any discussion at that meeting about how much of the 46 billion was attributable to subro?
A. No, I think the only data, and it's actually publicly available, is from I think it's the Department of Insurance website, State of California. I believe the number people are using is 18 billion. And, again, just from memory.

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Q. Was there a discussion during this meeting about the number of wildfire claimants who were expected to actually submit claims in this bankruptcy?
A. I don't recall that issue coming up.
Q. Do you know whether the $46 billion assumed that everyone who actually has a claim submitted a claim in this bankruptcy?
A. I believe that was a number of totality. It did not reflect participation rate.
Q. I was about to ask you about that.
A. I figured you would.
Q. So what do you understand participation rate to mean?
A. It's a number of, you know, filed claims in an estate as a subset of the total potential claims.
Q. Okay. We will come back to that later.
A. I bet you will.
Q. Do you recall there being a discussion during this meeting on or about September 9th about what the average cost of rebuild would be for any of the destroyed

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structures from the '17 or '18 wildfires?
A. Yeah, I don't recall going into that level of specificity.
Q. Do you recall discussion about cost per square foot of rebuild?
A. Don't recall that at all.
Q. Do you believe it got to that level of detail?
A. I -- I don't think it did, but, again, I am just going from memory.
Q. Was there a discussion about how to value so-called zone of danger claims?
A. Yeah, I don't recall that direct discussion, no.
Q. Do you recall any discussion about how much per wildfire victim on average a zone of danger claim might be worth?
A. Don't recall that at all.
Q. Do you recall a discussion about how much of that $46 billion was attributable to inverse condemnation damages?
A. Don't recall that coming up at all.
Q. Do you believe it got to that level of detail?
A. I don't believe so, no.

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Q. Was there a discussion at that meeting about how much of the $46 billion would go to attorneys?
A. Don't recall that either.
Q. Do you believe it got to that level of detail?
A. I don't think so, no.
Q. Was there a discussion during that conversation about uninsurance rates for homes that were destroyed by any of the '17 or '18 fires?
A. By any -- maybe --
MS. CRAWFORD: Form.
MR. ORSINI: It was a bad question. I will ask a new one. So it was sustained.
Q. You understand generally that one of the issues that has to be confronted in valuing the claims of the individuals in these cases is what percentage of homeowners had no homeowner's insurance; yes?
A. Correct.
Q. Was that topic discussed during the September 9th meeting?
A. I don't remember that coming up, no.
Q. Do you believe it got down to that

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level of detail?
A. Again, I don't recall. I don't think so.
Q. You said the focus was primarily on the two general categories of damages, economic and non-economic. Is that fair?
A. Correct, yes.
Q. And do you recall what the breakdown was between those two categories during that discussion?
A. I don't. I just recall the headline number of 46 billion. I don't recall the breakdown between economic and non-economic.
Q. Was a breakdown between economic and non-economic losses discussed during that call?
A. I believe it was, yes.
Q. You said you didn't take any notes during this call?
A. I did not, no.
Q. Did anyone else who was on for the TCC take notes?
A. When you say "TCC," you are talking about the advisors, to be clear?
Q. The advisors, correct.
A. Yeah, again, I wasn't physically

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there, I was on the phone, so I'm not sure what they did.
Q. And in preparation for this deposition, you didn't review any notes of that meeting from anyone; correct?
A. I did not, no.
Q. During the course of that meeting on or about September 9th, did anyone associated with the Ad Hoc Bondholder Committee or any of its members discuss their views of the value of the wildfire claims?
A. Repeat that again.
Q. Sure.
So during the course of this meeting we have been talking about, did anyone from the bondholder side of the table discuss their views as to the value of the wildfire claims?
A. Yeah, I believe Charles River asked a few questions, you know, throughout the process, but nothing that resonated with me, nothing that was out of the ordinary.
Q. So your recollection is the bondholders were in a question, information-gathering mode as opposed to giving statements about their views on valuation; is

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that fair?
A. Again, to be clear, bondholder advisors, because obviously the bondholders weren't restricted. Yeah, they were gathering information. Can I check the date on that to make sure September 9th is accurate?
Q. Sure, please.
A. I know it was the Monday. Just gotta make sure. I travel a lot, so you never know. Yeah, I think it's the 16th. I apologize.
Q. Thank you for checking and confirming that. So your understanding is the meeting we have been discussing occurred on --
A. Was September 16th. I thought it was the prior Monday, but it was actually the 16th. I apologize.
Q. And you understand that the second term sheet, as I have defined that term, was filed along with the joint motion to terminate exclusivity on September 19th; right?
A. Correct, yes.
Q. So just a few days later?
A. Yeah, exactly, so it was few -- again, I travel a lot. Yeah, so it was a few

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days before that, so it was the Monday, which was the 16th.
Q. Now, between this meeting on Monday the 16th and September 19th, when the second term sheet was filed, was any additional information about the value of the wildfire claims provided by the TCC or anyone authorized to act on behalf of the TCC to the bondholders or their advisors?
A. And to be clear, TCC advisors were authorized by the TCC is probably the right vernacular. To my knowledge, no.
Q. Now, prior to this meeting on September 16th -- strike that.
In the first term sheet do you recall how much the bondholders allocated to the claims of the wildfire victims?
A. And, again, so we are talking about not the first term sheet, we are talking about two?
Q. No, now I am talking about the first one.
A. Oh, now you are talking about the first one?
Q. Yes.

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A. 6, 7 billion, I think, was the number. I'm just going off of memory. It's in -- it's all public. You know that. It's on the docket.
Q. But it's not meant to be a memory test. I am just trying to place things. Okay. So let's go with $7 billion.
Prior to this meeting on Monday, September 16th that we have been discussing, had the bondholders or their advisors made any incremental offer to the TCC in terms of the amount of money that would be set aside for the wildfire victims?
A. You are referring to the period post July when they did the first term sheet up to what date are you referring to?
Q. September 16th, one minute before this meeting started.
A. Okay. So I believe we did have iterations the week before.
Q. Okay. There were actually at least -- well, there was actually at least one in-person meeting the week before; correct?
A. Yeah, actually I think there was a -- let me check here. You don't mind if I --

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Q. Sure, please.
A. There was a meeting September 4th in San Francisco. I believe there was a meeting, I think -- yeah, Thursday, September the 12th.
Q. Was that one in Chicago?
A. That was in New York. And there was a meeting September 17th in San Francisco.
Q. Okay. All right. So let's start with the -- thank you for that, sir.
Let's start with the September 4th meeting. Did you attend that meeting?
A. I did, yes.
Q. Who else attended that meeting?
A. Baker & Hostetler, Bob Julian was there, Cecily Dumas, and we probably had four or five representatives from the TCC.
Q. When you say "representatives from the TCC," you mean the trial lawyers, not the actual members of the TCC?
A. Correct, yes.
Q. Do you remember which lawyers were there?
A. I think Frank Pitre was there, I believe Mike Kelly, Fran Scarpulla I believe was there, and I believe Ed Neiger and

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Elizabeth Cabraser. I might be missing somebody, but it was -- that's it.
Q. And no actual members of the TCC were present; correct?
A. To my knowledge, no, I don't recall them being there.
Q. Anyone else from Lincoln present?
A. I think I was by myself, if I'm not mistaken.
Q. Anyone else there --
A. Unless were you --
Q. I could swear him in next.
A. I think it's -- I think I was by myself, I'm pretty sure.
Q. So is that the sum total of the TCC side of that meeting?
A. To the best of my knowledge, yes.
Q. And who was present for the Ad Hoc Bondholders Committee?
A. You had Elliott there, which was Jeff Rosenbaum. And some of the other names, quite frankly, I don't recall, but I believe PIMCO was there, Adam Gubner. There might have been one or two more individuals from Elliott, and I think maybe CapRe, and I believe somebody

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from Davidson Kempner.
Q. And what about from Perella?
A. Perella, Alex Tracy was there.
Q. And anyone from Akin Gump?
A. Mike Stamer, David Botter, and I think --
Q. Ashley?
A. Ashley, you were there.
Q. We can't ask her questions.
A. You guys get off easy.
Q. Roughly how long did that meeting last?
A. Hour and a half to two hours.
Q. Who asked for that meeting?
A. I'm not sure who reached out to who.
Q. Do you know how far in advance of September 4th that meeting was actually scheduled?
A. I think it was pretty short notice, a few days.
Q. Who, if anyone, took the lead during that meeting for the TCC?
A. Again, differentiating between advisors or clients, I think the most active speakers were Cecily Dumas, myself, and Frank

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Pitre.
Q. And what about on the bondholders side, who spoke the most?
A. I would say Jeff, Mike Stamer and Alex Tracy.
Q. Now, we established a moment ago that consideration for the wildfire victims in the first term sheet was, give or take, $7 billion.
Had the bondholders or any of their advisors suggested that they would be willing to provide a higher number at any point prior to this September 4th meeting?
A. I think it happened at that meeting.
Q. Okay. So tell me what you recall about that meeting.
A. I just recall that, you know, basically they came up with a number, everything was -- weren't provided with anything prior to it, and they basically had a pot number, and with that number we obviously had the public entities, which the Debtor -- the settling public entities, as I refer to them, which the Debtor had negotiated a deal of a billion dollars. You obviously had

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subrogation claims in there, you had wildfire victims, which would be inclusive of 2017 North Bay, 2018 Camp Fire, any residual 2005 Butte claims, and then Ghost Ship. And then also you had, you know, non-settling public entities. In addition to that you had, you know, whatever exposure you may or may not have with FEMA, and then CAL FIRE, and I believe the other category was the -- any fines associated with PUC.
Q. Was there any discussion about potential criminal restitution?
A. I didn't hear that at all.
Q. Has that topic ever been discussed, to your knowledge, between the TCC and the bondholders or their advisors?
A. To my knowledge, no.
Q. The give or take $7 billion we have been discussing, to your recollection, was that inclusive or exclusive of subrogation claims?
A. You are talking about the first one back in July?
Q. The first term sheet, correct.
A. I believe there was a separate category for subrogation claims.
Q. What was the number, the pot, as you

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just described it, that the ad hoc bondholders proposed during that meeting?
A. I think it was in the 20 billion range.
Q. Was there a discussion during that meeting about how they had come up with that number?
A. Really high level.
Q. Okay. What do you recall at a high level?
A. There were some discussions about what's the TEV of the company, what's the, you know, the other claimants in the estate that have to be dealt with, obviously unsecured bank and bond debt, repayment of the DIP, the 5 billion associated with the wild fire fund with AB-1054. Usual waterfall analysis.
Q. So it was more going through the capital structure to figure out what had to be paid and how much value there was to pay that; is that fair?
A. Correct, yes.
Q. Any discussion from the bondholder perspective on the actual value of the wildfire claims?

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A. No, they never actually designated a number for the wildfire victims. It was, again, as I mentioned, in the context of a pot plan.
Q. Now, the subros were not present at this meeting, were they?
A. No.
Q. And I should know the answer to this since I negotiated it, but the subro deal, had it been announced by September 4th?
A. A good question. I believe it was announced the Friday before, if I'm not mistaken.
Q. Okay.
A. Which would have been whatever...
Q. Did anyone there on behalf of the TCC provide any reaction to that $20 billion number?
A. No. Other than, "thanks, we will take it under consideration."
Q. Okay. Did the TCC, anyone there on behalf of the TCC make any statements about the valuation of the wildfire claims?
A. Not to my knowledge, no.
Q. The second term sheet had what I

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will describe as a mechanism that subordinated the subrogation claims to the individuals. Is that -- do you understand what I am talking about when I say that?
A. I do, yes.
Q. Was that type of approach, a subordination of the subro claims to the individuals, discussed during this meeting on September 4th?
A. I don't recall that being discussed.
Q. There was no discussion at the September 4th meeting about how that $20 billion would be whacked up between the different groups of wildfire claimants?
A. I don't recall that, no.
Q. Was there any discussion at this September 4th meeting about how the bondholders would be treated under any plan of reorganization they might put forward?
A. Yeah, we really didn't go into POR issues.
Q. Was there a discussion about what rate of interest would be used to satisfy the bondholder claims?
A. No.

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Q. Nothing about contract versus federal rate of interest?
A. No.
Q. You understand the issue I am talking about?
A. I do.
Q. And was there any discussion about whether the bonds would be reinstated under a term sheet or a plan that the bondholders might put forward?
A. I believe the intent was to reinstate the longer date of maturities.
Q. Was there any discussion about whether or not any unsecured bonds -- strike that. I will ask a better question.
Was there any discussion about whether under a bondholder term sheet or plan of reorganization any pre-petition unsecured bonds would be converted into a secured position?
A. I don't recall that coming up.
MR. ORSINI: See, now you are in my head, Paul, because I am gonna mess this up, made whole versus make whole.
Q. Was there any discussion of --

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A. The make whole on the bonds versus the made whole on the --
Q. Correct. Was there any discussion of either of those topics?
A. I don't recall either of those topics coming up.
Q. Okay. Perfect. That makes it easier.
What, if anything, do you recall from this meeting about any statements made by the TCC representatives or --
A. You are talking about the --
Q. The September 4th meeting.
A. -- tort lawyers?
Q. Either Cecily, you, the tort lawyers, what did you guys say?
A. I think most of -- the bondholders did most of the talking and Mike Stamer, so we were basically in information-gathering mode as to how the structure of the deal worked.
Q. Was there any discussion during that meeting about any ideas that the bondholders had about who would run PG&E if their plan of reorganization was accepted?
A. Yeah, I don't recall any discussions

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on C-level management or board composition at all.
Q. At any time before or after that meeting, has the TCC, its advisers or anyone authorized to speak on behalf of the TCC had discussions with the ad hoc bondholders or their advisors about management and operation of PG&E in the event that the bondholder plan is confirmed?
A. I personally and my team have had no discussion whatsoever.
Q. Are you aware of whether anyone else on behalf of the TCC has had such a conversation?
A. I'm not aware.
Q. To your knowledge, have the bondholders decided whom they might contract to manage the utility if their plan is confirmed?
A. Other than what they have in their term sheet where they outline -- I think they have -- the IEBW has a seat, if I'm not mistaken, and I believe TURN has a seat, so that's the extent of my knowledge as to what they plan to do with corporate governance going forward.

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Q. That's not something the TCC has explored with the bondholders during these discussions, to your knowledge?
A. To my knowledge, no.
Q. Was there a discussion during the September 4th meeting about the settlement that had been announced between the Debtors and the subros?
A. Other than the fact that we were immensely annoyed, no.
Q. Okay. What about the settlement that the Debtors had reached with the settling public entities?
A. I mean, that happened prior. I'm not sure the exact date, but I believe it was in June.
Q. It was months prior?
A. Yeah, it was early on. That topic didn't come up.
Q. Was there a discussion -- I believe you said there was, but was there a discussion during this meeting about TEV?
A. At a very high level, yes.
Q. What do you recall about that discussion?

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A. I believe the numbers that were being discussed were in the kind of the low $60 billion range to the high $60 billion range.
Q. And when you say they were being discussed, were those numbers that were being put forth on behalf of the bondholder group or the TCC or both?
A. It was an open discussion between myself and primarily Alex.
Q. What do you recall saying at that meeting about your views on TEV?
A. Well, again, we had to be extremely careful, because we were dealing with individuals that weren't restricted, so we didn't discuss EBITDA. In fact, I believe we didn't even have the numbers, and I believe the next day was September 5th was when we had a meeting at the company with other financial advisors: PG&E management, AlixPartners, Lazard. Let me -- bear with me so I make sure I get the right dates. Yeah, so we met on the 4th with the bondholders and on the 5th we were at the company, so we didn't have access to the projections at that point in time, nor could we

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share them regardless. I think we just looked at what are the public comps, and there is really two methodologies, there is what are the public comparatives, but also base rate valuation methodology, so at a very high level we discussed those.

Q. Were you more in the low 60s or the high 60s?

A. Probably middle of the fairway.

Q. Okay. Did you discuss potential trading multiples post emergence?

A. Well, again, we don't want to get too much into the weeds here, but, you know, historically PG&E has traded at a discount to the comparatives, which is a reflection of the fact that they have got this wildfire liability exposure which has kind of been an overhang on valuation. You know, that's obviously partially addressed with AB-1054, but, you know, we talked, again, at a high level what some of the comps are.

Q. Did you express a view as to what you believe a reasonable assumption would be for a trading multiple post emergence?

A. We didn't go into that level of

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specificity. I believe at the time the comps were around 11.5, if I'm not mistaken, and I think traded up since then, but, again, it was just a high level. We didn't go company by company in terms of the comparatives. More of a high-level conversation.

Q. And was there a discussion during that meeting about distributable value?

A. There was, yes.

Q. What do you understand that term to mean?

A. Well, I think there were some adjustments, so obviously you start with total enterprise value and then you have -- you are gonna have an adjustment for additional wildfire liability exposure, which is a reflection of the 192 million a year they have to pay as a result of AB-1054, you take the net present value of that, and then there is the 2.2 billion of insurance proceeds relative to 2017, 2018 fires, and then, you know, then you come to what's a distributable value, and then post that you would look at the various DIP repayment, priority and admin costs, administrative, and then you kind of roll down

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to see what you have left over.

Q. Do you recall, generally speaking, when you rolled down to see what was left over the range that was discussed during this meeting?

A. I believe it was in the -- I want to say somewhere between 27, 28 billion, maybe higher.

Q. Was there a discussion about what, if any, value would be retained for equity, current equity, under the proposal that Elliott was making or the bondholders were making at that meeting?

A. I think it was a modest amount. It was -- it was definitely lower than the current market cap of the company.

Q. Was there a discussion as to why they were being left with whatever they were being left with?

A. I think it was a reflection of what's distributable value and what's left over once you address the priority claimants, the various claimants in the estate, and based on their numbers there wasn't anything left over.

Q. Anything else you can recall from

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this meeting that we haven't talked about?

A. I think that's a pretty good summation.

MR. ORSINI: We will mark this as Williams 2.

(Williams Exhibit 2, e-mail dated 8-20-2019, Bates stamped PGE-EXC-AHC-0007654 and PGE-EXC-AHC-0007655, marked for identification.)

Q. So Williams Exhibit 2 is an e-mail string, two-page e-mail string, beginning with Bates PGE-EXC-AHC-0007654. I don't believe that you are copied on any of these e-mails.

Have you seen these before?

A. I have not, no.

Q. Okay. The bottom e-mail on the first page is an e-mail from Mr. Rosenbaum to Ms. Dumas on August 20th. Do you see that?

A. You are talking about the bottom part?

Q. Yeah, down towards the bottom.

A. Yes.

Q. Right above the confidentiality note.

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A. Yes.
Q. And he says that: We will be in SF September 4/5 and would like to continue and advance our discussion given the new facts.
Do you see that?
A. Yes.
Q. Do you have any idea what new facts he is referring to here?
A. I have no idea. I haven't seen this before, like I said, I didn't know about the meeting on September 4th until a few days before.
Q. And in preparation for this deposition, you didn't speak with Ms. Dumas about this?
A. No.
Q. Now, August 20th, that's before -- well before the subrogation settlement was announced; correct?
A. Correct, yes.
Q. Do you recall whether August 20th was around the time when there were public statements that AB 254 might not --
A. 235?
Q. I'm sorry -- 235 might not be

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advanced?
A. I'd have to go back and check. I can't remember the timing of what was going on with the legislature then.
Q. During either of the two meetings that we have spoken about so far today, was there any discussion about AB-235?
A. Amongst who?
Q. Amongst anyone at those meetings.
A. I don't recall it coming up. Obviously we talked about it internally with Baker, given its importance, but I don't recall there being a direct conversation on AB-235. Obviously 1054 there was, but 235 I don't recall.
Q. Do you -- to your knowledge, have there been any discussions between the TCC, its advisors or authorized spokespeople on the one hand, and the ad hoc bondholders and their advisors and authorized spokespeople on the other hand, about AB-235?
A. Again, to be clear, advisors or authorized by the TCC?
Q. Correct.
A. To my knowledge, no.

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Q. Have there been any discussions between advisors or others authorized by the TCC and Elliott about AB-235?
A. I have never had a direct conversation and neither has my team, but I can't speak for Baker. I don't know.
Q. And that wasn't something you spoke to Baker about in preparation for this deposition?
A. No.
Q. Is there any signed agreement between the TCC and the bondholders concerning the amended term sheet that's been put forth?
A. To my knowledge, no.
Q. To your knowledge, are there any direct claims that exist between the TCC on the one hand and the bondholders on the other?
A. I don't know if I follow you on that.
Q. So the wildfire claimants have a claim against my client, the Debtors; correct?
A. Correct, yes.
Q. The bondholders have a claim against my client, the Debtors; correct?
A. Correct.

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Q. The wildfire claimants may have claims against the Debtors' contractors who worked on vegetation management issues. Do you generally understand that?
A. Correct, yes.
Q. To your knowledge, is there any actual claim, you know, litigable claim, that exists directly between the TCC on the one hand and the bondholders on the other?
A. To my knowledge, no.
MS. CRAWFORD: Objection.
MR. RICHARDSON: Objection to the extent it asks him to give a legal conclusion. If you know the answer.
A. Yeah, no, I have no knowledge of anything like that.
Q. Are there any existing agreements, written or oral, between the TCC on the one hand, and, again, I am including its advisors and anyone authorized to speak on its behalf, and the bondholders, with the same caveat on the other hand, about lobbying efforts with respect to AB-235?
A. I have no knowledge whatsoever of that.

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Q. Are there any agreements written or oral between those two groups related to any lobbying efforts that may be undertaken subsequent to today?
A. I have no knowledge of that.
Q. And if I were to change the question so that rather than say the bondholders I said specifically Elliott, would that change your answers?
A. Maybe if you could rephrase it.
Q. So I asked you a moment ago if there were any agreements between the TCC and its advisors on the one hand and the ad hoc group and its advisors on the other related to lobbying.
A. I have no knowledge.
Q. And my question now is what about any agreements directly with Elliot?
A. I have no knowledge of anything.
Q. So after the September 4th meeting, when was the next discussion that you, Mr. Williams, or anyone else from Lincoln had with the bondholders or their advisors?
A. I didn't have direct conversations with the bondholders. I had conversations with

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Alex Tracy at Perella.
Q. Okay. So the meeting we were just talking about was on September 4th.
Do you recall when your next discussion was with Mr. Tracy?
A. Yeah, it was the next day, because he attended the same meeting at PG&E going over the company's business plan, so we talked briefly then.
Q. At the meeting, after the meeting?
A. After the meeting.
Q. Okay. What do you recall about that conversation?
A. Very brief. Let's, you know, chat when you get back to the city. Five-, ten-minute conversation, not even.
Q. Okay. And what was the next conversation that you had or anyone from Lincoln had with Perella?
A. I mean, I had multiple conversations with Alex from that point on.
Q. Okay. And, generally speaking, what were you discussing during these conversations, what was the topic?
A. Issues of what's the appropriate

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TEV, you know, what's plan structure look like, you know, how does the waterfall analysis play out. The normal negotiating points you go through.
Q. During that -- during those conversations, did you have any discussions with Perella about the actual value of the wildfire claims?
A. We actually never got into the issue of the claims, because it's really a function of what is the distributable value left over after you address the various priority issues and debt issues in the company.
Q. Can you explain what you mean by that?
A. Well, yeah. Ultimately whether your claims are 50 billion or a hundred billion, you can only recover so much based on what the distributable value in the company is. So that was the key focus.
Q. That's assuming the claimed value is more than the distributable value; correct?
A. Correct, yes.
Q. And my question is really was there any conversation between you and Perella, and

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by "you" I mean to include Lincoln generally, about whether the value of the wildfire claims did, in fact, exceed distributable value?
A. I think there was a general understanding that the claims were obviously in excess of distributable value, but we never went into specificity as to what the claims amount was.
Q. Based on what, what was that general understanding based on?
A. Just based on our discussions with Baker Hostetler and some of the individual tort lawyers.
Q. But at this point in time when you are having these conversations in early September, to your knowledge, no one from the TCC, no advisors to the TCC, had provided any information to the ad hoc bondholders or their advisors that actually supported the notion that the wildfire claims were worth more than the distributable value?
A. Sorry. What date are you referring to?
Q. What date?
A. Date.

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MR. RICHARDSON: Objection. I think that misstates his testimony.
MR. ORSINI: Well, I don't think it does, but if it does, he will tell me.
Q. So prior to that September --
A. 4th?
Q. No. Prior to the September -- what was it -- 13th?
A. I think it was 12th.
Q. Now I have to look at a calendar. 16th.
Prior to the September 16th meeting, so at the time you are having the discussions we have been talking about with Perella about distributable value, to your knowledge, had anyone from, affiliated with or authorized by the TCC provided any information whatsoever to the bondholders establishing that the wildfire claims actually were valued above distributable value?
MR. RICHARDSON: When you say wildfire claims. Are you talking about the individual plaintiffs or the subro only or --
MR. ORSINI: Let's start with any of

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them. All of them.
A. And to be clear, we are referring to advisors to the TCC or authorized by the TCC?
Q. Correct.
A. No advisor, nor anyone authorized by the TCC conveyed information.
Q. Your answer to this next question has to be yes, given this case, but are you familiar with the Brown Greer database, have you heard of it?
A. I've heard of it, yes.
Q. I knew your answer had to be yes to that.
Have you had access to that?
A. I have not, no.
Q. Has Lincoln Financial had access to that?
A. No. Not part of our mandate.
Q. To your knowledge, had the ad hoc bondholders -- strike that.
To your knowledge, prior to the filing of the second term sheet, were the ad hoc bondholders or their advisors given access to the Brown Greer database?
A. And that would have been September

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19th?
Q. September 19th.
A. I believe there was access provided, if I'm not mistaken. Again, I am just going off memory.
Q. And do you recall when that access was provided?
A. I think earlier in the week, but, again, I am just going off memory. I wasn't involved in any of that.
Q. Who would know the answer to that question?
A. Baker would know.
Q. And you didn't talk to Baker about that in preparation for this deposition?
A. No, not at all.
MR. ORSINI: Okay. Let's mark this as Williams 3.
(Williams Exhibit 3, e-mail dated 9-5-2019, Bates stamped PGE-EXC-AHC-00002507 through PGE-EXC-AHC-00002509, marked for identification.)
Q. So we have marked as Williams Exhibit 3 a multi-page e-mail string that

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begins, for those on the phone, with PGE-EXC-AHC-00002507.
Mr. Williams, again, I don't believe you are copied on any of these e-mails, but have you ever seen these before?
A. I don't -- I don't recall. Maybe it was forwarded to me, but I don't directly recall them.
Q. Do you see kind of in the middle of the first page there is an e-mail from Cecily to Frank Pitre and Jeff Rosenbaum?
A. Yes.
Q. Mr. Pitre is one of the lawyers representing a member or two of the Tort Claimants Committee?
A. That's correct, yes.
Q. Do you know how many clients Mr. Pitre actually has who have claims related to the 2017 and '18 wildfires?
A. I don't, no.
Q. Do you have any idea what fires his clients have claims with respect to?
A. My understanding it's primarily North Bay, but, again, just going off of memory.

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Q. Is it also your understanding that it's primarily Tubbs?
A. I believe so. I'm not sure.
Q. And is it also your understanding that the same is generally true with respect to Mr. Kelly?
A. I'm not sure what claims Mike has.
Q. Do you have any understanding as to the claims that Elizabeth Cabraser has?
A. That I don't know.
Q. What about Mr. Frantz?
A. Mr. Who? Sorry?
Q. Frantz. Do you know him at all?
A. No, I don't.
MR. RICHARDSON: Can you spell that?
MR. ORSINI: F-R-A-N-T-Z.
A. Yeah, I don't know that individual.
Q. What about Mr. Scarpulla?
A. Obviously I know he is -- Fran, yeah.
Q. You know who he is?
A. Yes.
Q. So let me ask a real question. Do you have an understanding as to how many wildfire victims he actually

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represents?
A. I don't, no.
Q. Do you have any understanding as to which fires his clients have claims related to?
A. I don't.
Q. Do you have any understanding as to whether they are weighted towards Tubbs?
A. I don't.
Q. So if we look at this e-mail that I introduced as Williams 3, and in particular Ms. Dumas' e-mail to you, saying that she would like you and Mr. Tracy to have a call about TEV. She then says: "I think we need to start there. Lay the groundwork for TCC counter." Do you see that?
A. Yes.
Q. Do you have any understanding as to what she meant by that?
A. I think she is referring to TEV, obviously is total enterprise value, and then the next step being, you know, whether or not there is a meeting of the minds in terms of the settlement agreement.
Q. And what's the relevance of the TEV to the counter that the TCC would be making?

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A. Again, back to my prior point, total enterprise value dictates distributable value, which dictates how much is available in the estate for various claimants.
Q. Is it fair to say during the course of the discussions that the TCC and its advisors have had with the ad hoc bondholders, the premise has been throughout that the claims of the wildfire victims exceed distributable value?
A. Yes.
Q. And, therefore, that the negotiation is really over what the distributable value is and how that distributable value gets whacked up between the various classes of wildfire claimants and equity?
A. That's correct, yes. Well, not so much equity. The various creditor constituencies.
Q. And if anything is left for equity, it's left for equity?
A. Correct, yes.
Q. Okay. Did the TCC make a counter? Ms. Dumas references in Williams 3, which you can put aside, a potential counter. Did the

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TCC make a counter to the bondholders?
A. I don't recall giving a formal counter to them, but I think it was, you know, more dialogue in the next meeting.
MR. ORSINI: Okay. So why don't we take a break for a couple of minutes before we go to the next meeting.
(Recess was taken from 11:46 to 11:56.)
MR. RICHARDSON: There was one question that Mr. Williams answered before the break that he would just like to clarify his answer on.
MR. ORSINI: Please do.
THE WITNESS: As it relates to Brown Greer, I think I made a statement that they received access to it September 16th. At that point in time they were provided with an outline as to how it works, but they received it the same time as everybody else, which was, I believe, last week at some point.
BY MR. ORSINI:
Q. So prior to the filing of the joint motion to terminate exclusivity and the

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corresponding filing of the second term sheet, the ad hoc bondholders and their advisors did not have access to the Brown Greer database?
A. Correct. They were provided I will call it a tutorial of how it works, but they weren't provided with physical access to it.
Q. Were they provided with any data or reports from the database itself prior to the date on which the second motion to terminate exclusivity was filed?
A. That I don't know.
Q. When you say tutorial on how it works, what do you mean by that?
A. Just how the actual system works as opposed to the data within the system.
Q. Okay. Thank you. I appreciate the clarification. And any time there is anything you want to clarify, please do. We want to get it right.
Now, I want to talk about the subro settlement with the Debtors for a minute.
There was a time period between when an agreement in principle was announced and the signing of formal RSA was announced; correct?
A. That's correct, yes.

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Q. Do you recall, roughly, how long of a gap there was during that time period?
A. I -- I believe the subrogation settlement was filed on September 13th, if I'm not mistaken. I don't recall when the RSA was filed. I think it was -- I can check here.
Q. Don't worry about it. We don't need to know the exact gap.
But during that time period between when the agreement in principle was announced and it was announced that a formal RSA had been signed, the TCC's advisors were engaged in discussions with the ad hoc bondholders' advisors about a potential term sheet that the TCC would support; correct?
A. Correct, yes.
Q. In the course of those discussions, were there any conversations about efforts to convince the subros to align with the TCC and the bondholders rather than the Debtors?
A. That only occurred post the actual filing of the term sheet.
Q. Okay. So to your knowledge, there were no discussions between the TCC and the bondholders about trying to get the subros to

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do a deal with them instead of the Debtors before the RSA was signed?
A. I mean, obviously the topic came up in the context that they are a key constituent in the case, but there was no formal plan as to how you would interact with them or reaching out to them, no.
Q. Okay. But you said the topic came up, so what do you recall about the topic coming up?
A. Just that they are a big key stakeholder in the case and they have to be addressed at some point.
Q. Were there discussions about how it might be beneficial to the TCC and the bondholders if the subros would align with them as opposed to signing an RSA with the Debtors?
A. I think there is an acknowledgment that it would be helpful, yes.
Q. Okay. And what do you recall about any discussions where that was acknowledged?
A. Just it was more financial advisor to financial advisor.
Q. To your knowledge, during this time period when the TCC's advisors and the

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bondholders' advisors were talking about a potential joint motion to terminate exclusivity, did any of the TCC's advisors or anyone authorized by the TCC contact the subros to see if they would join your discussions as opposed to executing an RSA?
A. I had a phone conversation with Homer Parkhill at Rothschild, who advises the subro group, after it was filed, so whatever that date.
Q. What's the "it"?
A. After the term sheet, the materials from the joint plan were filed by the TCC and the ad hoc.
Q. You didn't speak to Mr. Parkhill or anybody else affiliated with the subros prior to the filing of the joint term sheet about their settlement with the Debtors?
A. No.
Q. But, again, I want to go back to the time before the joint term sheet was filed, but after an agreement in principle was announced between the Debtors and the subros. Do you have that time period in mind?
A. Okay. So what -- be specific on the

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dates, if you could.
Q. So September 19th was the date when the joint term sheet was filed.
A. Correct.
Q. The agreement in principle with the subros was announced --
A. The 13th?
Q. No, that was the RSA.
A. I thought the settlement was the 13th and then the RSA was after that, obviously.
Q. You might be right about that. You are right. So between September 13th and September 19th, that's the time period I am talking about. Okay?
During that time period, to your knowledge, did anyone on the TCC, advising the TCC or acting on the TCC's behalf reach out to any member of the ad hoc subrogation group or its advisors to try to convince them not to sign the RSA and to instead align themselves with the TCC and the ad hoc bondholders?
A. Again, to be clear, I can only speak to TCC advisors --
Q. Yes.

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A. -- as well as authorized by the TCC.
Q. Yes. That was my question.
A. So on September 13th Homer Parkhill called me up after it was publicly announced, so we had a brief discussion, you know, took me through the general structure, but it was like a 15-minute conversation.
Q. Okay. Did you make any comments during that conversation with Mr. Parkhill about the ongoing discussions between the TCC and the bondholders?
A. I think he said in passing, "have you talked to the bondholders," and I said, "we talk to everybody, right, in the case," so but he didn't ask any specific questions or delve into it.
Q. Okay. So other than that conversation with Mr. Parkhill on September 13th, between the 13th and the 19th did you personally have any discussions with anyone on, advising, or affiliated with the ad hoc subrogation group about their agreement in principle with PG&E?
A. No, and as I mentioned in earlier testimony, the next time I spoke with Homer was

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September 19th, which is when -- after the term sheet was filed.
Q. I understand. I just wanted to make sure it was clear.
A. I had no conversations during that period with Homer.
Q. So you are here as a 30(b)(6) witness for the TCC, so I am going to ask a broader question.
A. Sure.
Q. I know you personally did not have any conversations between September 13th and September 19th with anyone affiliated with the subros about their deal other than the one you just described with Mr. Parkhill on the 13th.
A. Correct.
Q. Did anyone else acting on behalf of or advising the TCC have any discussions with anyone affiliated with the subrogation group about their agreement in principle with the Debtors during that September 13t to 19 time period?
A. I have no direct knowledge, no.
Q. Do you have any indirect knowledge?
A. I have no knowledge. Make it

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easier.
Q. Now, same question. Between September 13th and September 19th, to your knowledge as a 30(b)(6) witness for the TCC, did the TCC, its advisors or anyone authorized to act on its behalf have any conversations with the ad hoc bondholder group, its advisors, anyone acting on its behalf about the subrogation group's agreement in principle with the Debtors?
A. Just to be specific, you are talking the period September 13th to September 19th?
Q. That's correct.
A. Other than the fact that they are a large constituent in the case that has to be addressed, but there was no strategy or anything pulled together in terms of how to deal with it.
Q. To your knowledge, as a 30(b)(6) witness for the TCC, did anyone acting on behalf of the bondholder group or any of its members have discussions with the subrogated carrier group or any of its members?
A. You are talking about the bondholders?

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Q. Yes.
A. I would have no knowledge of that. I don't advise the bondholders.
Q. You could have heard.
A. No, I haven't heard.
Q. Okay. So we talked about September 4th meeting. We have talked about September 17th meeting. And I believe you also said that there was a September 12th meeting; correct?
A. Let me check here. Yes.
Q. Before we get into that, you testified earlier that -- well, I asked you earlier whether the subro settlement was discussed at the September 4th meeting and I believe your answer was: Other than the fact that we were annoyed by it, no. Do you remember that?
A. Yeah, actually, I believe I got my dates wrong, because I think it was filed on the 13th, so it wouldn't have been -- wouldn't have occurred --
Q. It would have been one of the later meetings?
A. Correct, yes.
Q. When you said 'we were annoyed by

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it,' why were you annoyed by it?
A. I think it's obvious. Right? I mean, the insurance carrier settled before the fire victims, so there was a general annoyance on the part of our clients.
Q. Do you understand that that's exactly the order in which settlements occurred during the Butte fire litigation?
A. I wasn't involved in that, so...
Q. Do you understand that's exactly the order in which settlements occurred during the San Bruno litigation?
A. I'm not privy to that, no.
Q. Do you also understand that that was exactly the order in which settlements occurred with respect to litigation over wildfires in Southern California during 2007?
A. No, I don't.
Q. All right. So the September 4th meeting there was a pot of money that Elliott and the bondholders proposed to satisfy the wildfire claims; correct?
A. That's correct, yes.
Q. And remind me, what was that number?
A. It was in the $20 billion range.

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Q. Okay. At the September -- prior to the meeting on September 12th, did the TCC make a counter? I think I asked you that and I think you said no.
MR. RICHARDSON: Asked and answered.
A. Yeah, I don't recall there being a counter.
Q. So the September 12th meeting, who attended?
A. That would have been from our side Frank Pitre, Mike Kelly, Elizabeth Cabraser, someone from Ed Neiger's firm. I can't recall their name. I think telephonically Fran Scarpulla was on the phone, and then Cecily Dumas was there from Baker. Jorian was there, myself, Brendan Murphy, my colleague. I might be missing some people, but that's from our side. And then from the other side, Elliott was there, CapRe, PIMCO, Mike Stamer, David Botter from, obviously, Akin, and then Perella was there as well.
Q. Who was there from Elliott?
A. That was Jeff.
Q. From the bondholder side of the table, who took the lead at that meeting?

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A. It would have been Jeff and Mike Stamer.
Q. And what about from the TCC side?
A. Primarily Cecily, Frank and myself.
Q. Do you know how Cecily, Frank and the others actually got to New York?
A. I assume they flew.
Q. Yeah. Were they on a private plane?
A. I have no idea.
Q. Do you know if they were on a private plane supplied by Elliott?
A. I have no knowledge of that whatsoever.
Q. What do you recall about that meeting?
A. It was about two hours.
Q. Where was it held?
A. It was held at Elizabeth Cabraser's office, lower Manhattan. Hudson Street. You know, similar conversation to the prior meetings, you know, going through TEV, looking at some of the various adjustments to get to distributable value, looking at obviously priority claims and the like, coming down to, you know, what's the residual distributable

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value.
Q. So and I don't mean to mischaracterize anything, so if I am, tell me, but my sense from your description of the September 4th meeting was that the bondholders kind of took the lead during that conversation. Is that fair?
A. Well, I mean, it was an interactive conversation. I didn't keep a clock as to who was talking more. But we were more in listen mode, yes.
Q. And would you say the same was true for this September 12th meeting?
A. Again, it was very interactive, but -- and more substantive, but, you know, consistent with prior meetings.
Q. How did the meeting start?
A. What do you mean?
Q. Like you get into the room, you exchange pleasantries. Someone starts talking first; right?
A. Yeah. I believe it was Mike Stamer.
Q. Okay. And what do you recall Mr. Stamer saying at the outset of the meeting?
A. I don't specifically recall other

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than, you know, "Here is what I'd like to discuss." Obviously we had to be, you know, cognizant of the fact that certain parties weren't restricted, which is always a big issue, and that was about the extent of it.
Q. Do you recall what he said they wanted to discuss?
A. I think it was plan proposal.
Q. Did you make any sort of presentation on TEV or distributable value during this meeting?
A. No.
Q. Were any documents exchanged during this meeting?
A. No, I mean, they went through their numbers, but there was nothing that we actually could take back.
Q. So did they give you a document that they used to go through the numbers?
A. Yes.
Q. And they didn't allow you to keep that?
A. Correct.
Q. Did you have a document that you used at that meeting?

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A. No.
Q. Or that anyone from the TCC used during that meeting?
A. No, other than my own personal, you know, analysis that we do internally.
Q. Was anything similar done in the September 4th meeting, did they put a document down and then take it back?
A. I think there might have been, I just -- I don't recall specifically, but there might have been.
Q. Okay. Did you take any notes?
A. No.
Q. Do you know whether anyone else took any notes?
A. I mean, I can't speak for the attorneys, but I didn't take any notes.
Q. And in preparing for this deposition, you didn't ask whether there were any notes of the meeting?
A. No.
Q. When you said they went through their numbers, the "they," I assume, is the bondholders; correct?
A. Correct, yes.

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Q. Who took the lead from their side in that discussion?
A. That's Jeff Rosenbaum.
Q. Not Perella?
A. Alex was active as well too.
Q. What do you recall Jeff and Alex saying about their numbers during that meeting?
A. Just we literally went line item by line item, described their views on TEV, distributable value. Normal process.
Q. Had their assessment of TEV changed since the meeting you had had on September 4th?
A. I believe it was pretty similar.
Q. What about their assessment, at least as they presented it to you, of distributable value, had that changed since the prior meeting?
A. I don't recall if it moved. I don't think it was material.
Q. Okay. When they came into that meeting, was there a number that they put on the table in terms of the amount that could be allocated to the wildfire victims writ large as part of their term sheet?
A. Yeah, it was more for illustrative

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purposes, so they had -- I think they had -- if I recall, they had a range.
Q. Do you recall what that range was?
A. I think it depended on what the cash/equity mix was. I want to say the range was somewhere between 20 and 26, if I'm not mistaken. Billion. Sorry.
Q. Always is in this case.
Now, again, at this point they didn't have access to Brown Greer; right?
A. Yeah, that's correct. So as I mentioned earlier, they actually -- they didn't even have an outline of Brown Greer at that point in time.
Q. And, to your knowledge, no one advising the TCC or authorized to act on behalf of the TCC had given them any data or documents to support the value of the wildfire claims before this meeting?
A. Yeah, to my knowledge, no.
MR. RICHARDSON: Counsel, just a note, when you use the phrase "wildfire claims" in some of your questions, it isn't very clear to me if you are talking only about individual plaintiffs --

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MR. ORSINI: Any or all. Any or all.
A. So wildfire claimants would be inclusive of subro --
Q. Sure.
A. -- CAL FIRE, FEMA, PUC?
Q. Yes. Does that change your answer?
A. No.
Q. I didn't think so. Okay.
Did the TCC -- did the attendees at this meeting who were there on behalf of the TCC provide any information during the course of the meeting about the value of the wildfire claims?
A. I don't recall it coming up, no.
Q. Did the TCC make any statements at this meeting about how much they believe needed to be allocated for the wildfire victims in any plan of reorganization or term sheet?
A. I don't believe so.
Q. So you guys didn't put a number on the table?
A. No. Like I said, they had kind of an illustrative range based on cash/equity mix.
Q. And their illustrative range, I

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believe you said, was about --
A. 20 to 26, I believe.
Q. Did you put an illustrative range on the table?
A. I didn't have any materials there, no.
Q. Did you discuss from the TCC's perspective what that range might be?
A. I think I made reference to the fact that, you know, maybe we are off a few billion on total enterprise value one way or the other, but, again, you know, given the fact that the Debtor had their projection at that point in time and we are sitting across the table from somebody that's not restricted, you know, we had to be very extremely careful what we discussed.
MR. RICHARDSON: Just to be clear, counsel, when you use the term "wildfire victims," is that any different from the claim holders in wildfire claims?
MR. ORSINI: It is not.
Q. Does that change your answer?
A. No.
Q. What else do you remember about that

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meeting?
A. I mean, that's probably the extent of it. Normal meeting you go through, you know, the various items that leads you to distributable value.
Q. So was the primary focus of the meeting trying to see if you could align on what the distributable value was?
A. In the context of a plan proposal, yes.
Q. Were any other terms of a potential plan proposal discussed during this meeting?
A. Can you be more specific? I don't know what you mean by "terms."
Q. Well, anything. So you -- so I'll give you some examples.
Was there a discussion about how the bondholders would be treated under any potential plan of reorganization?
A. No.
Q. Was there a discussion about --
A. Let me clarify that. Obviously there is a portion was reinstated, if you are referring to that, but I think the key context of the conversation was economic, so we didn't

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address issues of governance, you know, make whole, post-petition interest rate, none of that came up.
Q. Was there any discussion during this meeting about this concept of subordinating the subrogation carriers that we discussed earlier?
A. I don't believe it came up, no.
Q. Whose idea was that?
A. I'd have to defer to lawyers on that one.
Q. Did it come from the TCC or the ad hoc bondholders?
A. I believe it came from Baker and their work.
Q. And that was a proposal that the TCC made to the bondholders sometime in advance of the 19th?
A. That's my understanding, yes.
Q. Sort of off topic for a second, but you raised the corporate governance and I want to just go back and clean up a couple maybe poor questions I asked earlier.
At any point prior to September 19th was there a discussion between the TCC, its advisors, authorized persons, the bondholders'

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advisors, authorized persons, about who would actually run PG&E if the bondholders' plan is confirmed, not the board, who is gonna operate the utility?
A. And, again, to be clear, I can only speak to TCC advisors or somebody authorized by them.
Q. That's all I am asking about.
A. I think there was an alignment that you want a competent, effective management team in place. There was no direct conversations about who would be CEO going forward, and there was no conversations about board representation or things like that.
Q. Were there any conversations about potentially contracting out the management of the utility?
A. No. I'm not even sure how you would do that.
Q. Were there any discussions about the impact that assigning potential claims against existing management to the wildfire claimants might have on the company's ability to retain its management post emergence?
A. You are referring to a D&O pursuit,

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things like that?
Q. Sure.
A. No, not at all.
Q. Okay. All right. So back to the September 14th meeting.
A. Is there -- I don't know about that one. You are talking about the --
Q. Sorry. September 12th. September 12th.
Anything else you can recall from that meeting that we haven't discussed?
A. No.
Q. So what conversations do you recall between the TCC, its advisors, authorized personnel, and the ad hoc bondholders' advisors, authorized personnel or members, between September 12th and the next meeting on September 17th?
MS. CRAWFORD: Object to form.
A. I mean, I had ongoing dialogue with Perella.
Q. Was that ongoing dialogue all focused on this question of TEV and distributable value?
A. That's the prime focus, yes. And

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I'm assuming Baker had ongoing conversations with Akin.
Q. What can you tell me about those ongoing conversations?
A. Well, I mean, I can't speak for Baker, but, again, as I mentioned before, you know, we discussed with Perella total enterprise value, distributable value, you know, that sort of thing, strictly economic.
Q. You were the principal financial advisor for the TCC; correct?
A. Correct, yes.
Q. Had you done any work whatsoever or anyone at your direction done any work whatsoever to actually try to value the wildfire claims in this case?
A. We have not.
Q. To your knowledge, in advance of September 19th did the ad hoc bondholders ask for access to the Brown Greer database?
A. I believe so, yes.
Q. Why wasn't that access provided?
A. I don't know. I wasn't involved in that decision-making process.
Q. Do you know how many claims are

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currently in the Brown Greer database?
A. I don't, no.
Q. Do you have any understanding as to what it shows in terms of at least current participation rate?
A. I don't.
Q. Would you be surprised if I were to tell you that it suggests that there are claims associated with fewer than 50 percent of the structures that were destroyed in the wildfires?
A. Yeah, I mean, the bar date is not until October 21st, so based on my experience, a lot of individuals file claims just prior to the bar date.
Q. But as you sit right now, you have no understanding whether it's 10 percent, 20 percent or 90 percent?
A. I don't.
Q. It's actually not anything that ever came up in the course of these conversations with the bondholders?
A. That's correct.
Q. And we are going to get to the amended term sheet, but the amount of money

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that's allocated to the wildfire claimants is allocated regardless of participation rate; correct?
A. Yeah, there is no correlation between...
Q. So if 10 percent of the claimants participate, they still get the same amount of total money; right?
A. Yes. I find that highly improbable, but yes.
Q. If 90 percent, it's the same?
A. Correct.
MR. RICHARDSON: I'm sorry to keep harping on this, but when you are talking about participation rate, you are talking about the individual claimants?
MR. ORSINI: Right now I am. That's fair.
MR. RICHARDSON: I just want to be clear, that the defined term being used for broader categories are not what you are talking about.
MR. ORSINI: That's fair. I appreciate that clarification.
Q. Okay. The September 17th meeting in

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San Francisco, at that meeting did the bondholders put forth a number that would be included in a potential joint term sheet to satisfy all wildfire claims, individuals, subros, government, everybody?
A. Yes.
Q. What number did they put forth at that meeting?
A. I believe it was 24 billion.
Q. That was an increase over the number they had put forth at the September 4th meeting; correct?
A. Correct.
Q. And it was in the range of what had been discussed as distributable value during the September 12th meeting?
A. Correct, yes.
MR. RICHARDSON: Could I just get a clarification. What was the context of asking him what amount was put forth that would satisfy all claims?
MR. ORSINI: How much money was gonna be put in the pot for the wildfire victims.
THE WITNESS: Yes.

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Q. Was there a discussion at the September 17th meeting about how that $24 billion might be allocated between the different categories of wildfire claimants?
A. I think there was an acknowledgment that you had the $1 billion settlement with the public entities, so that was part of the mix. There is some general discussion as to what should go to the subrogation claimants, and then, you know, obviously acknowledgment that you had CAL FIRE still out there and FEMA and the non-settling public entities, but there was no specific numbers described. It was just an acknowledgment that's the pot and some of the issues.
Q. What do you recall about the general discussion of how much would go to the subros during this meeting on the 17th of September?
A. I don't think we talked about a specific number.
Q. Did you talk about a range?
A. No.
Q. Was there a discussion that it would be less than the $11 billion they settled with the Debtors for?

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A. I think -- I can only speak from our perspective. I think there was a hope that it would be in the $9 billion range or so.
Q. Why is that?
A. That's just the perspective of certain committee members.
Q. Was that perspective discussed with the bondholders?
A. To my knowledge, no.
Q. Has that perspective been discussed with the subrogation insurers?
A. I don't -- I don't have direct conversations with them. I don't know.
Q. Was there any discussion during the September 17th meeting about how much the claims of CAL FIRE might be worth?
A. No.
Q. Now, you mentioned that there was obviously an understanding of the billion-dollar settling public entity number.
It's your understanding, isn't it, sir, that even in the amended term sheet, that settlement is not incorporated or guaranteed; correct?
A. I don't know if that's correct, what

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you are saying.
Q. Is it your understanding that the amended term sheet specifically says those entities will get $1 billion?
A. I'd have to go back and look at the term sheet.
Q. Okay.
A. I just don't recall offhand.
Q. That's fine. We will look at it. It doesn't need to be a memory test.
What was the number for wildfire claimants writ large that was included in the joint term sheet that was filed on September 19th?
A. 24 billion.
Q. So that number didn't change between the meeting on the 17th and the filing on the 19th?
A. That's correct.
Q. When you walked out of that meeting on the 17th, this is the collective you, TCC, was there an agreement in principle with the bondholders that you would support their term sheet?
A. Yes, in principle I would say yes.

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Q. Had you seen a draft of the term sheet at that point?
A. I don't believe I saw a draft until the next day.
Q. Do you know whether anyone else at the TCC had seen or advisor to TCC had seen a draft yet?
A. No. I believe the first draft went out the next day.
Q. You understand that there is a disagreement between the Debtors and the ad hoc bondholders about how to calculate any interest that might be owed to the bondholders; correct?
A. That's my understanding, yes.
Q. The difference between contract and federal interest rate?
A. Yes.
Q. Do you have any assessment of the delta between those two in terms of actual financial value of the bondholders?
A. We have done some preliminary work.
Q. Generally can you size it?
A. It might be anywhere between 75 bps and a hundred bps. Sorry. Basis points.
Q. Do you have a sense as to how many

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millions or hundreds of millions of dollars we are talking here?
A. No, I don't. And part of it is that you have got financing commitments from the bondholders where you have highly confident letters from the Debtor, so it's kind of apples to oranges, because we are not sure when they actually consummate the transaction what the interest rates will be. So we can only go based on face value right now.
Q. But to state the obvious, the position the Debtors have taken will provide less interest --
A. Interest cost.
Q. -- less money to the bondholders than the bondholders' approach?
A. If you believe those interest rates achievable, yes.
Q. Okay. Was this something that was discussed at all between the TCC and the bondholders or their advisors before the joint term sheet was filed on the 19th?
A. I have had no discussion whatsoever.
Q. And to your knowledge, no one else?
A. No.

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Q. You also understand that there is a difference of opinion between the Debtors and the bondholders about the make whole issue; correct?
A. Correct, yes.
Q. And what do you understand that difference of opinion to be?
A. Well, again, it's a legal question and there is case law, as you know, going both ways, but obviously the bondholders would want it and the Debtors don't want to pay it.
Q. And do you have a sense as to what amount of money we are talking about between those two positions?
A. We have looked it and I just can't recall what the number is we have quantified.
Q. Is it tens of millions, hundreds of millions, billions?
A. It would be on the higher range. I just can't recall the number.
Q. So in the billions you think?
A. I'm not even sure if it gets that high, but it's not in the tens of millions. It's in the hundreds of millions.
Q. That's fine. It is what it is.

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And was that a topic that was discussed between the TCC or its advisors and the bondholders or their advisors prior to September 19th?
A. Not at all.
Q. Under the amended plan, amended term sheet, and the joint term sheet that was filed, so the second term sheet, the bondholders -- a significant amount of the bonds were going to be reinstated; correct?
A. Correct.
Q. And you understand that differs from the treatment that's in the Debtors' plan of reorganization; correct?
A. Correct, yes.
Q. And can you describe to me generally the significance of that difference?
A. Well, under the Debtor plan they are looking to basically repay outstanding debt and re-issue new debt. And obviously under the bondholder plan they are reinstating some of the longer date of maturities, and some of the shorter date of maturities, which I believe are the 2021s and 2022s, would be part of, you know, a new debt offering and be paid out from

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that and as well as the proceeds from the backstop.
Q. What's your understanding as to why the Debtors have proposed to pay them out instead of reinstate them?
A. I think you have to talk to Ken, Lazard, but, you know, I think that they think they can get a lower borrowing cost, and, again, we can debate whether or not that's achievable, but I assume that's your plan.
Q. Do you have a view on that?
A. I think that there is always geopolitical crosscurrents, there is macroeconomic crosscurrents, so it's very hard to prognosticate what interest rates are going to be nine months from now.
Q. But that's what you do.
Do you have a view as you sit here as to whether or not the Debtors reasonably could anticipate getting lower coupon debt?
A. I think it depends on a number of things. I think it depends on getting through the fire season in October, November. I think it depends on are they gonna come out of the restructuring investment grade. There is a lot

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of different factors going in.
Q. So you haven't formed a view on that yet?
A. No. I mean, to be frank, the capital markets are very active right now, so they are very favorable, but there is a lot of crosscurrents.
Q. So if they were to do it right now, they would certainly be able to achieve lower coupon rates?
A. They would have a shot.
Q. Did this issue come up at all between the TCC and its advisors and the bondholders and their advisors during the course of the discussions in advance of September 19th?
A. Yeah, we didn't really focus on that issue, no.
Q. Do you know someone with the last name of Hallisey?
A. That would be Jerry?
Q. Yes.
A. Jerry Hallisey, yeah.
Q. Who is Jerry Hallisey?
A. Jerry is a lawyer that represents

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one of the committee members.
Q. Do you have any understanding as to how many other clients Mr. Hallisey has?
A. That I don't know.
Q. Do you know what fire his TCC member client has a claim related to?
A. That I do not know.
MR. ORSINI: Williams 4.
(Williams Exhibit 4, e-mail dated 9-10-2019, Bates stamped PGE-EXC-AHC-0007002 and PGE-EXC-AHC-0007003, marked for identification.)
Q. Marked as Exhibit Williams 4 an e-mail with a one-page attachment. The e-mail begins with Bates PGE-EXC-AHC-0007002, and this is an e-mail from Francis Scarpulla to David Botter dated September 10th.
Have you ever seen this before?
A. I saw this document like two days ago. It was produced in discovery. That's the first time I saw it.
Q. Take a look at the attachment.
A. Yes.
Q. The first time you saw this was

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about two days ago?
A. Yes.
Q. Second row, second substantive row, there is a reference to Future Fires and a minus $2 billion. Do you see that?
A. Yes.
Q. Do you have any idea what that relates to?
A. I can only speculate, because obviously --
Q. Don't --
A. -- we didn't produce this, but I am assuming it relates to the $5 billion funding associated with AB-1054.
MR. RICHARDSON: It's best if you don't speculate.
Q. The second to last row, the last substantive row, attorneys' fees of $1.2 billion, do you see that?
A. Yes.
Q. Had there been discussions between the TCC and the bondholders about how much in attorneys' fees will be paid out as part of the trusts?
A. I'm not privy to any discussion

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whatsoever.
Q. Do you have an understanding as to how much of the current amount that's allocated in the amended plan is anticipated to go to the attorneys?
A. I have no idea.
MR. RICHARDSON: Just for the record, to be clear, Mr. Williams has stated earlier that he has no personal knowledge and the TCC has no knowledge in particular of communications that some individuals members, such as Mr. Hallisey, have had with noteholders.
MR. ORSINI: He is disclaiming ownership of the document. I understand. 27, so I can draw the same objection.
(Williams Exhibit 5, e-mail dated 9-13-2019, Bates stamped PGE-EXC-AHC-0006978, marked for identification.)
Q. So I have handed you, sir, a document that's been marked as Williams 5. For those on the phone, it's PGE-EXC-AHC-0006978.
MR. RICHARDSON: Just to note an

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objection for the record. This document states on its face that it is not made on behalf of the TCC or any member or group thereof.
MR. ORSINI: Understood and agreed, it does say that.
Q. Have you ever seen this e-mail before?
A. Two days ago as well.
Q. Have you had discussions with Mr. Scarpulla at any point in time about the analysis he sets forth, such as it is in this e-mail?
A. Absolutely not.
Q. Okay. You can put it aside.
There are some discussions in e-mail kind of in between the September 12th meeting and the September 17th meeting about potentially signing up some confis. Do you have any recollection of that?
A. I wouldn't deal with those matters.
Q. The idea of subordination of the subrogation claims that we have discussed a little bit, you understand that the TCC put filings into the bankruptcy court that stated

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the absolute priority rule would be violated if such an approach was not followed; correct?
A. I don't know if I follow you when you say "violated."
THE COURT REPORTER: I'm sorry?
THE WITNESS: I don't know if I follow his question.
Q. Do you understand that the TCC at least initially took the position that paying the subrogation claims pari passu with the individual claims would violate the absolute priority rule?
A. If you are referring to the fact that it was originally that they had a subordination provision, yes.
Q. Did you discuss or did the TCC discuss the legal basis for that position with the ad hoc group or its advisors?
A. I personally didn't have any discussions on that, no.
Q. Do you know whether that's still the TCC's position?
A. I don't know.
(Williams Exhibit 6, Notice of Filing of Amended Joint Plan Term Sheet,

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marked for identification.)
Q. Do you recognize the document I have marked as Williams 6?
A. I do, yes.
Q. And what is this document?
A. This would be the amended term sheet that was referred to.
Q. Can you turn -- does yours have the docket numbers in red at the bottom? Yes.
A. Yes.
Q. Can you turn to page 5 of 77.
A. 5 of 77.
Q. Page 2 of the term sheet. Do you see that?
A. Yes.
Q. There is a section here entitled Transaction Overview. Do you see that?
A. Yes.
Q. And about halfway down in the second bullet there is a reference to Aggregate Fire Consideration, which includes $25.5 billion. Do you see that?
A. Yes.
Q. That 25.5 was an increase over the 24 that was in the second term sheet; correct?

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A. That's correct, yes.
Q. And do you have an understanding as to why that was increased?
A. Well, the increase was to address the subro amount.
Q. Okay. Explain that to me, please.
A. Yeah, so the subro amount was, again, people envisioned something around $9 billion or so, and obviously the actual settlement was 11 billion, so in order to, you know, get parity with that deal, they basically increased the pot here to have that portion be allocable to the subro.
Q. Was that number 25.5 the subject of negotiations between the TCC and the bondholder group between the date when the second term sheet was filed and the amended term sheet was filed?
A. Yes.
Q. What can you tell me about those negotiations?
A. They asked if we were willing to, you know, alter our consideration as part of the transaction. We basically said no.
Q. Was that before or after they said

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in court that they would adopt the subrogation settlement amount?
A. What court date are you referring to?
Q. What date was that hearing? September 24th.
A. So this was filed on the 25th. So following your chronology, if you say that's what you heard, it would have happened on the 24th then, right, the status conference?
Q. Right. So there was a status conference on the 24th. Were you there?
A. I was not, no.
Q. Did you listen in?
A. I had one of my colleagues listen in.
Q. Okay. Did they update you about it afterwards?
A. Yes.
Q. I bet they did.
And is it your understanding that during the course of that status conference the bondholders and counsel from Akin Gump stated that they would be filing an amended term sheet that would adopt the subrogation settlement

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amount and contain a higher aggregate amount for the wildfire claimants?
A. Yeah, I don't recall being updated with that exact verbiage, but I believe Baker advised me that there would be an amended claim being filed.
Q. So you heard that during the conference Akin said we are gonna up the number in an amended claim?
A. That's -- as conveyed by Baker, yes.
Q. To your knowledge, had the bondholders discussed that or their advisors discussed that with the TCC before the status conference?
A. Yes, I mean, keep in mind, again, going back, TCC advisors or authorized to --
Q. Yes.
A. Yes.
Q. Okay. And is that the conversation or conversations in which TCC said no?
A. Correct. TCC advisors.
Q. Were there further discussions between the TCC advisors and the bondholder advisors between when that status conference occurred and the amended term sheet was filed

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with the court?
A. Yeah, I might have spoken with Alex Tracy. I just -- I don't recall.
Q. So at the time the bondholders filed the amended term sheet with the court, had the TCC through its advisors agreed to the new cap of $25.5 billion with an allocation of 11 to the subros?
A. Yeah, and again, just to clarify, there is a working group, which is a subset of, I believe, six members of the TCC that was dealing specifically with plan issues, so the advisors, Baker and Lincoln, in conjunction with the voting working group recommended this, yes, and approved it, subject to approval from the TCC.
Q. Did that recommendation and approval come before the amended term sheet was filed?
A. The working group approved it before it was filed, if I'm not mistaken, and then we had a full committee meeting I believe it was last Friday.
Q. At which the full committee ratified that?
A. Correct. Correct.

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Q. So on the same page under Transaction Overview it states that there will be new money investments representing approximately 59.3 percent of the outstanding stock of the reorganized corporation. Do you see that?
A. Yes.
Q. Okay. Layman's terms, what does that mean?
A. That they will own 59.3 percent of the reorganized Debtor upon emergence from bankruptcy.
Q. What's an NOL?
A. Net operating loss.
Q. Have you analyzed the NOLs and the tax effect of NOLs that the Debtor currently has?
A. We have done some very preliminary work as it relates to the impact of 382 and the like, but nothing formal, no.
Q. And is it your understanding that if this plan is confirmed, it will represent a change in control of the utility?
A. Again --
MS. CRAWFORD: Objection to form.

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A. Sorry. I'm not a tax lawyer, so I'm privy to the issues of 382, we deal with them, as I am sure you do, in various cases, but --
Q. I try not to.
A. I'm not sure what the trigger would be.
Q. Is that a topic that has been discussed between the TCC's advisors and the ad hoc advisors?
A. In the context of the size of the NOLs, yes, but not in any level of specificity that I can discuss.
Q. What do you know about those discussions about the size of the NOLs?
A. I believe they are, you know, they are in the billions, I think it was 2 or 3 billion was the number, if I'm not mistaken.
Q. And below that it says that the $25.5 billion will consist of 12.7 billion in cash and 12.7 billion in shares of common shock, which will represent approximately 40.6 percent of the reorganized company's common stock. Do you see that?
A. Yes.
Q. On a fully diluted basis.

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Do you have any understanding under this amended term sheet as to -- do you have any understanding as to how the cash versus equity will be allocated amongst the wildfire claimants?
A. There has been no determination on that yet.
Q. So there are two trusts that will be created for the wildfire claimants under this amended term sheet; right?
A. Correct.
MS. CRAWFORD: Object to the form.
Q. One for the subrogation claimants and one for effectively everybody else?
A. Specifically wildfire victims.
Q. Well, but the wildfire victim trust also includes government claims, doesn't it?
A. It does, yes.
Q. Okay. So there has been no decision made about how that equity versus cash consideration will be allocated between the two trusts?
A. No.
Q. Have there been any determinations made about whether that equity will be sold in

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the public market upon reorganization?
A. Whether it's going to be a publicly-traded company?
Q. No. Sorry. That was a bad question.
So some combination of those two trusts will have 40.6 percent of the company's common stock on the effective date; right?
A. Correct.
Q. Has there been any discussion about whether any of that common stock will thereafter be sold either in the open market or in a private transaction?
A. Yeah, no, I -- internally we have had extensive conversations about that, because we are obviously concerned about what we refer to as stock overhang.
Q. Of course.
A. So everybody is incentivized to make sure any sales of the stock in the future are done in a very methodical way so it doesn't have any downward pressure on the stock.
Q. In other words, you can't have it all dumped onto the market Day 2?
A. Right, absolutely would not do that.

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Q. But have any specific provisions or plans been put in place to address that issue?
A. No. You would want some sort of put-right mechanism, but, you know, I think everybody is on the same page that you don't want to have anything negative happen to the stock price, so you don't want to flood the market with stock.
Q. Have there been any discussions between the TCC's advisors and the ad hoc advisors, the ad hoc bondholder advisors, about allocation of stock?
A. Between --
Q. The two trusts.
A. Very preliminary, but no, we haven't had any formal discussions on it.
Q. So what were the preliminary discussions you have had?
A. You know, what do you think subro would want in terms of the cash/equity mix, and my answer was I don't know.
Q. Have there been any discussions between the TCC's advisors and the advisors to the ad hoc bondholder group about whether any members of the bondholder group might want to

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cash out some of those shares for the trust, in other words, buy those shares from the trust?
A. You are talking about advisors or you are talking about individual --
Q. Advisors.
A. Advisors? Very preliminary conversations.
Q. So tell me about those.
A. Would you be in a position to maybe serve as a backstop on that stock to ensure that we don't have, you know, the overhang issue, but very preliminary.
Q. Have there been any discussions about the idea that Elliott might be willing to serve as a backstop with respect to some amount of that stock?
A. I have had no direct conversations with Elliot, nor were any specific bondholders referenced in my conversations with Perella.
Q. So tell me about what you recall from your conversation with Perella on this topic.
A. Just asked Alex, you know, "do you think there may be an appetite amongst your group for some form of a backstop or put-right

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on the equity," and he said, "I'll get back to you."
Q. So I went to law school in part because I'm not good at math, but best I can tell, 59.3 plus 40.6 equals 99.9; right?
A. Correct.
Q. That leaves 0.1 percent?
A. Correct.
Q. For whom?
A. I believe that might go either to existing equity or there is some other funding that's required, I don't know if it's 401k related or what, but there is a stub residual piece that has to be paid out to somebody. I just can't recall who it is.
Q. How did you come up with these numbers?
A. They were negotiated.
Q. Okay. Between whom?
A. Between ourselves and Perella, primarily.
Q. And were you one of the primary negotiators for the TCC?
A. I was, yes.
Q. Okay. So tell me what you recall

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about those negotiations?
A. I mean, similar to the prior meetings we had. We looked at total enterprise value, looked at distributable value, looked at various priority claims, here is what we have left over, and then we negotiated the split between, you know, cash and equity.
Q. So if we look at the 40.6 percent that's going to the trusts, which is valued here at $12.75 billion, can we imply an enterprise value from that?
A. I mean, you could. It's a tough exercise, but I think what you are gonna see is the enterprise value would be in the mid 60s.
Q. And can we imply a price per share from this?
A. No.
Q. Why not?
A. Because you don't know what the share float is gonna be. I mean, the price per share is a reflection of what the ultimate share count will be, so it's irrelevant.
Q. Well, okay. Have you had discussions about what the ultimate share count might be?

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A. Well, there is two factors. Number one, you want an appropriate share price so that it's, you know, actively traded in the marketplace, but we haven't gone through the exercise of figuring out what the share count will be at that appropriate price point, whether or not you need a stock consolidation, a reverse, we haven't gone into details on that yet.
Q. Do you know what the current float is?
A. I think you are around 530 million.
Q. 529 something.
A. Sorry. I'm off.
Q. That's pretty good.
With that in mind, if the current equity holders are gonna hold 0.1 percent of the company post emergence, can you imply float post emergence?
A. No, and again, I don't get hung up on that, because you would just do a consolidation. So you would have the appropriate share float, the appropriate share price reflecting what the equity value is at emergence.

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Q. Have there been any discussions between the TCC and the bondholders at the advisor level about what expected share price will result from this plan of reorganization?
A. No.
Q. None?
A. No.
Q. No discussions about implied share price?
A. No. Like I said, we are focused on what's the equity value and then we will figure out the machinations of the share count and the appropriate share price from that.
Q. Third bullet point talks about the two trusts. Do you see that?
A. Yes.
Q. So the Fire Victim Claims Trust, which would be funded at a $14.5 billion level, do you see that?
A. Yes.
Q. So that $14.5 billion trust will be used to satisfy the claims of all wildfire claimants except the subrogated carriers; correct?
A. That's my understanding, yes.

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Q. So that includes the individuals?
A. Yes.
Q. It includes the settling government entities?
A. Correct.
Q. It includes the State of California?
A. Correct.
Q. Includes FEMA?
A. Yes.
Q. It includes any potential criminal restitution?
A. I mean, I haven't focused on that, but...
Q. Has that been a topic of discussion at all in --
A. Criminal restitution?
Q. Yes.
A. I haven't had any discussions on it.
Q. And it includes any CPUC penalties or fines; correct?
A. Correct.
Q. What is your understanding as to how that $14.5 billion is gonna be whacked up between those groups?
A. I think that's TBD.

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Q. So there is no current allocation that's contemplated?
A. That's correct.
Q. And would you expect that allocation would change based upon the number of claims that are submitted?
A. I think it's a function of number of claims and it's a function of, you know, the size of the claims from the various governmental entities.
Q. Is it the TCC's view that $14.5 billion will provide sufficient funds to pay in full all of the individual wildfire claims?
A. No.
Q. Okay. How much would it take to pay them in full?
A. I have no idea.
Q. Because you haven't done that analysis?
A. That and we haven't had our bar date.
Q. Any idea how much of that 14.5 is going to go to the lawyers?
A. I have no knowledge whatsoever.

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Q. If you turn to page 11 or, if we are looking at the red numbers, 14 of 77.
Class 9B is the Fire Victim Claims. Do you see that?
A. Yes.
Q. And it says unknown dollars and unknown percentage. Do you see that?
A. On the right, yes.
Q. And that's because, as you just described, it's unknown how much of that 14.5 will be allocated to this class?
A. That's correct. Plus we don't know what the numerosity of the claims are.
(Mr. Tsekerides enters.)
MR. ORSINI: I've gotta up my game now that he's here.
Q. If you look down towards the bottom of this column on page 11, there is a paragraph right above where Fire Victims Claims is bold and underlined. Do you see that?
A. Yes.
Q. This paragraph did not appear in the second term sheet, did it?
A. I -- I don't recall.
Q. I will represent to you that it

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was added between the second term sheet and the amended term sheet. Do you have any idea why?
A. No, I don't.
Q. It says: "The terms and conditions of the Plan and Aggregate Fire Victim Consideration provided to holders of Fire Claims represent a full and final settlement of the Fire Claims, once the Plan is approved, without regard to whether the allowed and/or filed amount of Fire Claims are in excess of or less than the amount of Aggregate Fire Victim Consideration."
Did I read that correctly?
A. Yes.
Q. And so I take it that means that even if the ultimate value of all the fire claims that come in is $10 billion, there is still 14 and a half billion dollars that's allocated to the fire claims?
MR. RICHARDSON: Objection to the extent it asks him for a legal conclusion.
MR. ORSINI: I am asking how the document works.
A. The way the math works, if it was 20

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billion, you have the same issue.
Q. I understand that.
A. That's how you interpret it.
Q. And sitting here right now, what basis do you have to say that the aggregate value of the fire claims will be in excess of the 14 and a half billion dollars?
A. Based on conversations with both Baker as well as individual committee members, I have been advised that the claims amount is materially higher than that.
Q. You have done no analysis yourself?
A. I have done no independent analysis.
Q. No one at Lincoln has done any analysis?
A. No.
Q. Have you seen any actual documentation that supports those numbers?
A. Just very-high-level information.
Q. And to your knowledge, no such information was provided to the ad hoc bondholders in advance of the filing of the second term sheet?
A. Other than if there is verbal conversations, I am not privy to them.

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MR. ORSINI: Why don't we take a break for about ten minutes for the sake of the court reporter.
(Lunch recess was taken at 1:00 p.m.)

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AFTERNOON SESSION
(Time noted: 1:34 p.m.)
BRENT CARLTON WILLIAMS, resumed as a witness, was examined and testified as follows:
CONTINUED EXAMINATION BY MR. ORSINI:
Q. If you take a look at Williams 6, which is the amended term sheet, turn to page 18 of 77 using the red numbers.
A. Yes.
Q. A section called Means For Implementation. Do you see that?
A. Yes.
Q. You can refer to this if you need to to answer my questions, but I think you testified earlier that the Fire Victims Claim Trust will be the trust that's created to cover all individual claims -- well, strike that. Let me start over.
Just to confirm, the Fire Victim Claims Trust that's described here on page 18 of 77 will be the trust that will satisfy all non-insurance subrogation wildfire claims; correct?

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A. The actual funding mechanism, yes.
Q. And so anyone who is not an insurance company with a subrogated claim who puts in a timely claim in these proceedings related to the wildfires, will post confirmation and effective date come to this trust for recourse?
A. Yeah.
MS. CRAWFORD: Object to the form.
A. I mean, the thought process is if you either have a negotiated or you have a liquidated claim, you get paid out at emergence, but, you know, as you can appreciate with the fire victims, you are gonna have a claims process that has to occur, so that's really the intent of this mechanism.
Q. But if you have a liquidated claim today, you say you will get paid at emergence, but you will get paid at emergence out of this trust if you are a wildfire claimant; correct?
A. Correct, if you have, as I mentioned, negotiated and/or liquidated, but then it's still subject to whatever the pro rata portion is.
Q. Is the current expectation that

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Tubbs fire victims will receive equivalent consideration to the victims of other fires in terms of the percentage of their actual claim that's paid out?
A. I haven't had any discussions on that. As you can appreciate, you have got the trial coming up on Tubbs which will impact that.
Q. Who makes the decision post emergence about how much is paid out to the wildfire claimants who come to this Fire Victim Claims Trust?
A. I think it's in the third paragraph here, if I'm not mistaken, you are gonna have a trustee and you have an oversight committee as well, so it will be the oversight committee directing the trustee along with counsel as to what's appropriate on a given claim.
Q. Both of whom are selected by the TCC; correct?
A. Under this plan, yes.
Q. The Debtors don't have any say in that; correct?
A. That's correct.
Q. The government entities don't have

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any say in that; correct?
A. Correct.
Q. And so it would be the TCC-selected trustee and oversight committee that decides, for example, how much the town of Paradise gets paid?
A. Unless they settle, you are correct, yes.
Q. Well, they actually did already settle, didn't they?
A. I don't know. Are they part of the settling public entities?
Q. They are part of the settling public entities.
A. Okay.
Q. And that settlement is not embodied in this plan, is it?
A. I believe the intent is to honor that, but I can't point to the specific verbiage.
Q. Take a look at page 26 of 77. Fourth row from the bottom, Utility Rates to Consumers, do you see that?
A. Yes.
Q. Have you generally heard this Elliot

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ad hoc bondholders term sheet described as a rate neutral term sheet?
A. That's the terminology they have used, yes.
Q. And what do you understand that to mean?
A. I think if you look at what's going on at the PUC, you have got the GRC that happens every three years. That's on file. You have the COC. Those are the big ticket numbers. The COC I believe you guys filed for 12.5 percent, if I'm not mistaken, or 12.75 percent. So those are, in essence, increases, but they are inherent in the normal rate payer process, so I think you have to look at things in the context of what's already filed with the PUC, and I think the concept here is there is nothing incremental above the normal I think it's GT&S, GRC and COC.
Q. Okay. That's a lot of acronyms.
A. Sorry.
Q. So more plain English, the idea is that whatever rate increase or decrease might occur in the normal course will not be affected by this plan of reorganization?

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A. I think that's --
MS. CRAWFORD: Object to the form.
A. That's their intent.
Q. Have you done any analysis as to whether or not that's true?
A. No. We work with Baker and with their regulatory lawyers and they are the ones that decipher what's going on with the PUC for us.
Q. Okay. But there has been no financial analysis done by Lincoln, the TCC's primary financial advisor, as to whether or not the provisions of this term sheet will or will not be rate neutral using the definition you have provided?
A. That's correct.
Q. Now, do you understand that the TCC and the ad hoc committee has taken the position that there will be no estimation necessary as a result of this joint term sheet?
MS. CRAWFORD: Objection to form.
A. That's my understanding, yes.
Q. And what's the basis for that statement?
A. I think the basis is it's a

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settlement. I think there is an acknowledgment that the claims are materially higher than the settlement amount, so as part of that settlement they would forego the estimation process.
Q. The TCC thinks that the claims are higher; right?
A. Correct.
Q. The bondholders have accepted that it may be higher; correct?
A. Fair statement, yes.
Q. You understand the Debtors don't agree with that; correct?
A. That's right.
Q. You understand that the equity holders don't agree with that; correct?
A. Correct.
Q. So when you say there has been an acknowledgment that the claims are materially higher, that's simply an acknowledgment among the people who have agreed to this approach?
A. Correct, yes.
Q. Take a look at page 27 of 77.
The second row is Key Employee Matters. Do you see that?

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A. Yes.
Q. And it references extension of certain labor agreements with IBEW and both Local 1245 and the CBAs. Do you see that?
A. Yes.
Q. Have there been any discussions between the TCC, its advisors, its authorized persons, and the ad hoc bondholders, advisors, authorized persons, about any provisions in this term sheet related to the unions?
A. Again, I can only speak for TCC advisors. I have had no conversations. I can't speak for Baker and I can't speak for TCC members, but I've had no direct conversations on union matters with the bondholder advisors.
Q. And you are not aware of whether or not Baker, for example, or any of the advisors to the TCC --
A. I'm not aware of any.
Q. Are you aware of any conversations between the TCC's advisors and the unions about this proposed term sheet?
A. No, I have had no conversations whatsoever with the unions.
Q. And you are not aware whether or not

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there have been conversations by other advisors?
A. Correct.
Q. Have you been involved in any conversations about this amended term sheet or the second term sheet with representatives of the governor of the state of California?
A. I had a brief conversation with Jim Millstein.
Q. When did you have that conversation?
A. Let me check here. Bear with me.
THE WITNESS: Do you remember --
MR. ROSE: September 20th.
THE WITNESS: Thanks.
A. September 20th.
Q. Was that just the two of you?
A. I think it was Cecily, Jorian, myself, Brendan Murphy, Jim Millstein, and I think somebody from the governor's office.
Q. Was that in Sacramento, New York?
A. Telephonic.
Q. What do you recall about that discussion?
A. 30, 45 minutes, kind of typical view at a high level what the plan was. Nothing out

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of the ordinary.
Q. Any reactions from Millstein or any other --
A. No, but he is calling balls and strikes, right, so he is -- he is calling balls and strikes, so he is, you know, middle of the road type of advisor.
Q. Did he call it a ball or a strike?
A. No, you know what I am saying, he is kind of the independent arbitrator, so...
Q. Right. But, I guess, let me ask a real question, which is did he state an opinion, either his own or the governor's, about this amended term sheet?
A. No.
Q. Or the second term sheet?
A. No.
Q. Or the fact that the TCC and the Debtor and -- would be nice -- the TCC and the bondholders were seeking to terminate exclusivity?
A. Yeah, he was aware of that.
Q. Did he state an opinion on that?
A. No, you know, he just generally conveyed that he would like everybody to get

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together and do something collectively.
Q. Have you been involved in any discussions with the CPUC about the second term sheet or the amended term sheet?
A. I have had no direct conversations. I know that I believe our regulatory counsel has talked to them.
Q. Do you know anything about the nature of those conversations?
A. No, I wasn't on the call, so no.
Q. If the Debtors win the upcoming Tubbs trial, will that have any impact upon the amount of money that's being set aside for the wildfire victims under this proposed term sheet?
A. If I follow your question, you are saying if exclusivity is not terminated or --
Q. Regardless. Well, I guess if exclusivity is not terminated, this term sheet is academic.
So let's say exclusivity is terminated and this term sheet turned into a plan that moves forward.
Is there anything in this term sheet that suggests that the 14 and a half billion

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dollars allocated to wildfire claims will be reduced if the Debtors prevail at the trial and the jury concludes that PG&E is not responsible for Tubbs fire?
A. To my knowledge, there is nothing in the document that would do that.
Q. So it's the TCC's view, as you have expressed it, that the total value of the wildfire claims exceeds distributable value; correct?
A. That's correct, yes.
Q. Is that also true if the value of the Tubbs claims is zero?
A. Yes, under both circumstances.
Q. And what's your basis for saying that?
A. Based on conversations I have had with Baker as well as individual TCC lawyers.
MR. ORSINI: Just give me one second.
THE WITNESS: Sure.
MR. ORSINI: Told you it probably wouldn't even be an hour.
THE WITNESS: Great.
MR. ORSINI: Thank you for your

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time.
THE WITNESS: I appreciate it.
MR. ORSINI: No further questions.
THE WITNESS: Thank you.
MR. ORSINI: Does anyone else have questions?
MS. CRAWFORD: No.
MR. ORSINI: Before we go off the record, just one point I'd like to make.
You designated the transcript confidential after I asked the witness' name. Our view is nothing that's been discussed was actually confidential. We have a brief that's due to be filed tomorrow. We would ask you to let us know no later than 10:00 eastern tomorrow morning whether you are maintaining that confidentiality designation and, if so, as to which lines and on what basis.
MR. RICHARDSON: I won't undertake that we can actually do that, but we will see what can be done.
MR. HIRST: And we certainly join in that request and just ask to be similarly informed as to TCC's position on

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confidentiality by 10 a.m. tomorrow, if possible.
MR. ORSINI: Okay. Thanks.
(Time noted: 1:48 p.m.)

BRENT CARLTON WILLIAMS

Subscribed and sworn to before me
this day of 2019.

C E R T I F I C A T E

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

I, KRISTIN KOCH, a Notary Public within and for the State of New York, do hereby certify:

That BRENT CARLTON WILLIAMS, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of October, 2019.

KRISTIN KOCH, RPR, RMR, CRR, CLR

----------I N D E X----------

WITNESS EXAMINATION BY PAGE

BRENT CARLTON WILLIAMS MR. ORSINI 6

----------EXHIBITS----------

WILLIAMS PAGE LINE

Exhibit 1
Notice of Rule 30(b)(6) Deposition of The Official Committee of Tort Claimants..... 12 12

Exhibit 2
E-mail dated 8-20-2019, Bates stamped PGE-EXC-AHC-0007654 and PGE-EXC-AHC-0007655..... 53 6

Exhibit 3
E-mail dated 9-5-2019, Bates stamped PGE-EXC-AHC-00002507 through PGE-EXC-AHC-00002509..... 64 19

Exhibit 4
E-mail dated 9-10-2019, Bates stamped PGE-EXC-AHC-0007002 and PGE-EXC-AHC-0007003..... 106 9

Exhibit 5
E-mail dated 9-13-2019, Bates stamped PGE-EXC-AHC-0006978..... 108 18

Exhibit 6
Notice of Filing of Amended Joint Plan Term Sheet..... 110 24

ERRATA SHEET FOR THE TRANSCRIPT OF:
Case Name: In re: PG&E Corporation
Dep. Date: October 3, 2019
Deponent: Brent Carlton Williams

CORRECTIONS:

Pg.	Ln.	Now Reads	Should Read	Reason
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_____
Signature of Deponent

SUBSCRIBED AND SWORN BEFORE ME
THIS____DAY OF_____, 2019.

_____
(Notary Public) MY COMMISSION EXPIRES:_____

A
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$1.2 107:18
$10 129:18
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$12.75 123:10
$14.5 125:18,21 126:23 127:12
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Exhibit E

Pages from Deposition Transcript of Jeff Rosenbaum (Oct. 3, 2019)

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

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:	
PG&E CORPORATION	
and	No. 19-30088 (DM)
PACIFIC GAS AND ELECTRIC COMPANY,	
Debtors.	

* * C O N F I D E N T I A L * *

30(b)(6) DEPOSITION OF THE AD HOC COMMITTEE OF SENIOR UNSECURED NOTEHOLDERS by JEFF ROSENBAUM

New York, New York
October 3, 2019

Reported by: BONNIE PRUSZYNSKI, RMR, RPR, CLR
JOB NO. 169428

correct?

A. Yes.

Q. Do you remember roughly what the discount is to the equity that Elliott would be getting, the equity that makes the commitment?

A. I think the 15-and-a-half billion or so of equity commitments to fund the proposal are scheduled to come at -- roughly at a 15 to 20 percent discount to plan value, for all holders.

Q. And have you figured out, based on that discount, how much -- how much Elliott would get based on the 15 to 20 percent discount on the equity?

A. I'm not sure I understand the question.

Q. Well, the discount of 15 to 20 percent is going to inure to Elliott's advantage; correct?

A. I don't understand the characterization. Our advantage?

Q. Yeah. I mean, you're getting -- you're getting stock that is worth 100 cents on the dollar for a 20 percent discount;

victims?

A. The trust is for all fire victims, claimants, fines, and penalties.

Q. Okay. Fire victims are part of that trust; correct?

A. That's correct.

Q. And so, the trust is receiving stock as well, correct?

A. The trust is receiving stock, that's right.

Q. And the stock that the trust is receiving is not at the same 15 to 20 percent discount that Elliott and the other ad hoc members are receiving; correct?

A. We're receiving stock for our cash at a 15 to 20 percent discount to setup value, which I believe equates to roughly 14 to 15 times earnings, which is well in excess of the plan value and the backstop and the debtor's plan of ten times earnings.

Q. Just to be clear, the trust is not getting stock at a 15 to 20 percent discount to setup value; correct?

A. The trust is receiving its component, a portion of stock at setup value.

that's in the TCC-AHC motion, in the low $60 billion range.

Q. Is there any document within Elliott that sets forth what Elliott's portion of the 15 to 20 percent discount to setup value is worth to Elliott?

MR. QURESHI: Object to the form.

A. Can you repeat the question for me?

MR. SLACK: Read it back.

(Record read.)

A. I'm not sure. I'm not sure what "worth" means.

Q. Is there any document within Elliott that sets forth what Elliott's portion of the 15 to 20 percent discount to setup value calculates in dollars?

MR. QURESHI: Object to the form.

A. I'm not sure. I think mathematically, a 15 to 20 percent discount on 15-and-a-half billion dollars of capital is, I don't know, give or take 3 billion. My math may be wrong. That's to all funding parties.

MR. STEWART: We're having trouble at this end of the table hearing the