



Governance Overview

May 2020



Forward-Looking Statements

This presentation contains statements regarding management's expectations and objectives for future periods (including key factors affecting 2020 non-GAAP core earnings) as well as forecasts and estimates regarding PG&E Corporation's and Pacific Gas and Electric Company's (the "Utility") expected participation in the AB 1054 Wildfire Fund and the Utility's 2020-2022 Wildfire Mitigation Plan. These statements and other statements that are not purely historical constitute forward-looking statements that are necessarily subject to various risks and uncertainties. Actual results may differ materially from those described in forward-looking statements. PG&E Corporation and the Utility are not able to predict all the factors that may affect future results. Factors that could cause actual results to differ materially include, but are not limited to:

- the risks and uncertainties associated with PG&E Corporation's and the Utility's Chapter 11 cases, including, but not limited to, their ability to develop, consummate, and implement a plan of reorganization, the ability to obtain applicable bankruptcy court, creditor or regulatory approvals or votes, the effect of any alternative proposals, views or objections related to the plan of reorganization, potential complexities that may arise in connection with concurrent proceedings involving the bankruptcy court, the CPUC, and the FERC, increased costs related to the Chapter 11 cases, the ability to obtain sufficient financing sources for ongoing and future operations, the ability to satisfy the conditions precedent to financing under the debt and equity commitments to finance the proposed plan of reorganization and the risk that such agreements may be terminated, disruptions to PG&E Corporation's and the Utility's business and operations and the potential impact on regulatory compliance;
- whether PG&E Corporation and the Utility will be able to emerge from Chapter 11 by June 30, 2020 with a plan of reorganization that meets the requirements of AB 1054, and whether PG&E Corporation and the Utility will need to undertake significant changes in ownership, management and governance in connection therewith;
- the impact of the 2018 Camp fire and 2017 Northern California wildfires and the 2015 Butte fire, including whether the Utility will be able to timely recover costs incurred in connection therewith in excess of insurance through rates; the timing and outcome of the remaining wildfire investigations and the extent to which the Utility will have liabilities associated with these fires; and the timing and amount of insurance recoveries;
- the risks and uncertainties associated with the 2019 Kincadee fire;
- whether the Utility can obtain wildfire insurance at a reasonable cost in the future, or at all, and whether insurance coverage is adequate for future losses or claims; and whether the Utility will be able to obtain full recovery of its significantly increased insurance premiums, and the timing of any such recovery;
- the timing and outcome of the Utility's application for a \$7.5 billion securitization of wildfire costs;
- the timing and outcome of future regulatory and legislative developments in connection with the potential financing of the Utility's wildfire-related liabilities, SB 901, future wildfire reforms, inverse condemnation reform, and other wildfire mitigation measures or other reforms targeted at the Utility;



Forward-Looking Statements (cont'd)

- the occurrence, timing and extent of damages in connection with future wildfires, the associated financial impact on the Utility and the potential for AB 1054 to mitigate such impact (if at all);
- the severity, extent and duration of the global COVID-19 pandemic and its impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows, as well as on energy demand in the Utility's service territory, the ability of the Utility to collect on customer invoices, the ability of the Utility to offset these effects with spending reductions and the ability of the Utility to recover any losses incurred in connection with the COVID-19 pandemic through cost recovery, and the impact of workforce disruptions, if any;
- the outcome of the Utility's CWSP, including the Utility's ability to comply with the targets and metrics set forth in its 2020-2022 Wildfire Mitigation Plan; the cost of the program; and the timing and outcome of any proceeding to recover such cost through rates;
- the impact of the Utility's implementation of its PSPS program, including the timing and outcome of the PSPS OII and whether any fines or penalties will be imposed on the Utility as a result; and the costs in connection with PSPS events;
- the timing and outcomes of the 2020 GRC, FERC T018, T019, and T020 rate cases, 2018 and 2019 CEMA applications, WEMA application, future applications for FHPMA, FRMMA, and WMPMA, future cost of capital proceedings, and other ratemaking and regulatory proceedings;
- the timing and outcomes of CPUC OIIs that remain open;
- the Utility's ability to efficiently manage capital expenditures and its operating and maintenance expenses within the authorized levels of spending and timely recover its costs through rates, and the extent to which the Utility incurs unrecoverable costs that are higher than the forecasts of such costs;
- the outcome of the probation and the monitorship, and the costs that the Utility may incur as a result, including the costs of complying with any additional conditions of probation, including expenses associated with any material expansion of the Utility's vegetation management program;
- the ability of PG&E Corporation and the Utility to continue as going concerns; and
- the other factors disclosed in PG&E Corporation and the Utility's joint annual report on Form 10-K for the year ended December 31, 2019 as updated by their joint quarterly report on Form 10-Q for the quarter ended March 31, 2020, and other reports filed with the SEC, which are available on PG&E Corporation's website at www.pgecorp.com and on the SEC website at www.sec.gov.

Unless otherwise indicated, the statements in this presentation are made as of May 1, 2020. PG&E Corporation and the Utility undertake no obligation to update information contained herein.

No Securities Offering

This is not an offering of securities and securities may not be offered or sold absent registration or an applicable exemption from the registration requirements.



Structural and Governance Commitments

PG&E is moving forward with a number of structural, management and governance changes to improve operations and ensure long-term accountability for sustained performance.

Operational & Structural



- Regional restructuring placing leadership and **operations closer to customers**. Application with proposed plan to be filed by June 30, 2020, laying out interim steps towards implementation
- Metrics developed with California Public Utilities Commission (CPUC) support will enable **regular oversight of PG&E's safety and operational performance**

Management



- Enhanced **Chief Risk Officer** and **Chief Safety Officer** roles, in addition to **Chief Ethics and Compliance Officer**, reporting directly to PG&E's CEO
- Majority of executive compensation¹ will be **at risk**, and majority of at-risk compensation will be based on **safety and customer-focused metrics**

Corporate Governance



- **Refreshed Board** with a goal of 50% California residents
- Refined skills matrix for Board member selection that includes **extensive safety criteria**
- Refreshed Board has **Public Safety Power Shutoff (PSPS)**, risk management, and **wildfire mitigation responsibilities** included in charter

(1) Applies to the Utility's officers who qualify as "executive officers" as defined in 17 C.F.R. § 240.3b-7, plus the Secretary and Treasurer.



PG&E has worked constructively with regulators and the Governor's Office to advance towards AB1054 compliance.

-  **January 31, 2020**
PG&E submitted Chapter 11 OII Testimony
-  **February 18, 2020**
CPUC President Batjer issued a ruling in BK OII with governance and operational proposals and provided for comments
-  **March 13, 2020**
PG&E filed post-hearing brief supporting President Batjer's governance and operations proposals, with select modifications
-  **March 20, 2020**
PG&E filed Case Resolution Contingency Motion with Bankruptcy Court detailing stipulations to secure support of CA Governor's Office
-  **April 7, 2020**
Bankruptcy Court approved Case Resolution Contingency Motion
-  **April 20, 2020**
CPUC Administrative Law Judge (ALJ) issued Proposed Decision (PD) approving, with certain modifications, PG&E's Plan of Reorganization (POR)
-  **May 21, 2020**
Earliest CPUC may hear and vote on PD
-  **May 27, 2020**
First day of confirmation hearings in Bankruptcy Court
-  **June 30, 2020**
AB1054 Confirmation Order Deadline



Key Aspects of Agreement with Governor's Office

On April 7, 2020, the Bankruptcy Court approved the Case Resolution Contingency Process Motion reflecting stipulations to secure support from the Governor's Office for the Plan of Reorganization (POR).



Securitization Transaction

Agreement supports a rate-neutral and customer-protective \$7.5 billion securitization transaction after emergence, which would retire the Temporary Utility Debt and accelerate final payment to the Fire Victim Trust



Interest Savings Commitment

PG&E commits to utilize interest rate savings realized from refinancing prepetition debt obligations for the benefit of ratepayers



Chief Transition Officer (CTO)

In the unlikely event the Plan is not confirmed by June 30, 2020, the Debtors will appoint a CTO and commence a sale process. Similarly if the plan Effective Date does not occur by September 30, 2020, the Debtors will appoint a CTO and the emergence deadline will be extended to December 31, 2020, after which a sale process will ensue



Sale Process and Formula

Should the CPUC revoke PG&E's Certificate of Public Convenience and Necessity via the proposed Enhanced Regulatory Reporting and Enforcement Process¹, the State of California will have the option to purchase the equity of the Utility at a formula price²



Dividend Reinstatement Timing

PG&E Corporation committed to not reinstate a dividend for approximately 3 years (or until it has recognized \$6.2 billion in Non-GAAP Core Earnings following the Effective Date)

Note: This summary draws from the Debtors' Motion For Entry Of An Order (I) Approving Case Resolution Contingency Process And (II) Granting Related Relief which can be found [here](#).

(1) Enhanced Regulatory Reporting and Enforcement Process was proposed in the CPUC Assigned Commissioner's proposal on February 18, 2020 and remains subject to final CPUC approval in the POR OI.

(2) Formula is equal to forward earnings times 0.65 times the multiple of PHLX Utility Sector index.



Overview of CPUC Proposed Decision

On April 20, 2020, the ALJ issued a PD in the Bankruptcy OII which approved the Plan of Reorganization with certain conditions and modifications.

The PD addresses key governance topics relating to the enhancement of safety oversight both inside and outside the Company.

Chief Risk Officer and Chief Safety Officer

Requires that CRO and CSO receive direct information from the field and be empowered to report to the SNO Committees and the CEOs of the Utility and Corporation; CRO and CSO will provide reports to the CPUC

Independent Safety Monitor

Creates an independent safety monitor that is functionally equivalent to the current federal monitor; will be established once federal monitorship expires; scope of role to be determined at a future date and will report to the CPUC

Board of Directors

Accepts PG&E's recommendation for 2-class board with 2-year terms subject to a phase-out such that all directors elected in 2024 and thereafter would be elected to one-year terms, targeting 50% of the board being California residents (preferably in PG&E service territory). Current board members are allowed to continue serving, provided they are reviewed against the matrix

Safety and Nuclear Oversight Committees

Accepts PG&E's recommendation that the responsibility for oversight of the development of corrective action plans under the Enhanced Enforcement Process, as well as other specified approval and reporting requirements, resides in the SNO Committees

Incentive Plans

Finds that the proposed STIP and LTIP 'conditionally' comply with AB 1054 subject to further CPUC proceedings



The PD also addresses issues related to the Enhanced Enforcement Process, financing, capital structure and safety / operational metrics.

Enhanced Enforcement Process

The PD adopts enhanced enforcement steps under certain conditions (*i.e.*, failure to meet the conditions of the Corrective Action Plan, systemic non-compliance, destruction of more than 1,000 dwellings through gas / electric incident, etc.) and accepts several modifications proposed by PG&E, including that decisions to move PG&E into higher steps be made by the full CPUC, not the Executive Director

- In escalating steps, a Chief Restructuring Officer would be appointed, followed by an appointment of a Receiver and Review of Certificate of Public Convenience and Necessity

Financial and Capital Structure

The PD approved the financial elements of the POR and conditionally approved requested recovery of ~\$154M in financing fees subject to showing of final amount remaining consistent with 'neutrality'

The PD would grant PG&E a waiver from its current authorized capital structure for five years from the decision. PG&E must file a Tier 1 advice letter annually addressing its deviation from its authorized capital structure and its annual forecast for deleveraging

Safety / Operational Metrics

The PD does not adopt or approve any specific metrics, but directs that they be developed in a separate proceeding after the POR is approved



Key Board and Organizational Documents Updates

New Organizational documents will be filed with the Bankruptcy Court as part of the Plan Supplement. The Board will be significantly refreshed in connection with Plan Confirmation.

Board Refreshment

PG&E has agreed to a **significant board refreshment** in connection with the Effective Date, including a process by which initial directors will be selected with **input from the State**. Bill Smith, Cheryl Campbell and Jon Woolard are expected to stay on post-refreshment.

The Debtors will each establish a classified Board with **Class A directors serving an initial term until 2021** and **Class B directors serving an initial term until 2022**. Thereafter, directors will be elected to two-year terms, subject to sunset in 2023 (in the case of Class A directors) and 2024 (in the case of Class B directors), at which point annual election for one-year terms will resume.

Each Board will consist of **12 to 15 directors** (but minimum of 9 directors through end of 2020).

Next Annual Meeting

Next annual meeting of shareholders will take place in 2021.

Transfer Restrictions (NOL Preservation)

Prohibits shareholders or groups of shareholders from (i) **acquiring an interest greater than 4.75%**, or (ii) if they already hold such an interest, **acquiring additional shares**, in either case without the approval of the Board.

Authorized Capital Stock

PG&E will **increase its authorized capital stock** to allow for share issuances contemplated by the Plan.

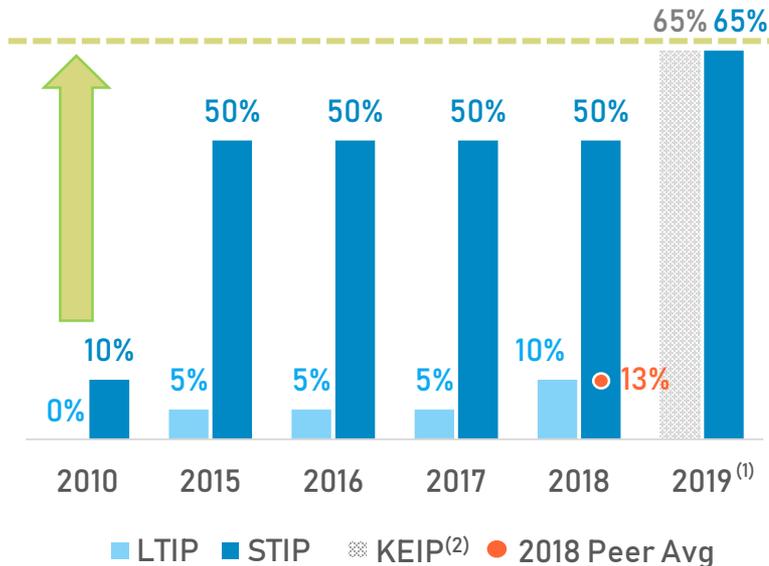


Accountability in Compensation Incentives

Substantially increased weighting of safety-related metrics in Short-Term Incentive Plan from 10% in 2010 to 65% in 2019. The peer average safety weighting was 13% in 2018.

PG&E’s performance-based compensation program will align with customer welfare, including safety as its most critical element, but also reliability and affordability.

Historical Safety Weighting



2020 Proposed Incentive Plan Measures

Short-Term Incentive Plan (STIP)	Long-Term Incentive Plan (LTIP) ⁽³⁾
Customer Welfare (75%) Prioritizing public and employee safety <ul style="list-style-type: none"> • Electric Operations (25%) • Gas Operations (15%) • Generation (10%) • Workforce Safety (15%) • Additional Public Safety & Reliability (10%) 	Public Safety and Reliability (50%) <ul style="list-style-type: none"> • System Hardening (25%) • Microgrid Implementation Index (25%)
Financial Stability (25%) <ul style="list-style-type: none"> • Core Earnings Per Share 	Customer Experience (50%) <ul style="list-style-type: none"> • Customer Satisfaction Score (25%) • PSPS Notification Accuracy (25%)

(1) LTIP does not apply for 2019; 65% safety weighting under the proposed KEIP (Key Employee Incentive Program). No payments under KEIP as it was denied by Bankruptcy Court. CEOs are not KEIP participants

(2) KEIP = Key Employee Incentive Program; proposed design denied by Bankruptcy Court

(3) Total Shareholder Return (TSR) modifier, or Long Term Financial Health and Stability Modifier (0.75 - 1.25), overlays the LTIP metrics