SHAREHOLDER PROPOSAL VS AD HOC BONDHOLDER GROUP PROPOSAL

Thanks to changes pushed by a new Board and certain new shareholders of PG&E, the Company has a renewed vision. Certain shareholders have proposed a financing to recapitalize PG&E so that the Company can emerge from bankruptcy having paid all of its wildfire claims in full without any impact on ratepayers. The proposal is premised upon PG&E preserving its publicly traded utility status which will allow the Company to raise capital in the future in as cost effective of a manner as possible and allow the Company to pursue California's clean energy goals and facilitate investments in its distribution system in order to minimize wildfire risk.

In contrast, the ad hoc bondholder group proposal (which is being led by Elliott Management Corporation) will result in PG&E emerging from chapter 11 controlled by a concentrated group of financial investors. The proposal not only significantly undervalues the shares held by existing PG&E shareholders, including some of California's largest institutional investors, but also provides liens to existing unsecured bondholder obligations putting at risk the collectability of future wildfire claims (should there be any).

A comparison of the two proposals clearly shows that the shareholder proposal is in the best interest of wildfire victims and ratepayers.

SHAREHOLDER PROPOSAL

Certain current PG&E shareholders have proposed to finance the Company's emergence from chapter 11 and pay all wildfire claims in full while at the same time encouraging the Company to pursue more cost effective financing if available.

Benefits Include:

- **Provides for the timely payment of wildfire victims:** The shareholder proposal facilitates the payment of financial creditors in full allowing the Company to emerge from chapter 11 and pay wildfire victims in full as quickly as possible.
- **Capital:** With the recently announced $15 billion equity backstop, shareholders are incenting the Company to pursue less expensive capital (including through the Wildfire Victim Recovery Bonds) all of which is consistent with PG&E remaining a publicly traded utility and better for ratepayers.
- **Ratepayers are protected and will see no cost increase:** The shareholder proposal (inclusive of WVRBs) is significantly less costly for the company than the ad hoc bondholder proposal, allowing the company to spend more on other purposes, such as fire mitigation.
- **Wildfire Victim Recovery Bonds:** PG&E shareholders will accept a reduction in profits for the life of the bonds to enable the raising of efficient capital to fund payments to victims and make the required contribution to the Wildfire Fund. The bonds will not impact the Company's ability to obtain and maintain an investment grade rating upon emergence from chapter 11.

AD HOC BONDHOLDER GROUP PROPOSAL

Elliott Management Corporation wants to inject billions of dollars of new money into PG&E in exchange for stock – giving them control of the company and nearly wiping out current shareholders.

Costs of Elliott's Proposal Include:

- **Delay in payment to victims:** The bondholder proposal overpays financial creditors and meaningfully undervalues the utility that if pursued will likely delay the ability for PG&E to emerge from chapter 11 by the June 30, 2020 deadline included in AB 1054.
- **Capital:** The Elliott-sponsored ad hoc bondholder plan transfers control of the utility to a concentrated group of financial investors and <u>does not</u> give the utility the opportunity to pursue more efficient and cost-effective capital. In addition, it massively dilutes and creates losses for existing shareholders, including pension funds, CalPERS, CalSTRS and 'mom and pop' PG&E investors.
- **Customer rate increases:** The ad hoc bondholder group plan would collateralize existing debt obligations while maintaining high interest rate indebtedness. As a result, the Utility will incur well in excess of $100mm more of interest costs.
- **Wildfire Victim Recovery Bonds:** The ad hoc bondholder group has been actively advocating against Wildfire Victim Recovery Bonds, likely because they realize that these bonds are a better, cheaper source of capital than what the ad hoc bondholder group has proposed.
- **Track Record** *New Yorker* magazine calls Elliott's founder and president "the doomsday investor," while other news sources have pointed out his funding of coal projects and opposition to climate action.