Retirees

Frequently Asked Questions:

PG&E Emerges from Chapter 11 Bankruptcy

For additional information, please visit pge.com/reorganization.

1. **What is the status of PG&E's bankruptcy?**
   - On July 1, 2020, PG&E emerged from Chapter 11, successfully completing its restructuring process and implementing PG&E's Plan of Reorganization ("Plan") that was confirmed by the United States Bankruptcy Court on June 20, 2020.
   - PG&E's emergence from Chapter 11 is an important milestone on several fronts:
     - PG&E has implemented the settlement and resolution of all wildfire claims pursuant to the Plan;
     - PG&E has elected to participate in the State's go-forward wildfire fund;
     - PG&E Corporation has seated its new Board of Directors;
     - PG&E is moving forward with commitments regarding its governance, operations, and financial structure to further prioritize safety; and
     - As a result of the Chapter 11 proceedings, PG&E has retired expensive, high-coupon debt and replaced it with lower-cost debt, yielding significant annual savings for customers over the duration of the debt, estimated to be approximately $250 million annually.
   - PG&E's emergence from Chapter 11 marks just the beginning of PG&E's next chapter – as a fundamentally improved company and the safe and reliable utility that its customers, communities and California deserve.

2. **What is a Plan of Reorganization?**
   - A Plan of Reorganization (the "Plan") is a formal proposal prepared by a company in a Chapter 11 case that describes in detail how it will satisfy its pre-bankruptcy obligations to creditors and other stakeholders over time.
   - On June 20, 2020, the Bankruptcy Court confirmed PG&E's Plan of Reorganization, determining the Plan meets the necessary requirements for confirmation under the Bankruptcy Code.
   - On May 28, 2020, the Plan was approved by PG&E's regulator, the California Public Utilities Commission (CPUC), in its Plan of Reorganization Order Instituting Investigation proceeding.
   - The Plan was voted on and received overwhelming support from all but one of the classes of impaired creditors and interest holders entitled to vote, including fire claimants, insurance subrogation claimants, public entity fire claimants, certain holders of prepetition funded debt and other creditors, and shareholders.
     - The Plan was accepted by in excess of 85 percent of wildfire victims who cast votes on the Plan.
     - The sole dissenting class consists of holders of prepetition securities law claims related to PG&E Corporation common stock; these claims are subordinated pursuant to the provisions of the Bankruptcy Code.

3. **How does PG&E's Plan of Reorganization work now that the company is out of bankruptcy?**
   - As part of its Plan, PG&E made a series of commitments, some of which are already underway, regarding its governance, operations, and financial structure, all designed to further prioritize safety. PG&E made these commitments working with the Governor's Office and incorporating guidance from CPUC President Batjer, which was included in the full Commission's approval of the Plan. The commitments include:

   - Supported the CPUC's enactment of measures to strengthen PG&E's governance and operations, including enhanced regulatory oversight and enforcement that provides course-correction tools as well as stronger enforcement if it becomes necessary;
   - Began hosting a state-appointed observer to provide the state with insight into the company's progress on safety goals;
   - Appointing an independent safety monitor when the term of the court-appointed Federal Monitor expires;
   - Establishing newly expanded roles of Chief Risk Officer and Chief Safety Officer, with both reporting directly to the PG&E Corporation CEO;
   - Formed an Independent Safety Oversight Committee to provide independent review of operations, including compliance, safety leadership, and operational performance;
   - Assumed all collective bargaining agreements with labor unions, pension obligations, and other employee obligations, and all power purchase agreements and Community Choice Aggregation servicing agreements;
   - Reformed executive compensation to further tie it to safety performance and customer experience;
   - A commitment that PG&E Corporation will not reinstate a common stock dividend until it has recognized $6.2 billion in non-GAAP core earnings;
   - Filed a proposal with the CPUC requesting a rate-neutral $7.5 billion securitization transaction after PG&E emerges from Chapter 11 in order to finance costs in an efficient manner that benefits customers and accelerates payment to wildfire victims; and
   - Committing not to seek recovery in customer rates of any portion of the amounts that will be paid to victims of the 2015, 2017, and 2018 wildfires under the Plan when PG&E emerges from Chapter 11 (except through the rate-neutral securitization transaction).
- As part of the Chapter 11 cases, PG&E previously reached settlements with all major wildfire victims' groups to be implemented pursuant to PG&E's Plan valued at approximately $25.5 billion, including:
   - An approximately $13.5 billion settlement resolving claims by individual victims and others relating to the 2015 Butte Fire, 2017 Northern California Wildfires (including the 2017 Tubbs Fire), and the 2018 Camp Fire; this includes stock valued at approximately $6.75 billion based on an agreed-upon formula (the ultimate value of the stock could be higher or lower);
   - A $1 billion settlement to satisfy the wildfire claims of certain cities, counties, and other public entities; and
   - An $11 billion settlement with insurance companies and other entities that paid claims by individuals and businesses related to the wildfires.

4. How are wildfire victims getting paid?

- Pursuant to the Plan—which was confirmed by the Bankruptcy Court, approved by the California Public Utilities Commission, and accepted by more than 85% of fire victims who cast votes on it—all negotiated settlements of wildfire claims have been implemented as provided in the Plan.
- In accordance with the Plan, PG&E has now funded the Fire Victim Trust established to satisfy the claims of individual wildfire victims and others.

  - The Fire Victim Trust funding schedule is as follows: $5.4 billion in cash on the Plan effective date, which was July 1, 2020; an additional $1.35 billion in cash in two installments in 2021 and 2022; PG&E Corporation common stock on the Plan effective date representing 22.19% of the outstanding common stock as of such date (subject to potential adjustments); plus certain other rights.
  - A $700 million payment scheduled for 2022 will be accelerated if the CPUC approves the rate-neutral securitization application PG&E filed on April 30, 2020.
- The Fire Victim Trust will be administered by the Fire Victim Trustee and Claims Administrator, both of whom have been approved by the Bankruptcy Court.
  - Neither the Trustee, the Hon. John K. Trotter (Ret.), nor the Claims Administrator, Cathy Yanni, is associated with PG&E Corporation or the Utility.
  - The Fire Victim Trust is solely responsible for administering, reviewing and satisfying all Fire Victim Claims.
  - The Fire Victim Trust has adopted claims resolution procedures for the administration and resolution of Fire Victim Claims.
  - Neither PG&E Corporation nor the Utility will have any role or responsibility in the administration of the Fire Victim Trust.
  - The Fire Victim Trust's website, which is maintained by the Claims Administrator, can be found at www.firevictimtrust.com.

  In addition to funding the Fire Victim Trust, PG&E has also now funded two additional wildfire settlements, paying approximately $1 billion to satisfy the wildfire claims of certain cities, counties, and other public entities, and paying an $11 billion settlement to insurance companies and other entities that paid claims by individuals and businesses related to wildfires in recent years.

5. How does PG&E's Plan of Reorganization and emerging from bankruptcy impact retirees?

- We expect that PG&E's Plan will have no impact on the Company's retiree plans and benefits.
- PG&E's emergence from Chapter 11 marks just the beginning of PG&E's next chapter – as a fundamentally improved company and the safe and reliable utility that its customers, communities and California deserve.