UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C., 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation	IRS Employer Identification Number
1-12609	PG&E Corporation	California	94-3234914
1-2348	Pacific Gas and Electric Company	California	94-0742640

PG&E Corporation 77 Beale Street P.O. Box 770000 San Francisco, California 94177	Pacific Gas and Electric Company 77 Beale Street P.O. Box 770000 San Francisco, California 94177
Address of principal executive offices, including zip code	
PG&E Corporation 415 973-1000	Pacific Gas and Electric Company 415 973-7000
Registrant's telephone number, including area code	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	PCG	The New York Stock Exchange
Equity Units	PCGU	The New York Stock Exchange
First preferred stock, cumulative, par value $25 per share, 5% series A redeemable	PCG-PE	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 5% redeemable	PCG-PD	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 4.80% redeemable	PCG-PG	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 4.50% redeemable	PCG-PH	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 4.36% series A redeemable	PCG-PI	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 6% nonredeemable	PCG-PA	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 5.50% nonredeemable	PCG-PB	NYSE American LLC
First preferred stock, cumulative, par value $25 per share, 5% nonredeemable	PCG-PC	NYSE American LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

PG&E Corporation: ☒ Yes ☐ No

Pacific Gas and Electric Company: ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

PG&E Corporation:	☒ Yes	☐ No
Pacific Gas and Electric Company:	☒ Yes	☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

PG&E Corporation:	☒	Large accelerated filer	☐	Accelerated filer
	☐	Non-accelerated filer		
	☐	Smaller reporting company	☐	Emerging growth company
Pacific Gas and Electric Company:	☐	Large accelerated filer	☐	Accelerated filer
	☒	Non-accelerated filer		
	☐	Smaller reporting company	☐	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

PG&E Corporation:	☐
Pacific Gas and Electric Company:	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

PG&E Corporation:	☐ Yes	☒ No
Pacific Gas and Electric Company:	☐ Yes	☒ No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

PG&E Corporation:	☒ Yes	☐ No
Pacific Gas and Electric Company:	☒ Yes	☐ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock outstanding as of October 26, 2020:

PG&E Corporation:	1,984,565,829
Pacific Gas and Electric Company:	264,374,809

PG&E CORPORATION AND
PACIFIC GAS AND ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020
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GLOSSARY

The following terms and abbreviations appearing in the text of this report have the meanings indicated below.

2019 Form 10-K	PG&E Corporation and Pacific Gas and Electric Company's combined Annual Report on Form 10-K for the year ended December 31, 2019
2019 Wildfire Mitigation Plan	the wildfire mitigation plan for 2019 submitted by the Utility to the CPUC pursuant to SB 901, previously also referred to as the "2019 Wildfire Safety Plan"
AB	Assembly Bill
ABR	alternate base rate
ALJ	administrative law judge
ARO	asset retirement obligation
ASU	accounting standard update issued by the FASB (see below)
Backstop Party	a third-party investor party to a Backstop Commitment Letter
Bankruptcy Code	the United States Bankruptcy Code
Bankruptcy Court	the U.S. Bankruptcy Court for the Northern District of California
CAISO	California Independent System Operator
Cal Fire	California Department of Forestry and Fire Protection
CARB	California Air Resources Board
CARE	California Alternate Rates for Energy
CCA	Community Choice Aggregator
CEMA	Catastrophic Event Memorandum Account
CEP	Community Engagement Plan
Chapter 11	chapter 11 of title 11 of the U.S. Code
Chapter 11 Cases	the voluntary cases commenced by each of PG&E Corporation and the Utility under Chapter 11 on January 29, 2019
CHT	Customer Harm Threshold
CPUC	California Public Utilities Commission
CPPMA	COVID-19 Pandemic Protections Memorandum Account
CRRs	congestion revenue rights
CUE	Coalition of California Utility Employees
CVA	Climate Vulnerability Assessment
DA	Direct Access
Diablo Canyon	Diablo Canyon nuclear power plant
DIP Credit Agreement	Senior Secured Superpriority Debtor in Possession Credit, Guaranty and Security Agreement, dated as of February 1, 2019, among the Utility, as borrower, PG&E Corporation, as guarantor, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as collateral agent
DTSC	Department of Toxic Substances Control
EPS	earnings per common share
Effective Date	July 1, 2020, the effective date of the Plan in the Chapter 11 Cases
FASB	Financial Accounting Standards Board
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission
FHPMA	Fire Hazard Prevention Memorandum Account
Formula Rate Proceedings	consolidated proceedings for the TO18 and TO20 rate cases
FRMMA	Fire Risk Mitigation Memorandum Account
Fire Victim Trust	trust established pursuant to the Plan for the benefit of holders of the Fire Victim Claims into which the Aggregate Fire Victim Consideration (as defined in the Plan) has been, and will continue to be funded
GAAP	U.S. Generally Accepted Accounting Principles

GRC	general rate case
GT&S	gas transmission and storage
HSM	Hazardous Substance Memorandum Account
IOU(s)	investor-owned utility(ies)
LIBOR	London Interbank Offered Rate
LSTC	liabilities subject to compromise
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 2 of this Form 10-Q
MGP(s)	manufactured gas plants
the Monitor	third-party monitor retained as part of its compliance with the sentencing terms of the Utility's January 27, 2017 federal criminal conviction
NAV	net asset value
NBC	non-bypassable charge
NDCTP	Nuclear Decommissioning Cost Triennial Proceedings
NEIL	Nuclear Electric Insurance Limited
NRC	Nuclear Regulatory Commission
OII	order instituting investigation
OIR	order instituting rulemaking
PCIA	Power Charge Indifference Adjustment
PERA	Public Employees Retirement Association of New Mexico
POD	Presiding Officer's Decision
PD	proposed decision
Petition Date	January 29, 2019
the Plan	Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization, dated June 19, 2020
PSA	plan support agreement
PSPS	Public Safety Power Shutoff
RA	resource adequacy
RAMP	Risk Assessment Mitigation Phase Report
ROE	return on equity
RSA	restructuring support agreement (as amended)
SB	Senate Bill
SEC	U.S. Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended
SED	Safety and Enforcement Division of the CPUC
SPV	Special purpose vehicle
Tax Act	Tax Cuts and Jobs Act of 2017
TCC	Official Committee of Tort Claimants
TO	transmission owner
TURN	The Utility Reform Network
Utility	Pacific Gas and Electric Company
VIE(s)	variable interest entity(ies)
WEMA	Wildfire Expense Memorandum Account
Wildfire Assistance Fund	program designed to assist those displaced by the 2018 Camp fire and 2017 Northern California wildfires with the costs of temporary housing and other urgent needs
Wildfire Fund	statewide fund established by AB 1054 that will be available for eligible electric utility companies to pay eligible claims for liabilities arising from wildfires occurring after July 12, 2019 that are caused by the applicable electric utility company's equipment
Wildfires OII	Order Instituting Investigation into the 2017 Northern California Wildfires and the 2018 Camp Fire

WMCE	Wildfire Mitigation and Catastrophic Events
WMP	Wildfire Mitigation Plan
WMPMA	Wildfire Mitigation Plan Memorandum Account

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are necessarily subject to various risks and uncertainties. These statements reflect management's judgment and opinions that are based on current estimates, expectations, and projections about future events and assumptions regarding these events and management's knowledge of facts as of the date of this report. These forward-looking statements relate to, among other matters, estimated losses, including penalties and fines, associated with various investigations and proceedings; forecasts of capital expenditures; estimates and assumptions used in critical accounting policies, including those relating to liabilities subject to compromise, insurance receivable, regulatory assets and liabilities, environmental remediation, litigation, third-party claims, the Wildfire Fund, and other liabilities; and the level of future equity or debt issuances. These statements are also identified by words such as "assume," "expect," "intend," "forecast," "plan," "project," "believe," "estimate," "predict," "anticipate," "may," "should," "would," "could," "potential" and similar expressions. PG&E Corporation and the Utility are not able to predict all the factors that may affect future results. Some of the factors that could cause future results to differ materially from those expressed or implied by the forward-looking statements, or from historical results, include, but are not limited to:

- PG&E Corporation's and the Utility's historical financial information not being indicative of future financial performance as a result of the Chapter 11 Cases and the financial and other restructuring recently undergone by PG&E Corporation and the Utility in connection with emergence from Chapter 11;

- the ability of PG&E Corporation and the Utility to raise financing for operations and investment;

- the risks and uncertainties associated with appeals to the Confirmation Order (as defined in Note 2 of the Notes to the Condensed Consolidated Financial Statements in Item 1);

- the risks and uncertainties associated with the 2019 Kincade fire, including the extent of the Utility's liability in connection with the Kincade fire and whether the Utility will be able to timely recover related costs incurred therewith in excess of insurance; the timing of the insurance recoveries; the timing and outcome of the referral of the Cal Fire report in connection therewith to the Sonoma County District Attorney; and potential liabilities in connection with fines or penalties that could be imposed on the Utility if the CPUC or any other enforcement agency were to bring an enforcement action;

- the risks and uncertainties associated with any other wildfires, including the 2020 Zogg fire, that have occurred and/or may occur in the Utility's service territory for which the cause has yet to be determined;

- the outcome of the Utility's Community Wildfire Safety Program that the Utility has developed in coordination with first responders, civic and community leaders, and customers, to help reduce wildfire threats and improve safety as a result of climate-driven wildfires and extreme weather, including the Utility's ability to comply with the targets and metrics set forth in its Wildfire Mitigation Plans; whether the Utility is able to retain or contract for the workforce necessary to execute its Community Wildfire Safety Program; and the cost of the program and the timing and outcome of any proceeding to recover such cost through rates;

- the ability of PG&E Corporation and the Utility to securitize $7.5 billion of costs related to the 2017 Northern California wildfires in a financing transaction that is designed to be rate neutral to customers;

- the impact of the Utility's implementation of its PSPS program, including the timing and outcome of the OII to Examine the Late 2019 Public Safety Power Shutoff Events, and whether any fines or penalties or civil liability for damages will be imposed on the Utility as a result; the costs in connection with PSPS events, the timing and outcome of any proceeding to recover such cost through rates, and the effects on PG&E Corporation's and the Utility's reputations caused by implementation of the PSPS program;

- whether the Utility may be liable for future wildfires, and the impact of AB 1054 on potential losses in connection with such wildfires, including the CPUC's implementation of the procedures for recovering such losses;

- the risks and uncertainties associated with the requirement under AB 1054 that the Utility maintain a valid safety certification pursuant to Section 8389(e) of the California Public Utilities Code and the potential unavailability of the Wildfire Fund in the event the Utility fails to maintain a valid safety certification;

- the timing and outcome of future regulatory and legislative developments, including future wildfire reforms, inverse condemnation reform, and other wildfire mitigation measures or other reforms targeted at the Utility or its industry;

- 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 mitigate these effects, including with spending reductions, and the ability of the Utility to recover any losses incurred in connection with the COVID-19 pandemic, and the impact of workforce disruptions;

- whether the Utility will be able to obtain full recovery of its significantly increased insurance premiums, and the timing of any such recovery;

- 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;

- increased employee attrition as a result of the challenging political and operating environment facing PG&E Corporation and the Utility;

- changes related to PG&E Corporation's and the Utility's pension and other post-retirement benefit plan obligations;

- the timing and outcomes of the 2020 GRC, FERC TO18, TO19, and TO20 rate cases, 2018 and 2019 CEMA applications, WEMA application, WMCE application, future applications for FRMMA, CPPMA, and WMPMA, future cost of capital proceedings, and other ratemaking and regulatory proceedings;

- the outcome of the probation and the Monitorship imposed by the federal court after the Utility's conviction in the federal criminal trial in 2017, the timing and outcomes of the debarment proceeding, potential reliability penalties or sanctions from the North American Electric Reliability Corporation, or Western Electricity Coordinating Council, investigations that have been or may be commenced relating to the Utility's compliance with natural gas- and electric- related laws and regulations, and the ultimate amount of fines, penalties, and remedial costs that the Utility may incur in connection with the outcomes including the costs of complying with any additional conditions of probation imposed in connection with the Utility's federal criminal proceeding, such as expenses associated with any material expansion of the Utility's vegetation management program, as well as the impact of additional conditions of probation on PG&E Corporation's and the Utility's ability to make distributions to shareholders;

- the effects on PG&E Corporation's and the Utility's reputations caused by matters such as the CPUC's investigations and enforcement proceedings and the Utility's criminal guilty plea as described in Note 10 of the Notes to the Condensed Consolidated Financial Statements under the heading "District Attorneys' Offices Investigations";

- the outcome of future legislative or regulatory actions as part of "Enhanced Enforcement" or otherwise that may be taken, such as requiring the Utility to transfer ownership of the Utility's assets to municipalities or other public entities, or implement corporate governance, operational or other changes;

- whether the Utility can control its operating costs within the authorized levels of spending, and timely recover its costs through rates; whether the Utility can continue implementing a streamlined organizational structure and achieve project savings, the extent to which the Utility incurs unrecoverable costs that are higher than the forecasts of such costs; and changes in cost forecasts or the scope and timing of planned work resulting from changes in customer demand for electricity and natural gas or other reasons;

- whether the Utility and its third-party vendors and contractors are able to protect the Utility's operational networks and information technology systems from cyber- and physical attacks, or other internal or external hazards;

- the timing and outcome in the Court of Appeals of the appeal of FERC's order denying rehearing on March 17, 2020 granting the Utility a 50-basis point ROE incentive adder for continued participation in the CAISO;

- the outcome of current and future self-reports, investigations, or other enforcement proceedings that could be commenced or notices of violation that could be issued relating to the Utility's compliance with laws, rules, regulations, or orders applicable to its operations, including the construction, expansion, or replacement of its electric and gas facilities, electric grid reliability, inspection and maintenance practices, customer billing and privacy, physical and cybersecurity, environmental laws and regulations; and the outcome of existing and future SED notices of violations;

- the impact of environmental remediation laws, regulations, and orders; the ultimate amount of costs incurred to discharge the Utility's known and unknown remediation obligations; and the extent to which the Utility is able to recover environmental costs in rates or from other sources;

- the impact of SB 100, signed into law on September 10, 2018, which increased the percentage from 50% to 60% of California's electricity portfolio that must come from renewables by 2030; and establishes state policy that 100% of all retail electricity sales must come from renewable portfolio standard-eligible or carbon-free resources by 2045;

- how the CPUC and the CARB implement state environmental laws relating to greenhouse gas, renewable energy targets, energy efficiency standards, distributed energy resources, electric vehicles, and similar matters, including whether the Utility is able to continue recovering associated compliance costs, such as the cost of emission allowances and offsets under cap-and-trade regulations; and whether the Utility is able to timely recover its associated investment costs;

- the impact of the California governor's executive order issued on January 26, 2018, to implement a new target of five million zero-emission vehicles on the road in California by 2030 and the California governor's executive order issued on September 23, 2020, requiring sales of all new passenger vehicles to be zero-emission by 2035 and additional measures to eliminate harmful emissions from the transportation sector;

- the ultimate amount of unrecoverable environmental costs the Utility incurs associated with the Utility's natural gas compressor station site located near Hinkley, California and the Utility's fossil fuel-fired generation sites;

- the impact of new legislation or NRC regulations, recommendations, policies, decisions, or orders relating to the nuclear industry, including operations, seismic design, security, safety, relicensing, the storage of spent nuclear fuel, decommissioning, cooling water intake, or other issues; the impact of potential actions, such as legislation, taken by state agencies that may affect the Utility's ability to continue operating Diablo Canyon until its planned retirement;

- the impact of wildfires, droughts, floods, high winds, lightning or other weather-related conditions or events, climate change, natural disasters, acts of terrorism, war, vandalism (including cyber-attacks), downed power lines, and other events, that can cause unplanned outages, reduce generating output, disrupt the Utility's service to customers, or damage or disrupt the facilities, operations, or information technology and systems owned by the Utility, its customers, or third parties on which the Utility relies, and the reparation and other costs that the Utility may incur in connection with such conditions or events; the impact of the adequacy of the Utility's emergency preparedness; whether the Utility incurs liability to third parties for property damage or personal injury caused by such events; whether the Utility is subject to civil, criminal, or regulatory penalties in connection with such events; and whether the Utility's insurance coverage is available for these types of claims and sufficient to cover the Utility's liability;

- the breakdown or failure of equipment that can cause damages, including fires, and unplanned outages; and whether the Utility will be subject to investigations, penalties, and other costs in connection with such events;

- the outcome of future legislative developments in connection with SB 350 (the Golden State Energy Act), a bill which was signed into law on June 30, 2020 and authorizes the creation by the California governor of a new entity "Golden State Energy," a nonprofit public benefit corporation, for the purpose of acquiring the Utility's assets and serving electric and gas in the Utility's service territory in the event that the CPUC revokes the Utility's Certificate of Public Convenience and Necessity;

- whether the Utility's climate change adaptation strategies are successful;

- the impact that reductions in Utility customer demand for electricity and natural gas, driven by customer departures to CCAs and DA providers, have on the Utility's ability to make and recover its investments through rates and earn its authorized return on equity, and whether the Utility is successful in addressing the impact of growing distributed and renewable generation resources, and changing customer demand for its natural gas and electric services;

- the supply and price of electricity, natural gas, and nuclear fuel; the extent to which the Utility can manage and respond to the volatility of energy commodity prices; the ability of the Utility and its counterparties to post or return collateral in connection with price risk management activities; and whether the Utility is able to recover timely its electric generation and energy commodity costs through rates, including its renewable energy procurement costs;

- the amount and timing of charges reflecting probable liabilities for third-party claims; the extent to which costs incurred in connection with third-party claims or litigation can be recovered through insurance, rates, or from other third parties; and whether the Utility can continue to obtain adequate insurance coverage for future losses or claims, especially following a major event that causes widespread third-party losses;

- the risks and uncertainties associated with any future substantial sales of shares of common stock of PG&E Corporation by existing shareholders, including the Fire Victim Trust, the investors party to the Investment Agreement (as defined in Note 6 of the Notes to the Condensed Consolidated Financial Statements in Item 1) and the Backstop Parties;

- the impact of the regulation of utilities and their holding companies, including how the CPUC interprets and enforces the financial and other conditions imposed on PG&E Corporation when it became the Utility's holding company, and whether the uncertainty in connection with the Utility's probation or enforcement matters will impact the Utility's ability to make distributions to PG&E Corporation;

- the outcome of federal or state tax audits and the impact of any changes in federal or state tax laws, policies, regulations, or their interpretation;

- whether PG&E Corporation or the Utility undergoes an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), as a result of which, tax attributes could be limited;

- changes in the regulatory and economic environment, including potential changes affecting renewable energy sources and associated tax credits, as a result of the current federal administration; and

- the impact of changes in GAAP, standards, rules, or policies, including those related to regulatory accounting, and the impact of changes in their interpretation or application.

For more information about the significant risks that could affect the outcome of the forward-looking statements and PG&E Corporation's and the Utility's future financial condition, results of operations, liquidity, and cash flows, see Item 1A. Risk Factors below and a detailed discussion of these matters contained in Item 2. MD&A. PG&E Corporation and the Utility do not undertake any obligation to update forward-looking statements, whether in response to new information, future events, or otherwise.

PG&E Corporation and the Utility routinely provide links to the Utility's principal regulatory proceedings before the CPUC and the FERC at http://investor.pgecorp.com, under the "Regulatory Filings" tab, so that such filings are available to investors upon filing with the relevant agency. PG&E Corporation and the Utility also routinely post or provide direct links to presentations, documents, and other information that may be of interest to investors at http://investor.pgecorp.com, under the "PG&E Progress," "Chapter 11," "Wildfire Updates" and "News & Events: Events & Presentations" tabs, respectively, in order to publicly disseminate such information. It is possible that any of these filings or information included therein could be deemed to be material information. The information contained on such website is not part of this or any other report that PG&E Corporation or the Utility files with, or furnishes to, the SEC. PG&E Corporation and the Utility are providing the address to this website solely for the information of investors and do not intend the address to be an active link.

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PG&E CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	2020	2019	2020	2019
Operating Revenues				
Electric	$ 3,810	$ 3,554	$ 10,285	$ 9,292
Natural gas	1,072	878	3,436	3,094
Total operating revenues	**4,882**	**4,432**	**13,721**	**12,386**
Operating Expenses				
Cost of electricity	1,114	1,070	2,418	2,506
Cost of natural gas	90	68	508	515
Operating and maintenance	2,290	2,206	6,398	6,235
Wildfire-related claims, net of insurance recoveries	25	2,548	195	6,448
Wildfire fund expense	120	—	293	—
Depreciation, amortization, and decommissioning	845	840	2,574	2,433
Total operating expenses	**4,484**	**6,732**	**12,386**	**18,137**
Operating Income (Loss)	**398**	**(2,300)**	**1,335**	**(5,751)**
Interest income	5	18	33	62
Interest expense	(391)	(52)	(844)	(215)
Other income, net	102	62	299	199
Reorganization items, net	(137)	(73)	(1,937)	(256)
Loss Before Income Taxes	**(23)**	**(2,345)**	**(1,114)**	**(5,961)**
Income tax provision (benefit)	(109)	(729)	394	(1,932)
Net Income (Loss)	**86**	**(1,616)**	**(1,508)**	**(4,029)**
Preferred stock dividend requirement of subsidiary	3	3	10	10
Income (Loss) Attributable to Common Shareholders	**$ 83**	**$ (1,619)**	**$ (1,518)**	**$ (4,039)**
Weighted Average Common Shares Outstanding, Basic	**1,967**	**529**	**1,012**	**528**
Weighted Average Common Shares Outstanding, Diluted	**2,140**	**529**	**1,012**	**528**
Net Earnings (Loss) Per Common Share, Basic	**$ 0.04**	**$ (3.06)**	**$ (1.50)**	**$ (7.65)**
Net Earnings (Loss) Per Common Share, Diluted	**$ 0.04**	**$ (3.06)**	**$ (1.50)**	**$ (7.65)**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Net Income (Loss)	**$ 86**	**$ (1,616)**	**$ (1,508)**	**$ (4,029)**
Other Comprehensive Income				
Pension and other post-retirement benefit plans obligations (net of taxes of $0, $0, $0, and $0, at respective dates)	—	—	—	—
Total other comprehensive income	—	—	—	—
Comprehensive Income (Loss)	**86**	**(1,616)**	**(1,508)**	**(4,029)**
Preferred stock dividend requirement of subsidiary	**3**	**3**	**10**	**10**
Comprehensive Income (Loss) Attributable to Common Shareholders	**$ 83**	**$ (1,619)**	**$ (1,518)**	**$ (4,039)**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	(Unaudited) Balance At September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 464	$ 1,570
Restricted cash	215	7
Accounts receivable:		
Customers (net of allowance for doubtful accounts of $98 and $43 at respective dates)	1,775	1,287
Accrued unbilled revenue	1,078	969
Regulatory balancing accounts	2,608	2,114
Other	1,075	2,617
Regulatory assets	346	315
Inventories:		
Gas stored underground and fuel oil	94	97
Materials and supplies	552	550
Wildfire fund asset	465	—
Other	1,126	639
Total current assets	**9,798**	**10,165**
Property, Plant, and Equipment		
Electric	65,498	62,707
Gas	23,636	22,688
Construction work in progress	2,941	2,675
Other	21	20
Total property, plant, and equipment	**92,096**	**88,090**
Accumulated depreciation	(27,426)	(26,455)
Net property, plant, and equipment	**64,670**	**61,635**
Other Noncurrent Assets		
Regulatory assets	7,986	6,066
Nuclear decommissioning trusts	3,318	3,173
Operating lease right of use asset	1,893	2,286
Wildfire fund asset	5,932	—
Income taxes receivable	67	67
Other	1,923	1,804
Total other noncurrent assets	**21,119**	**13,396**
TOTAL ASSETS	**$ 95,587**	**$ 85,196**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) Balance At	
(in millions, except share amounts)	**September 30, 2020**	**December 31, 2019**
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings	$ 2,432	$ —
Debtor-in-possession financing, classified as current	—	1,500
Accounts payable:		
Trade creditors	2,756	1,954
Regulatory balancing accounts	2,326	1,797
Other	719	566
Operating lease liabilities	536	556
Interest payable	327	4
Disputed claims and customer refunds	240	—
Wildfire-related claims	1,975	—
Other	2,010	1,254
Total current liabilities	**13,321**	**7,631**
Noncurrent Liabilities		
Long-term debt	36,311	—
Regulatory liabilities	9,981	9,270
Pension and other post-retirement benefits	1,894	1,884
Asset retirement obligations	6,019	5,854
Deferred income taxes	1,225	320
Operating lease liabilities	1,357	1,730
Other	4,415	2,573
Total noncurrent liabilities	**61,202**	**21,631**
Liabilities Subject to Compromise	**—**	**50,546**
Equity		
Shareholders' Equity		
Common stock, no par value, authorized 3,600,000,000 and 800,000,000 shares at respective dates; 1,984,562,035 and 529,236,741 shares outstanding at respective dates	30,222	13,038
Reinvested earnings	(9,400)	(7,892)
Accumulated other comprehensive loss	(10)	(10)
Total shareholders' equity	**20,812**	**5,136**
Noncontrolling Interest - Preferred Stock of Subsidiary	252	252
Total equity	**21,064**	**5,388**
TOTAL LIABILITIES AND EQUITY	**$ 95,587**	**$ 85,196**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
Cash Flows from Operating Activities		
Net loss	$ (1,508)	$ (4,029)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and decommissioning	2,574	2,433
Allowance for equity funds used during construction	(43)	(64)
Deferred income taxes and tax credits, net	923	(1,548)
Reorganization items, net (Note 2)	1,597	97
Wildfire fund expense	293	—
Disallowed capital expenditures	16	232
Other	260	112
Effect of changes in operating assets and liabilities:		
Accounts receivable	(1,012)	(264)
Wildfire-related insurance receivable	1,657	35
Inventories	(12)	(68)
Accounts payable	465	371
Wildfire-related claims	(16,800)	(114)
Income taxes receivable/payable	—	8
Other current assets and liabilities	(1,557)	(7)
Regulatory assets, liabilities, and balancing accounts, net	(1,393)	90
Liabilities subject to compromise	413	6,704
Contributions to wildfire fund	(5,008)	—
Other noncurrent assets and liabilities	(84)	79
Net cash provided by (used in) operating activities	**(19,219)**	**4,067**
Cash Flows from Investing Activities		
Capital expenditures	(5,475)	(4,192)
Proceeds from sales and maturities of nuclear decommissioning trust investments	1,144	808
Purchases of nuclear decommissioning trust investments	(1,203)	(874)
Other	10	8
Net cash used in investing activities	**(5,524)**	**(4,250)**
Cash Flows from Financing Activities		
Proceeds from debtor-in-possession credit facility	500	1,850
Repayments of debtor-in-possession credit facility	(2,000)	(350)
Debtor-in-possession credit facility debt issuance costs	(3)	(114)
Bridge facility financing fees	(73)	—
Pre-petition long-term debt repaid	(750)	—
Borrowings under revolving credit facilities	2,420	—
Repayments under revolving credit facilities	(1,480)	—
Borrowings under term loan credit facilities	3,000	—
Credit facilities financing fees	(22)	—
Proceeds from issuance of long-term debt, net of discount and issuance costs of $178	13,497	—
Repayment of long-term debt	(7)	—
Exchanged debt financing fees	(103)	—

Common stock issued, net of issuance costs	7,582	85
Equity Units issued	1,304	—
Other	(20)	14
Net cash provided by financing activities	**23,845**	**1,485**
Net change in cash, cash equivalents, and restricted cash	**(898)**	**1,302**
Cash, cash equivalents, and restricted cash at January 1	**1,577**	**1,675**
Cash, cash equivalents, and restricted cash at September 30	**$ 679**	**$ 2,977**
Less: Restricted cash and restricted cash equivalents included in other current assets	(215)	(7)
Cash and cash equivalents at September 30	**$ 464**	**$ 2,970**

Supplemental disclosures of cash flow information		
Cash paid for:		
Interest, net of amounts capitalized	$ (1,372)	$ (38)
Supplemental disclosures of noncash investing and financing activities		
Capital expenditures financed through accounts payable	$ 404	$ 981
Operating lease liabilities arising from obtaining right-of-use assets	13	2,816
Common stock issued in satisfaction of liabilities	8,276	—

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(in millions, except share amounts)	Common Stock Shares	Common Stock Amount	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Non-controlling Interest - Preferred Stock of Subsidiary	Total Equity
Balance at December 31, 2019	**529,236,741**	**$ 13,038**	**$ (7,892)**	**$ (10)**	**$ 5,136**	**$ 252**	**$ 5,388**
Net income	—	—	374	—	374	—	374
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	549,155	—	—	—	—	—	—
Stock-based compensation amortization	—	(3)	—	—	(3)	—	(3)
Balance at March 31, 2020	**529,785,896**	**$ 13,035**	**$ (7,518)**	**$ (10)**	**$ 5,507**	**$ 252**	**$ 5,759**
Net loss	—	—	(1,968)	—	(1,968)	—	(1,968)
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	7,459	—	—	—	—	—	—
Stock-based compensation amortization	—	10	—	—	10	—	10
Balance at June 30, 2020	**529,793,355**	**$ 13,045**	**$ (9,486)**	**$ (10)**	**$ 3,549**	**$ 252**	**$ 3,801**
Net income	—	—	86	—	86	—	86
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	1,454,768,680	15,855	—	—	15,855	—	15,855
Equity units issued	—	1,304	—	—	1,304	—	1,304
Stock-based compensation amortization	—	18	—	—	18	—	18
Balance at September 30, 2020	**1,984,562,035**	**$ 30,222**	**$ (9,400)**	**$ (10)**	**$ 20,812**	**$ 252**	**$ 21,064**

(in millions, except share amounts)	Common Stock Shares	Common Stock Amount	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Non-controlling Interest - Preferred Stock of Subsidiary	Total Equity
Balance at December 31, 2018	**520,338,710**	**$ 12,910**	**$ (250)**	**$ (9)**	**$ 12,651**	**$ 252**	**$ 12,903**
Net income	—	—	136	—	136	—	136
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	8,871,568	85	—	—	85	—	85
Stock-based compensation amortization	—	5	—	—	5	—	5
Balance at March 31, 2019	**529,210,278**	**$ 13,000**	**$ (114)**	**$ (9)**	**$ 12,877**	**$ 252**	**$ 13,129**
Net loss	—	—	(2,549)	—	(2,549)	—	(2,549)
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	13,515	—	—	—	—	—	—
Stock-based compensation amortization	—	14	—	—	14	—	14
Balance at June 30, 2019	**529,223,793**	**$ 13,014**	**$ (2,663)**	**$ (9)**	**$ 10,342**	**$ 252**	**$ 10,594**
Net loss	—	—	(1,616)	—	(1,616)	—	(1,616)
Other comprehensive loss	—	—	—	—	—	—	—
Common stock issued, net	5,724	—	—	—	—	—	—
Stock-based compensation amortization	—	13	—	—	13	—	13
Balance at September 30, 2019	529,229,517	**$ 13,027**	**$ (4,279)**	**$ (9)**	**$ 8,739**	**$ 252**	**$ 8,991**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues				
Electric	$ 3,810	$ 3,554	$ 10,285	$ 9,292
Natural gas	1,072	878	3,436	3,094
Total operating revenues	**4,882**	**4,432**	**13,721**	**12,386**
Operating Expenses				
Cost of electricity	1,114	1,070	2,418	2,506
Cost of natural gas	90	68	508	515
Operating and maintenance	2,311	2,208	6,421	6,252
Wildfire-related claims, net of insurance recoveries	25	2,548	195	6,448
Wildfire fund expense	120	—	293	—
Depreciation, amortization, and decommissioning	845	840	2,574	2,433
Total operating expenses	**4,505**	**6,734**	**12,409**	**18,154**
Operating Income (Loss)	**377**	**(2,302)**	**1,312**	**(5,768)**
Interest income	5	18	33	61
Interest expense	(323)	(52)	(764)	(213)
Other income, net	101	57	287	187
Reorganization items, net	(82)	(69)	(286)	(237)
Income (Loss) Before Income Taxes	**78**	**(2,348)**	**582**	**(5,970)**
Income tax provision (benefit)	(92)	(738)	434	(1,943)
Net Income (Loss)	**170**	**(1,610)**	**148**	**(4,027)**
Preferred stock dividend requirement	3	3	10	10
Income (Loss) Attributable to Common Stock	**$ 167**	**$ (1,613)**	**$ 138**	**$ (4,037)**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Net Income (Loss)	**$ 170**	**$ (1,610)**	**$ 148**	**$ (4,027)**
Other Comprehensive Income				
Pension and other post-retirement benefit plans obligations (net of taxes of $0, $0, $0, and $0, at respective dates)	1	—	1	—
Total other comprehensive income	**1**	**—**	**1**	**—**
Comprehensive Income (Loss)	**$ 171**	**$ (1,610)**	**$ 149**	**$ (4,027)**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	Balance At	
(in millions)	**September 30, 2020**	**December 31, 2019**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 202	$ 1,122
Restricted cash	215	7
Accounts receivable:		
Customers (net of allowance for doubtful accounts of $98 and $43 at respective dates)	1,775	1,287
Accrued unbilled revenue	1,078	969
Regulatory balancing accounts	2,608	2,114
Other	1,081	2,647
Regulatory assets	346	315
Inventories:		
Gas stored underground and fuel oil	94	97
Materials and supplies	552	550
Wildfire fund asset	465	—
Other	1,112	628
Total current assets	**9,528**	**9,736**
Property, Plant, and Equipment		
Electric	65,498	62,707
Gas	23,636	22,688
Construction work in progress	2,941	2,675
Other	18	18
Total property, plant, and equipment	**92,093**	**88,088**
Accumulated depreciation	(27,423)	(26,453)
Net property, plant, and equipment	**64,670**	**61,635**
Other Noncurrent Assets		
Regulatory assets	7,986	6,066
Nuclear decommissioning trusts	3,318	3,173
Operating lease right of use asset	1,887	2,279
Wildfire fund asset	5,932	—
Income taxes receivable	66	66
Other	1,764	1,659
Total other noncurrent assets	**20,953**	**13,243**
TOTAL ASSETS	**$ 95,151**	**$ 84,614**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	Balance At	
(in millions. except share amounts)	**September 30, 2020**	**December 31, 2019**
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings	$ 2,432	$ —
Debtor-in-possession financing, classified as current	—	1,500
Accounts payable:		
Trade creditors	2,719	1,949
Regulatory balancing accounts	2,326	1,797
Other	759	675
Operating lease liabilities	533	553
Interest payable	298	4
Disputed claims and customer refunds	240	—
Wildfire-related claims	1,975	—
Other	1,998	1,263
Total current liabilities	**13,280**	**7,741**
Noncurrent Liabilities		
Long-term debt	31,657	—
Regulatory liabilities	9,981	9,270
Pension and other post-retirement benefits	1,797	1,884
Asset retirement obligations	6,019	5,854
Deferred income taxes	1,387	442
Operating lease liabilities	1,354	1,726
Other	4,456	2,626
Total noncurrent liabilities	**56,651**	**21,802**
Liabilities Subject to Compromise	—	**49,736**
Shareholders' Equity		
Preferred stock	258	258
Common stock, $5 par value, authorized 800,000,000 shares; 264,374,809 shares outstanding at respective dates	1,322	1,322
Additional paid-in capital	28,286	8,550
Reinvested earnings	(4,648)	(4,796)
Accumulated other comprehensive income	2	1
Total shareholders' equity	**25,220**	**5,335**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 95,151**	**$ 84,614**

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
Cash Flows from Operating Activities		
Net income (loss)	$ 148	$ (4,027)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and decommissioning	2,574	2,433
Allowance for equity funds used during construction	(43)	(64)
Deferred income taxes and tax credits, net	961	(1,555)
Reorganization items, net (Note 2)	3	92
Wildfire fund expense	293	—
Disallowed capital expenditures	16	232
Other	237	79
Effect of changes in operating assets and liabilities:		
Accounts receivable	(987)	(274)
Wildfire-related insurance receivable	1,657	35
Inventories	(12)	(68)
Accounts payable	423	418
Wildfire-related claims	(16,800)	(114)
Income taxes receivable/payable	—	1
Other current assets and liabilities	(1,594)	9
Regulatory assets, liabilities, and balancing accounts, net	(1,393)	90
Liabilities subject to compromise	401	6,695
Contributions to wildfire fund	(5,008)	—
Other noncurrent assets and liabilities	(46)	96
Net cash provided by (used in) operating activities	**(19,170)**	**4,078**
Cash Flows from Investing Activities		
Capital expenditures	(5,475)	(4,192)
Proceeds from sales and maturities of nuclear decommissioning trust investments	1,144	808
Purchases of nuclear decommissioning trust investments	(1,203)	(874)
Other	10	8
Net cash used in investing activities	**(5,524)**	**(4,250)**
Cash Flows from Financing Activities		
Proceeds from debtor-in-possession credit facility	500	1,850
Repayments of debtor-in-possession credit facility	(2,000)	(350)
Debtor-in-possession credit facility debt issuance costs	(3)	(98)
Bridge facility financing fees	(33)	—
Pre-petition long-term debt repaid	(100)	—
Borrowings under revolving credit facilities	2,420	—
Repayments under revolving credit facilities	(1,480)	—
Borrowings under term loan credit facilities	3,000	—
Credit facilities financing fees	(22)	—
Proceeds from issuance of long-term debt, net of discount and issuance costs of $88	8,837	—

Exchanged debt financing fees		(103)		—
Equity contribution from PG&E Corporation		12,986		—
Other		(20)		14
Net cash provided by financing activities		**23,982**		**1,416**
Net change in cash, cash equivalents, and restricted cash		**(712)**		**1,244**
Cash, cash equivalents, and restricted cash at January 1		**1,129**		**1,302**
Cash, cash equivalents, and restricted cash at September 30	**$**	**417**	**$**	**2,546**
Less: Restricted cash and restricted cash equivalents included in other current assets		(215)		(7)
Cash and cash equivalents at September 30	**$**	**202**	**$**	**2,539**

Supplemental disclosures of cash flow information				
Cash paid for:				
Interest, net of amounts capitalized	$	(1,305)	$	(36)
Supplemental disclosures of noncash investing and financing activities				
Capital expenditures financed through accounts payable	$	404	$	981
Operating lease liabilities arising from obtaining right-of-use assets		13		2,807
Common stock equity infusion from PG&E Corporation used to satisfy liabilities		6,750		—

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Preferred Stock	Common Stock Amount	Additional Paid-in Capital	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2019	**$ 258**	**$ 1,322**	**$ 8,550**	**$ (4,796)**	**$ 1**	**$ 5,335**
Net income	—	—	—	451	—	451
Balance at March 31, 2020	**$ 258**	**$ 1,322**	**$ 8,550**	**$ (4,345)**	**$ 1**	**$ 5,786**
Net loss	—	—	—	(473)	—	(473)
Balance at June 30, 2020	**$ 258**	**$ 1,322**	**$ 8,550**	**$ (4,818)**	**$ 1**	**$ 5,313**
Net income	—	—	—	170	—	170
Other comprehensive income	—	—	—	—	1	1
Equity contribution	—	—	19,736	—	—	19,736
Balance at September 30, 2020	**$ 258**	**$ 1,322**	**$ 28,286**	**$ (4,648)**	**$ 2**	**$ 25,220**

(in millions)	Preferred Stock	Common Stock Amount	Additional Paid-in Capital	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2018	**$ 258**	**$ 1,322**	**$ 8,550**	**$ 2,826**	**$ (1)**	**$ 12,955**
Net income	—	—	—	133	—	133
Balance at March 31, 2019	**$ 258**	**$ 1,322**	**$ 8,550**	**$ 2,959**	**$ (1)**	**$ 13,088**
Net loss	—	—	—	(2,550)	—	(2,550)
Balance at June 30, 2019	**$ 258**	**$ 1,322**	**$ 8,550**	**$ 409**	**$ (1)**	**$ 10,538**
Net loss	—	—	—	(1,610)	—	(1,610)
Balance at September 30, 2019	**$ 258**	**$ 1,322**	**$ 8,550**	**$ (1,201)**	**$ (1)**	**$ 8,928**

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

Organization and Basis of Presentation

PG&E Corporation is a holding company whose primary operating subsidiary is Pacific Gas and Electric Company, a public utility serving northern and central California. The Utility generates revenues mainly through the sale and delivery of electricity and natural gas to customers. The Utility is primarily regulated by the CPUC and the FERC. In addition, the NRC oversees the licensing, construction, operation, and decommissioning of the Utility's nuclear generation facilities.

This quarterly report on Form 10-Q is a combined report of PG&E Corporation and the Utility. PG&E Corporation's Condensed Consolidated Financial Statements include the accounts of PG&E Corporation, the Utility, and other wholly owned and controlled subsidiaries. The Utility's Condensed Consolidated Financial Statements include the accounts of the Utility and its wholly owned and controlled subsidiaries. All intercompany transactions have been eliminated in consolidation. The Notes to the Condensed Consolidated Financial Statements apply to both PG&E Corporation and the Utility. PG&E Corporation and the Utility assess financial performance and allocate resources on a consolidated basis (i.e., the companies operate in one segment).

The accompanying Condensed Consolidated Financial Statements have been prepared in conformity with GAAP and in accordance with the interim period reporting requirements of Form 10-Q and reflect all adjustments that management believes are necessary for the fair presentation of PG&E Corporation's and the Utility's financial condition, results of operations, and cash flows for the periods presented. The information at December 31, 2019 in the Condensed Consolidated Balance Sheets included in this quarterly report was derived from the audited Consolidated Balance Sheets in Item 8 of the 2019 Form 10-K. This quarterly report should be read in conjunction with the 2019 Form 10-K.

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Some of the more significant estimates and assumptions relate to the Utility's regulatory assets and liabilities, wildfire-related liabilities, legal and regulatory contingencies, the Wildfire Fund, environmental remediation liabilities, AROs, insurance receivables, and pension and other post-retirement benefit plan obligations. Management believes that its estimates and assumptions reflected in the Condensed Consolidated Financial Statements are appropriate and reasonable. A change in management's estimates or assumptions could result in an adjustment that would have a material impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows during the period in which such change occurred.

Chapter 11 Emergence and Going Concern

The accompanying Condensed Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. PG&E Corporation and the Utility suffered material losses as a result of the 2017 Northern California wildfires and the 2018 Camp fire, which contributed to the decision to file for Chapter 11 protection on January 29, 2019. Uncertainty regarding these matters previously raised substantial doubt about PG&E Corporation's and the Utility's abilities to continue as going concerns.

As a result of PG&E Corporation's and the Utility's emergence from Chapter 11 on the Effective Date of July 1, 2020, substantial doubt has been alleviated regarding the Company's ability to meet its obligations as they become due within one year after the date the financial statements were issued. (For more information regarding the Chapter 11 Cases, see Note 2 below.)

NOTE 2: BANKRUPTCY FILING

Chapter 11 Proceedings

On January 29, 2019, PG&E Corporation and the Utility commenced the Chapter 11 Cases with the Bankruptcy Court. Prior to the Effective Date, PG&E Corporation and the Utility continued to operate their business as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

Except as otherwise set forth in the Plan, the Confirmation Order (as defined below) or another order of the Bankruptcy Court, substantially all pre-petition liabilities were discharged under the Plan.

Significant Bankruptcy Court Actions

Plan of Reorganization and Restructuring Support Agreements

On June 19, 2020, PG&E Corporation and the Utility, certain funds and accounts managed or advised by Abrams Capital Management, LP ("Abrams"), and certain funds and accounts managed or advised by Knighthead Capital Management, LLC ("Knighthead" and, together with Abrams, the "Shareholder Proponents") filed PG&E Corporation's and the Utility's and the Shareholder Proponents' Joint Chapter 11 Plan of Reorganization dated June 19, 2020 with the Bankruptcy Court (the "Plan"). On June 20, 2020, the Bankruptcy Court confirmed the Plan by issuing a confirmation order (the "Confirmation Order"). PG&E Corporation and the Utility emerged from Chapter 11 on July 1, 2020.

On September 22, 2019, PG&E Corporation and the Utility entered into a Restructuring Support Agreement with certain holders of wildfire insurance subrogation claims (as amended, the "Subrogation RSA", and such claims, the "Subrogation Claims"). On December 19, 2019, the Bankruptcy Court entered an order approving the Subrogation RSA. As of September 30, 2020, PG&E Corporation and the Utility incurred $53 million in professional fees related to the Subrogation RSA. See "Restructuring Support Agreement with Holders of Subrogation Claims" in Note 10 for further information on the Subrogation RSA.

On December 6, 2019, PG&E Corporation and the Utility entered into a Restructuring Support Agreement, which was subsequently amended on December 16, 2019 (as amended, the "TCC RSA"), with the TCC, the attorneys and other advisors and agents for holders of claims against PG&E Corporation and the Utility relating to the 2015 Butte fire, the 2017 Northern California wildfires and the 2018 Camp fire (other than the Subrogation Claims and Public Entity Wildfire Claims (as defined below)) (the "Fire Victim Claims") that are signatories to the TCC RSA, and the Shareholder Proponents. On December 19, 2019, the Bankruptcy Court entered an order approving the TCC RSA. See "Restructuring Support Agreement with the TCC" in Note 10 for further information on the TCC RSA.

On January 22, 2020, PG&E Corporation and the Utility entered into a Restructuring Support Agreement with those holders of senior unsecured debt of the Utility that are identified as "Consenting Noteholders" therein and the Shareholder Proponents (the "Noteholder RSA"). On February 5, 2020, the Bankruptcy Court entered an order approving the Noteholder RSA.

Confirmation of the Plan of Reorganization

The Plan as confirmed by the Confirmation Order provides for certain transactions and the satisfaction and treatment of claims against and interests in PG&E Corporation and the Utility, each in accordance with the terms of the Plan, including the transactions described below. The Plan provides for the following treatment of various classes of claims as described below. PG&E Corporation and the Utility are in the process of resolving and paying claims pursuant to the treatment provided under the Plan.

- PG&E Corporation and the Utility funded the Fire Victim Trust for the benefit of all holders of Fire Victim Claims, whose claims were channeled to the Fire Victim Trust on the Effective Date with no recourse to PG&E Corporation and the Utility. In full and final satisfaction, release, and discharge of all Fire Victim Claims, the Fire Victim Trust was funded with $5.4 billion in cash (with an additional $1.35 billion in cash to be funded on a deferred basis), common stock of PG&E Corporation representing 22.19% of the outstanding common stock of PG&E Corporation as of the Effective Date (subject to potential adjustments), plus the assignment of certain rights and causes of action. As a result of such funding, all Fire Victim Claims have been satisfied, released, discharged and channeled to the Fire Victim Trust with no recourse to PG&E Corporation or the Utility;

- PG&E Corporation and the Utility funded a trust (the "Subrogation Wildfire Trust") for the benefit of holders of Subrogation Claims in the amount of $11.0 billion in cash. Such amount was initially funded into escrow and later paid to the Subrogation Wildfire Trust. As a result of such funding, all Subrogation Claims have been satisfied, released and discharged and channeled to the Subrogation Wildfire Trust with no recourse to PG&E Corporation or the Utility;

- PG&E Corporation and the Utility paid $1.0 billion in cash to certain local public entities (the "Settling Public Entities") that entered into plan support agreements with PG&E Corporation and the Utility and established a segregated fund in the amount of $10 million to be used to reimburse the Settling Public Entities for any and all legal fees and costs associated with the defense or resolution of any third party claims against the Settling Public Entities in full and final satisfaction, release and discharge of such Settling Public Entities' wildfire related claims;

- The following pre-petition notes of the Utility: (a) 3.50% Senior Notes due October 1, 2020; (b) 4.25% Senior Notes due May 15, 2021; (c) 3.25% Senior Notes due September 15, 2021; and (d) 2.45% Senior Notes due August 15, 2020), (collectively, the "Utility Short-Term Senior Notes"); the following pre-petition notes of the Utility: (a) 6.05% Senior Notes due 2034; (b) 5.80% Senior Notes due March 1, 2037; (c) 6.35% Senior Notes due February 15, 2038; (d) 6.25% Senior Notes due March 1, 2039; (e) 5.40% Senior Notes due January 15, 2040; and (f) 5.125% Senior Notes due November 15, 2043, (collectively, the "Utility Long-Term Senior Notes) and the pre-petition credit agreements of the Utility, including in connection with the pollution control bonds (except for $100 million of pollution control bonds (Series 2008F and 2010E), which were repaid in cash) (collectively, the "Utility Funded Debt") were refinanced and all other Utility pre-petition senior notes (collectively, the "Utility Reinstated Senior Notes") were reinstated and collateralized on or around the Effective Date through the issuance of a corresponding series of first mortgage bonds of the Utility;

- PG&E Corporation paid in full all of its pre-petition funded debt obligations that were allowed in the Chapter 11 Cases;

- PG&E Corporation and the Utility repaid all borrowings under the DIP Facilities (as defined in the DIP Credit Agreement) and will pay all other allowed administrative expense claims in accordance with the Plan;

- Holders of allowed claims by a governmental authority entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code ("Priority Tax Claims") have received or will receive in the future, cash in an amount equal to such allowed Priority Tax Claims on the Effective Date or as soon as reasonably practicable thereafter;

- Holders of allowed secured claims other than Priority Tax Claims or secured claims related to the DIP facilities ("Other Secured Claims") received cash in an amount equal to such Other Secured Claims;

- Holders of allowed claims other than administrative expense claims or Priority Tax Claims, entitled to priority in payment as specified in section 507(a)(3), (4), (5), (6), (7), or (9) of the Bankruptcy Code ("Priority Non-Tax Claims") received cash in an amount equal to such allowed Priority Non-Tax Claims;

- PG&E Corporation and the Utility will pay in full all pre-petition unsecured claims that do not fall within any of the other classes of unsecured claims under the Plan ("General Unsecured Claims") that are allowed in the Chapter 11 Cases; and

- PG&E Corporation and the Utility will pay all allowed claims that are subject to subordination under section 510(b) of the Bankruptcy Code other than subordinated claims related to the common stock of PG&E Corporation ("Subordinated Debt Claims") in full and provide to each holder of an allowed claim that relates to the common stock of PG&E Corporation that is subject to subordination under section 510(b) of the Bankruptcy Code (a "HoldCo Rescission or Damage Claim") a number of shares of PG&E Corporation common stock based on a formula as specified in the Plan that varies depending on when the claimant purchased the affected shares of common stock.

In addition, the Plan also provides for the following in connection with or following the implementation of the Plan:

- Holders of claims related to the 2016 Ghost Ship fire are entitled to pursue their claims against PG&E Corporation and the Utility (with any recovery being limited to amounts available under PG&E Corporation's and the Utility's insurance policies for the 2016 year);

- Holders of certain claims may be able to pursue their claims against PG&E Corporation and the Utility, such as administrative expense claims that have not been satisfied or come due by the Effective Date, claims arising from wildfires occurring after the Petition Date that have not been satisfied by the Effective Date (including the 2019 Kincade fire), and claims relating to certain FERC refund proceedings, workers' compensation benefits and certain environmental claims;

- PG&E Corporation or the Utility, as applicable, assumed all of their respective power purchase agreements and community choice aggregation servicing agreements; and

- PG&E Corporation or the Utility, as applicable, assumed all of their respective pension obligations, other employee obligations, and collective bargaining agreements with labor.

The Confirmation Order contains a channeling injunction that is also in the Plan that provides, among other things, that the sole source of recovery for holders of Subrogation Claims will be from the Subrogation Wildfire Trust and the sole source of recovery for holders of Fire Victim Claims will be from the Fire Victim Trust. The holders of such claims will have no recourse to or claims whatsoever against PG&E Corporation and the Utility or their assets and properties.

The Plan as confirmed by the Confirmation Order provides for certain financing transactions as follows:

- one or more equity offerings of up to $9.0 billion of gross proceeds in cash through the issuance of common stock and/or other equity and/or equity-linked securities pursuant to one or more offerings and/or private placements;

- the issuance of $4.75 billion of new PG&E Corporation debt;

- the reinstatement of $9.575 billion of pre-petition debt of the Utility; and

- the issuance of $23.775 billion of new Utility debt, consisting of (i) $6.2 billion of the Utility's 4.55% Senior Notes due 2030 and 4.95% Senior Notes due 2050 (the "New Utility Long-Term Bonds") to be issued to holders of certain pre-petition senior notes of the Utility pursuant to the Plan, (ii) $1.75 billion of the Utility's 3.45% Senior Notes due 2025 and 3.75% Senior Notes due 2028 (the "New Utility Short-Term Bonds") to be issued to holders of certain pre-petition senior notes of the Utility pursuant to the Plan, (iii) $3.9 billion of the Utility's 3.15% Senior Notes due 2025 and 4.50% Senior Notes due 2040 (the "New Utility Funded Debt Exchange Bonds") to be issued to holders of certain pre-petition indebtedness of the Utility pursuant to the Plan and (iv) $11.925 billion of new debt securities or bank debt of the Utility to be issued to third parties for cash on or prior to the Effective Date (of which $6.0 billion is expected to be repaid with the proceeds of a new securitization transaction after the Effective Date) (see Note 5 below for a description of the debt transactions that occurred on or before the Effective Date).

The foregoing financing transactions occurred on or around the Effective Date.

On July 27, 2020, Elliott Management Corporation, a Consenting Noteholder, filed a motion with the Bankruptcy Court asserting an approximately $250 million administrative claim against PG&E Corporation and the Utility, alleging that PG&E Corporation and the Utility breached the Noteholder RSA by failing to use their best efforts to cause Backstop Parties to transfer up to $2.0 billion of Backstop Commitments to certain of the Consenting Noteholders. On August 26, 2020, PG&E Corporation and the Utility filed an initial legal opposition to the Elliott Management Corporation's motion. Elliott Management Corporation filed its response on September 14, 2020, and PG&E Corporation and the Utility filed their reply on September 25, 2020. A hearing on the initial legal opposition to the motion was held on October 13, 2020. On October 22, 2020, the Bankruptcy Court issued a decision and separate orders disallowing the administrative expense claims asserted by Elliott Management Corporation and other Consenting Noteholders. PG&E Corporation and the Utility are unable to predict the timing and outcome of any appeals of the Bankruptcy Court's decision and orders disallowing these claims.

On the Effective Date, pursuant to the Plan, the Utility entered into a tax benefits payment agreement (the "Tax Benefits Payment Agreement") with the Fire Victim Trust, pursuant to which the Utility agreed to pay to the Fire Victim Trust in cash an aggregate amount of $1.35 billion, comprising (i) at least $650 million of tax benefits arising from certain tax deductions related to pre-petition wildfires ("Tax Benefits") for fiscal year 2020 to be paid on or before January 15, 2021 (the "First Payment Date") and (ii) of the remainder of $1.35 billion of Tax Benefits for fiscal year 2021 to be paid on or before January 15, 2022.

Also on the Effective Date, pursuant to the Plan, the Utility entered into an assignment agreement with the Fire Victim Trust, pursuant to which the Utility agreed to transfer to the Fire Victim Trust on the Effective Date 477 million shares (such shares, the "Fire Victim Trust Shares") of common stock of PG&E Corporation, no par value (the "Common Stock"). As a result of the Equity Units Underwriters exercising their option to purchase 1.45 million additional Equity Units, on August 3, 2020, PG&E Corporation made an equity contribution of 748,415 shares to the Utility which delivered such additional shares of common stock to the Fire Victim Trust pursuant to an anti-dilution provision in the assignment agreement with the Fire Victim Trust.

Further, on the Effective Date, PG&E Corporation and the Utility funded a $10 million fund established for the benefit of the Supporting Public Entities under the PSAs in accordance with the terms of the Plan and the PSAs with the Supporting Public Entities, and also made a payment of $1.0 billion in cash to the public entities who are party to the PSAs with the Supporting Public Entities. Also, on the Effective Date, PG&E Corporation and the Utility funded $100 million to the Subrogation Wildfire Trust and placed the balance of the $11.0 billion in a segregated escrow account established and owned by the Subrogation Wildfire Trust for the benefit of holders of Subrogation Claims, which was subsequently paid to the Subrogation Wildfire Trust.

Equity Financing

In connection with its emergence from Chapter 11 in July 2020, PG&E raised an aggregate of $9.0 billion of gross proceeds through the issuance of common stock and other equity-linked instruments. For more information, see Note 6 below.

Equity Backstop Commitments and Forward Stock Purchase Agreements

As of March 6, 2020, PG&E Corporation entered into Chapter 11 Plan Backstop Commitment Letters (collectively, as amended by the Consent Agreements (as defined below), the "Backstop Commitment Letters") with investors (collectively, the "Backstop Parties"), pursuant to which the Backstop Parties severally agreed to fund up to $12.0 billion of proceeds to finance the Plan through the purchase of PG&E Corporation common stock, subject to the terms and conditions set forth in such Backstop Commitment Letters (the "Backstop Commitments"). As a result of PG&E Corporation emerging from Chapter 11 on July 1, 2020, the Backstop Commitments were not utilized and terminated in accordance with their terms.

The commitment premium for the Backstop Commitments was paid in shares of PG&E Corporation's common stock (with each Backstop Party receiving its pro rata share of 119 million shares of PG&E Corporation's common stock based on the proportion of the amount of such Backstop Party's Backstop Commitment to $12.0 billion). PG&E Corporation issued the commitment premium shares to the Backstop Parties on July 1, 2020 in connection with emerging from Chapter 11.

On June 30, 2020, PG&E Corporation recorded approximately $1.1 billion of expense related to the Backstop Commitment premium in Reorganization items, net. This amount was primarily based on PG&E Corporation's closing stock price on June 30, 2020 of $8.87 per share. On the Effective Date, PG&E Corporation's closing price was $9.03 per share and as a result, PG&E Corporation recorded an additional $19 million expense as of September 30, 2020.

Under the Backstop Commitment Letters, PG&E Corporation and the Utility have also agreed to reimburse the Backstop Parties for reasonable professional fees and expenses of up to $34 million in the aggregate for the legal advisors and $19 million in the aggregate for the financial advisor, upon the terms and conditions set forth in the Backstop Commitment Letters. As of September 30, 2020, PG&E Corporation recorded $49 million in professional fees and related expenses to the Backstop Parties in Reorganization items, net.

In connection with PG&E Corporation's underwritten offerings of up to $5.75 billion of equity securities to finance the transactions contemplated by the Plan (the "Offerings"), up to $523 million was issuable pursuant to customary options granted to the underwriters thereof to purchase the Option Securities (as defined below in Note 6).

On June 19, 2020, PG&E Corporation entered into prepaid forward contracts (the "Forward Stock Purchase Agreements") with the Backstop Parties. Each Forward Stock Purchase Agreement provided that, subject to certain conditions, the Backstop Party will purchase on the Effective Date, and receive on the Settlement Date (as defined in each Forward Stock Purchase Agreement) an amount of common stock of PG&E Corporation equal to its pro rata share of the value of the Option Securities not purchased by the underwriters (such amount, each Backstop Party's "Greenshoe Backstop Purchase Amount" and all Greenshoe Backstop Purchase Amounts in the aggregate, the "Aggregate Greenshoe Backstop Purchase Amount"), at a price per share equal to the lesser of (i) the lowest per share price of common stock sold on an underwritten basis to the public in an offering of common stock of PG&E Corporation, as disclosed on the cover page of the prospectus or prospectus supplement, and (ii) the price per share payable by the investors party to the Investment Agreement dated as of June 7, 2020 (such lesser price, the "Settlement Price"). The Settlement Price was $9.50 per share. Each Forward Stock Purchase Agreement expired on August 3, 2020.

On June 25, 2020, the Backstop Parties funded the Greenshoe Backstop Purchase Amount to PG&E Corporation in the amount of $523 million which was recorded in Other current liabilities on the Condensed Consolidated Financial Statements. PG&E Corporation applied the proceeds of such funding to distributions under the Plan on the Effective Date. On August 3, 2020, PG&E Corporation redeemed $120.5 million of the Forward Stock Purchase Agreements payable in cash as a result of the exercise by the underwriters of their option to purchase Equity Units pursuant to the Equity Units Underwriting Agreement (as defined below in Note 6). On August 3, 2020, PG&E Corporation delivered 42.3 million shares of PG&E Corporation common stock to the Backstop Parties to settle the portion of the Forward Stock Purchase Agreements that was not redeemed.

Additionally, each Forward Stock Purchase Agreement provided that, subject to the consummation by PG&E Corporation of the Offerings, PG&E Corporation would issue to each Backstop Party its pro rata share of 50 million shares of common stock (such shares, each Backstop Party's "Additional Backstop Premium Shares"). The Additional Backstop Premium Shares were issued to Backstop Parties on the Effective Date. On June 30, 2020, PG&E Corporation recorded $444 million of expense related to the Additional Backstop Premium Shares in Reorganization items, net. This amount was based primarily on PG&E Corporation's closing stock price on June 30, 2020 of $8.87 per share. On the Effective Date, PG&E Corporation's closing stock price was $9.03 per share and as a result, PG&E Corporation recorded an additional $8 million expense as of September 30, 2020.

Financial Reporting in Reorganization

Effective on the Petition Date and up to June 30, 2020, PG&E Corporation and the Utility applied accounting standards applicable to reorganizations, which are applicable to companies under Chapter 11 bankruptcy protection. These accounting standards require the financial statements for periods subsequent to the Petition Date to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Expenses, realized gains and losses, and provisions for losses that was directly associated with reorganization proceedings must have been reported separately as reorganization items, net in the Condensed Consolidated Statements of Income. In addition, the balance sheet must have distinguished pre-petition LSTC of PG&E Corporation and the Utility from pre-petition liabilities that were not subject to compromise, post-petition liabilities, and liabilities of the subsidiaries of PG&E Corporation that were not debtors in the Chapter 11 Cases in the Condensed Consolidated Balance Sheets. LSTC are pre-petition obligations that were not fully secured and had at least a possibility of not being repaid at the full claim amount. Where there was uncertainty about whether a secured claim would be paid or impaired pursuant to the Chapter 11 Cases, PG&E Corporation and the Utility classified the entire amount of the claim as LSTC.

Furthermore, the realization of assets and the satisfaction of liabilities are subject to uncertainty. Pursuant to the Plan and Confirmation Order, actions to enforce or otherwise effect the payment of certain claims against PG&E Corporation and the Utility in existence before the Petition Date were subject to an injunction and were subject to treatment under the Plan. These claims were reflected as LSTC in the Condensed Consolidated Balance Sheets at December 31, 2019. Additional claims may arise for contingencies and other unliquidated and disputed amounts.

PG&E Corporation's Condensed Consolidated Financial Statements are presented on a consolidated basis and include the accounts of PG&E Corporation and the Utility and other subsidiaries of PG&E Corporation and the Utility that individually and in aggregate are immaterial. Such other subsidiaries did not file for bankruptcy.

The Utility's Condensed Consolidated Financial Statements are presented on a consolidated basis and include the accounts of the Utility and other subsidiaries of the Utility that individually and in aggregate are immaterial. Such other subsidiaries did not file for bankruptcy.

Upon emergence from Chapter 11 on July 1, 2020, PG&E Corporation and the Utility were not required to apply fresh start accounting based on the provisions of ASC 852 since the entity's reorganization value immediately before the date of confirmation is more than the total of all its post-petition liabilities and allowed claims.

Liabilities Subject to Compromise

As a result of the commencement of the Chapter 11 Cases, the payment of pre-petition liabilities was subject to compromise or other treatment pursuant to the Plan. Generally, actions to enforce or otherwise effect payment of pre-petition liabilities were subject to an injunction and will be satisfied pursuant to the Plan and the Chapter 11 claims reconciliation process.

Prior to June 30, 2020, pre-petition liabilities that were subject to compromise were required to be reported at the amounts expected to be allowed. Therefore, liabilities subject to compromise as of December 31, 2019 in the table below reflected management's estimates of amounts expected to be allowed in the Chapter 11 Cases, based upon, among other things, the status of negotiations with creditors. As of June 30, 2020, such amounts were reclassified to current or non-current liabilities in the Condensed Consolidated Balance Sheets, based upon management's judgment as to the timing for settlement of such liabilities.

Liabilities subject to compromise as of December 31, 2019 which were settled or reclassified during the nine months ended September 30, 2020 consist of the following:

(in millions)	Utility	PG&E Corporation [1]	December 31, 2019 PG&E Corporation Consolidated	Change in Estimated Allowed Claim 2020 [2]	Cash Payment	Reclassified as of June 30, 2020 [3]	Utility	PG&E Corporation [1]	September 30, 2020 PG&E Corporation Consolidated
Financing debt	$ 22,450	$ 666	$ 23,116	$ 351	$ —	$ (23,467)	$ —	$ —	$ —
Wildfire-related claims	25,548	—	25,548	18	(23)	(25,543)	—	—	—
Trade creditors [4]	1,183	5	1,188	6	(14)	(1,180)	—	—	—
Non-qualified benefit plan	20	137	157	—	—	(157)	—	—	—
2001 bankruptcy disputed claims	234	—	234	4	—	(238)	—	—	—
Customer deposits & advances	71	—	71	12	—	(83)	—	—	—
Other	230	2	232	59	—	(291)	—	—	—
Total Liabilities Subject to Compromise	**$ 49,736**	**$ 810**	**$ 50,546**	**$ 450**	**$ (37)**	**$ (50,959)**	**$ —**	**$ —**	**$ —**

[1] PG&E Corporation amounts reflected under the column "PG&E Corporation" exclude the accounts of the Utility.

[2] Change in estimated allowed claim amounts are primarily due to interest accruals with the exception of the "wildfire-related claims", "customer deposits & advances", and "other" line items which are mainly due to the adjustment to recorded liabilities.

[3] Amounts reclassified as of June 30, 2020 included $8.6 million to Accounts payable - other, $237.6 million to Disputed claims and customer refunds, $1,347.4 million to Interest payable, $21,425.7 million to Long-term debt, $300.0 million to Short-term borrowings, $450.0 million to Long-term debt, classified as current, $301.0 million to Other current liabilities, $97.9 million to Other non-current liabilities, $121.3 million to Pension and other post-retirement benefits, $1,126.9 million to Accounts payable - trade creditors, and $25,542.7 million to Wildfire-related claims on the Condensed Consolidated Balance Sheets.

[4] As of October 23, 2020, $5 million and $801 million has been repaid by PG&E Corporation and the Utility, respectively.

Chapter 11 Claims Process

PG&E Corporation and the Utility have received over 100,000 proofs of claim since the Petition Date, of which approximately 80,000 were channeled to the Subrogation Wildfire Trust and Fire Victim Trust. The claims channeled to the Subrogation Wildfire Trust and Fire Victim Trust will be resolved by such trusts and PG&E Corporation and the Utility have no further liability in connection with such claims. PG&E Corporation and the Utility continue their review and analysis of certain remaining claims including litigation claims, trade creditor claims, non-qualified benefit plan claims, along with other tax and regulatory claims, and therefore the ultimate liability of PG&E Corporation or the Utility for such claims may differ from the amounts asserted in such claims. Allowed claims are paid in accordance with the Plan and the Confirmation Order.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation, other than as provided in the Plan or the Confirmation Order.

The Plan, however, provides that the holders of certain claims may pursue their claims against PG&E Corporation and the Utility on or after the Effective Date, including, but not limited to, the following:

- claims arising after the January 29, 2019 Petition Date that constitute administrative expense claims, which will not be discharged pursuant to the Plan, other than allowed administrative expense claims that have been paid in cash or otherwise satisfied in the ordinary course in an amount equal to the allowed amount of such claim on or prior to the Effective Date;

- claims of the Ghost Ship fire litigation (with any recovery being limited to amounts available under PG&E Corporation's and the Utility's insurance policies for the 2016 year);

- claims arising out of or based on the 2019 Kincade fire, which the California Department of Forestry and Fire Protection has determined was caused by the Utility's transmission lines; which is currently under investigation by the CPUC and the Sonoma County District Attorney's Office; and which may also be under investigation by various other entities, including law enforcement agencies; and

- certain FERC refund proceedings, workers' compensation benefits and environmental claims.

Furthermore, holders of certain claims may assert that they are entitled under the Plan or the Bankruptcy Code to pursue, or continue to pursue, their claims against PG&E Corporation and the Utility on or after the Effective Date, including but not limited to, claims arising from or relating to:

- the purported de-energization securities class action filed in October 2019 and amended to add PG&E Corporation in April 2020. For more information on the filing, see Note 10 below;

- the purported PSPS class action filed in December 2019 and seeking up to $2.5 billion in special and general damages, punitive and exemplary damages and injunctive relief to require the Utility to properly maintain and inspect its power grid, was dismissed on April 3, 2020, and subsequently appealed on April 6, 2020. For more information on the filing, see Note 11 below; and

- indemnification or contributing claims, including with respect to the 2018 Camp fire, the 2017 Northern California wildfires, and the 2015 Butte fire.

In addition, claims continue to be pursued against PG&E Corporation and the Utility and certain of their respective current and former directors and officers as well as certain underwriters, in connection with three purported securities class actions, as further described in Note 10 under the heading "Securities Class Action Litigation."

Various electricity suppliers filed claims in the Utility's 2001 prior proceeding filed under Chapter 11 of the U.S. Bankruptcy Code seeking payment for energy supplied to the Utility's customers between May 2000 and June 2001. While the FERC and judicial proceedings are pending, the Utility pursued settlements with electricity suppliers and entered into a number of settlement agreements with various electricity suppliers to resolve some of these disputed claims and to resolve the Utility's refund claims against these electricity suppliers. Under these settlement agreements, amounts payable by the parties, in some instances, would be subject to adjustment based on the outcome of the various refund offset and interest issues being considered by the FERC. Generally, any net refunds, claim offsets, or other credits that the Utility receives from electricity suppliers either through settlement or through the conclusion of the various FERC and judicial proceedings are refunded to customers through rates in future periods. Pursuant to the Plan, on and after the Effective Date, the holders of such claims are entitled to pursue their claims against the Reorganized Utility as if the Chapter 11 Cases had not been commenced.

Reorganization Items, Net

Reorganization items, net, represent amounts incurred after the Petition Date as a direct result of the Chapter 11 Cases and are comprised of professional fees and financing costs, net of interest income and other. Cash paid for reorganization items, net was $96 million and $300 million for PG&E Corporation and the Utility, respectively, during the nine months ended September 30, 2020 as compared to $13 million and $145 million for PG&E Corporation and the Utility, respectively, during the same period in 2019. Cash paid for reorganization items, net was $6 million and $93 million for PG&E Corporation and the Utility, respectively, during the three months ended September 30, 2020 as compared to cash received in the amount of $2 million and cash paid in the amount of $67 million for PG&E Corporation and the Utility, respectively, during the same period in 2019. Of the $300 million in cash paid for the Utility's reorganization items, during the nine months ended September 30, 2020, $35 million in facility fees related to the Debt Commitment Letters were recorded to a regulatory asset as they were deemed probable of recovery. Reorganization items, net for the three and nine months ended September 30, 2020 include the following:

	Three Months Ended September 30, 2020		
(in millions)	**Utility**	**PG&E Corporation [1]**	**PG&E Corporation Consolidated**
Debtor-in-possession financing costs	$ —	$ —	$ —
Legal and other	90	55	145
Interest and other	(8)	—	(8)
Total reorganization items, net	**$ 82**	**$ 55**	**$ 137**

[1] PG&E Corporation amounts reflected under the column "PG&E Corporation" exclude the accounts of the Utility.

	Nine Months Ended September 30, 2020		
(in millions)	**Utility**	**PG&E Corporation [1]**	**PG&E Corporation Consolidated**
Debtor-in-possession financing costs	$ 3	$ —	$ 3
Legal and other [2]	296	1,653	1,949
Interest and other	(13)	(2)	(15)
Total reorganization items, net	**$ 286**	**$ 1,651**	**$ 1,937**

[1] PG&E Corporation amounts reflected under the column "PG&E Corporation" exclude the accounts of the Utility.
[2] Amount includes $1.5 billion in equity backstop premium expense and bridge loan facility fees.

Reorganization items, net for the three months ended September 30, 2019 and from the Petition Date through September 30, 2019 include the following:

	Three Months Ended September 30, 2019		
(in millions)	**Utility**	**PG&E Corporation [1]**	**PG&E Corporation Consolidated**
Debtor-in-possession financing costs	$ —	$ —	$ —
Legal and other	83	7	90
Interest income	(14)	(3)	(17)
Total reorganization items, net	**$ 69**	**$ 4**	**$ 73**

[1] PG&E Corporation amounts reflected under the column "PG&E Corporation" exclude the accounts of the Utility.

(in millions)	Petition Date Through September 30, 2019		
	Utility	PG&E Corporation [1]	PG&E Corporation Consolidated
Debtor-in-possession financing costs	$ 97	$ 17	$ 114
Legal and other	181	10	191
Interest income	(41)	(8)	(49)
Total reorganization items, net	**$ 237**	**$ 19**	**$ 256**

[1] PG&E Corporation amounts reflected under the column "PG&E Corporation" exclude the accounts of the Utility.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For a summary of the significant accounting policies used by PG&E Corporation and the Utility, see Note 2 of the Condensed Consolidated Financial Statements above for bankruptcy-related policies and Note 3 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.

Variable Interest Entities

A VIE is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties, or whose equity investors lack any characteristics of a controlling financial interest. An enterprise that has a controlling financial interest in a VIE is a primary beneficiary and is required to consolidate the VIE.

Some of the counterparties to the Utility's power purchase agreements are considered VIEs. Each of these VIEs was designed to own a power plant that would generate electricity for sale to the Utility. To determine whether the Utility has a controlling interest or was the primary beneficiary of any of these VIEs at September 30, 2020, the Utility assessed whether it absorbs any of the VIE's expected losses or receives any portion of the VIE's expected residual returns under the terms of the power purchase agreement, analyzed the variability in the VIE's gross margin, and considered whether it had any decision-making rights associated with the activities that are most significant to the VIE's performance, such as dispatch rights and operating and maintenance activities. The Utility's financial obligation is limited to the amount the Utility pays for delivered electricity and capacity. The Utility did not have any decision-making rights associated with any of the activities that are most significant to the economic performance of any of these VIEs. Since the Utility was not the primary beneficiary of any of these VIEs at September 30, 2020, it did not consolidate any of them.

Pension and Other Post-Retirement Benefits

PG&E Corporation and the Utility sponsor a non-contributory defined benefit pension plan and cash balance plan. Both plans are included in "Pension Benefits" below. Post-retirement medical and life insurance plans are included in "Other Benefits" below.

The net periodic benefit costs reflected in PG&E Corporation's Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
(in millions)	**2020**	**2019**	**2020**	**2019**
Service cost for benefits earned [1]	$ 133	$ 110	$ 15	$ 14
Interest cost	178	189	16	19
Expected return on plan assets	(261)	(226)	(34)	(31)
Amortization of prior service cost	(1)	(1)	3	3
Amortization of net actuarial loss	1	1	(5)	—
Net periodic benefit cost	**50**	**73**	**(5)**	**5**
Regulatory account transfer [2]	34	10	—	—
Total	**$ 84**	**$ 83**	**$ (5)**	**$ 5**

[1] A portion of service costs are capitalized pursuant to GAAP.
[2] The Utility recorded these amounts to a regulatory account since they are probable of recovery from, or refund to, customers in future rates.

	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
(in millions)	**2020**	**2019**	**2020**	**2019**
Service cost for benefits earned [1]	$ 397	$ 332	$ 46	$ 42
Interest cost	535	568	47	57
Expected return on plan assets	(783)	(679)	(103)	(92)
Amortization of prior service cost	(4)	(4)	10	10
Amortization of net actuarial loss	3	2	(15)	(2)
Net periodic benefit cost	**148**	**219**	**(15)**	**15**
Regulatory account transfer [2]	102	31	—	—
Total	**$ 250**	**$ 250**	**$ (15)**	**$ 15**

[1] A portion of service costs are capitalized pursuant to GAAP.
[2] The Utility recorded these amounts to a regulatory account since they are probable of recovery from, or refund to, customers in future rates.

Non-service costs are reflected in Other income, net on the Condensed Consolidated Statements of Income. Service costs are reflected in Operating and maintenance on the Condensed Consolidated Statements of Income.

There was no material difference between PG&E Corporation and the Utility for the information disclosed above.

Pursuant to the Plan and Confirmation Order, all existing pension and other benefit plans were deemed assumed by PG&E Corporation and the Utility.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (Loss)

The changes, net of income tax, in PG&E Corporation's accumulated other comprehensive income (loss) consisted of the following:

(in millions, net of income tax)	Pension Benefits	Other Benefits	Total
	Three Months Ended September 30, 2020		
Beginning balance	$ (22)	$ 17	$ (5)
Amounts reclassified from other comprehensive income: [1]			
Amortization of prior service cost (net of taxes of $0 and $1, respectively)	(1)	2	1
Amortization of net actuarial loss (net of taxes of $0 and $1, respectively)	1	(4)	(3)
Regulatory account transfer (net of taxes of $1 and $0, respectively)	—	2	2
Net current period other comprehensive gain (loss)	—	—	—
Ending balance	**$ (22)**	**$ 17**	**$ (5)**

[1] These components are included in the computation of net periodic pension and other post-retirement benefit costs. (See the "Pension and Other Post-Retirement Benefits" table above for additional details.)

(in millions, net of income tax)	Pension Benefits	Other Benefits	Total
	Three Months Ended September 30, 2019		
Beginning balance	$ (21)	$ 17	$ (4)
Amounts reclassified from other comprehensive income: [1]			
Amortization of prior service cost (net of taxes of $0 and $1, respectively)	(1)	2	1
Amortization of net actuarial loss (net of taxes of $0, and $0, respectively)	1	—	1
Regulatory account transfer (net of taxes of $0 and $1, respectively)	—	(2)	(2)
Net current period other comprehensive gain (loss)	—	—	—
Ending balance	**$ (21)**	**$ 17**	**$ (4)**

[1] These components are included in the computation of net periodic pension and other post-retirement benefit costs. (See the "Pension and Other Post-Retirement Benefits" table above for additional details.)

(in millions, net of income tax)	Pension Benefits	Other Benefits	Total
	Nine Months Ended September 30, 2020		
Beginning balance	$ (22)	$ 17	$ (5)
Amounts reclassified from other comprehensive income: [1]			
Amortization of prior service cost (net of taxes of $1 and $3, respectively)	(3)	7	4
Amortization of net actuarial loss (net of taxes of $1 and $4, respectively)	2	(11)	(9)
Regulatory account transfer (net of taxes of $1 and $1, respectively)	1	4	5
Net current period other comprehensive gain (loss)	—	—	—
Ending balance	**$ (22)**	**$ 17**	**$ (5)**

[1] These components are included in the computation of net periodic pension and other post-retirement benefit costs. (See the "Pension and Other Post-Retirement Benefits" table above for additional details.)

(in millions, net of income tax)	Pension Benefits	Other Benefits	Total
	Nine Months Ended September 30, 2019		
Beginning balance	$ (21)	$ 17	$ (4)
Amounts reclassified from other comprehensive income: [1]			
Amortization of prior service cost (net of taxes of $1 and $3, respectively)	(3)	7	4
Amortization of net actuarial loss (net of taxes of $0 and $1, respectively)	2	(1)	1
Regulatory account transfer (net of taxes of $1 and $2, respectively)	1	(6)	(5)
Net current period other comprehensive gain (loss)	—	—	—
Ending balance	**$ (21)**	**$ 17**	**$ (4)**

[1] These components are included in the computation of net periodic pension and other post-retirement benefit costs. (See the "Pension and Other Post-Retirement Benefits" table above for additional details.)

There was no material difference between PG&E Corporation and the Utility for the information disclosed above.

Revenue Recognition

Revenue from Contracts with Customers

The Utility recognizes revenues when electricity and natural gas services are delivered. The Utility records unbilled revenues for the estimated amount of energy delivered to customers but not yet billed at the end of the period. Unbilled revenues are included in accounts receivable on the Condensed Consolidated Balance Sheets. Rates charged to customers are based on CPUC and FERC authorized revenue requirements. Revenues can vary significantly from period to period because of seasonality, weather, and customer usage patterns.

Regulatory Balancing Account Revenue

The CPUC authorizes most of the Utility's revenues in the Utility's GRC and GT&S rate cases, which generally occur every three or four years. The Utility's ability to recover revenue requirements authorized by the CPUC in these rate cases is independent, or "decoupled," from the volume of the Utility's sales of electricity and natural gas services. The Utility recognizes revenues that have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months. Generally, electric and natural gas operating revenue is recognized ratably over the year. The Utility records a balancing account asset or liability for differences between customer billings and authorized revenue requirements that are probable of recovery or refund.

The CPUC also has authorized the Utility to collect additional revenue requirements to recover costs that the Utility has been authorized to pass on to customers, including costs to purchase electricity and natural gas, and to fund public purpose, demand response, and customer energy efficiency programs. In general, the revenue recognition criteria for pass-through costs billed to customers are met at the time the costs are incurred. The Utility records a regulatory balancing account asset or liability for differences between incurred costs and customer billings or authorized revenue meant to recover those costs, to the extent that these differences are probable of recovery or refund. As a result, these differences have no impact on net income.

The following table presents the Utility's revenues disaggregated by type of customer:

(in millions)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Electric				
Revenue from contracts with customers				
Residential	$ 1,862	$ 1,557	$ 4,092	$ 3,839
Commercial	1,455	1,481	3,537	3,568
Industrial	453	466	1,135	1,085
Agricultural	657	496	1,149	844
Public street and highway lighting	17	17	51	50
Other [1]	(148)	(82)	54	(391)
Total revenue from contracts with customers - electric	4,296	3,935	10,018	8,995
Regulatory balancing accounts [2]	(486)	(381)	267	297
Total electric operating revenue	**$ 3,810**	**$ 3,554**	**$ 10,285**	**$ 9,292**
Natural gas				
Revenue from contracts with customers				
Residential	$ 303	$ 249	$ 1,795	$ 1,764
Commercial	90	92	434	461
Transportation service only	259	264	902	950
Other [1]	27	(98)	(153)	(303)
Total revenue from contracts with customers - gas	679	507	2,978	2,872
Regulatory balancing accounts [2]	393	371	458	222
Total natural gas operating revenue	**1,072**	**878**	**3,436**	**3,094**
Total operating revenues	**$ 4,882**	**$ 4,432**	**$ 13,721**	**$ 12,386**

[1] This activity is primarily related to the change in unbilled revenue and amounts subject to refund, partially offset by other miscellaneous revenue items.
[2] These amounts represent revenues authorized to be billed or refunded to customers.

Initial and annual contributions to the Wildfire Fund established pursuant to AB 1054

On the Effective Date, PG&E Corporation and the Utility contributed, in accordance with AB 1054, an initial contribution of approximately $4.8 billion and first annual contribution of approximately $193 million to the Wildfire Fund to secure participation of the Utility therein. As of September 30, 2020, PG&E Corporation and the Utility have nine remaining annual contributions of $193 million. PG&E Corporation and the Utility account for the contributions to the Wildfire Fund similarly to prepaid insurance with expense being allocated to periods ratably based on an estimated period of coverage. The Wildfire Fund is available to pay for eligible claims arising as of July 12, 2019, the effective date of AB 1054, subject to a limit of 40% of the amount of such claims arising between the effective date of AB 1054 and the Utility's emergence from Chapter 11. The 40% limit does not apply to eligible claims that arise after the Utility's emergence from Chapter 11. The Wildfire Fund is additionally limited to the portion of such claims that exceeds the greater of (i) $1.0 billion in the aggregate in any calendar year and (ii) the amount of insurance coverage required to be in place for the electric utility company pursuant to Section 3293 of the Public Utilities Code, added by AB 1054.

In the second quarter of 2020, PG&E Corporation and the Utility recorded a current liability of $5.2 billion in "Wildfire fund liability" and $1.5 billion in Other noncurrent liabilities for the present value of unpaid contribution amounts, as well as $6.5 billion in assets for its commitment to make contributions, reduced by amortization, of which $6.0 billion were non-current, called "Wildfire fund asset" in the Condensed Consolidated Balance Sheets. The initial contribution and first annual contribution were paid in the third quarter of 2020. During the three and nine months ended September 30, 2020, the Utility recorded amortization and accretion expense of $120 million and $293 million, respectively. The amortization of the asset, accretion of the liability, and if applicable, impairment of the asset is reflected in "Wildfire fund expense" in the Condensed Consolidated Statements of Income. Expected contributions are discounted to the present value using the 10-year US treasury rate at the date PG&E Corporation and the Utility satisfied all the eligibility requirements to participate in the Wildfire Fund. A useful life of 15 years is being used to amortize the Wildfire Fund asset.

AB 1054 did not specify a period of coverage; therefore, this accounting treatment is subject to significant accounting judgments and estimates. In estimating the period of coverage, PG&E Corporation and the Utility use a Monte Carlo simulation starting with 12 years of historical, publicly available fire-loss data from wildfires caused by electrical equipment. The period of historic fire-loss data and the effectiveness of mitigation efforts by the California electric utility companies are significant assumptions used to estimate the useful life. These assumptions along with the other assumptions below create a high degree of uncertainty related to the estimated useful life of the Wildfire Fund. The simulation results in the estimated number and severity of catastrophic fires that could occur in California within the participating electric utilities' service territories during the term of the Wildfire Fund. Using a 5 year period of historical data, with average annual statewide claims or settlements of approximately $6.5 billion, compared to approximately $2.9 billion for the 12-year historical data, would decrease the amortization period to 6 years. Similarly, a ten percent change to the assumption around current and future mitigation effort effectiveness would increase the amortization period to 17 years assuming greater effectiveness and would decrease the amortization period to 12 years assuming less effectiveness.

Other assumptions used to estimate the useful life include the estimated cost of wildfires caused by other electric utilities, the amount at which wildfire claims would be settled, the likely adjudication of the CPUC in cases of electric utility-caused wildfires, the impacts of climate change, the level of future insurance coverage held by the electric utilities, the FERC-allocable portion of loss recovery, and the future transmission and distribution equity rate base growth of other electric utilities. Significant changes in any of these estimates could materially impact the amortization period.

PG&E Corporation and the Utility evaluate all assumptions quarterly, or upon claims being made from the Wildfire Fund for catastrophic wildfires, and the expected life of the Wildfire Fund will be adjusted as required. The Wildfire Fund is available to other participating utilities in California and the amount of claims that a participating utility incurs is not limited to their individual contribution amounts. PG&E Corporation and the Utility will assess the Wildfire Fund asset for impairment in the event that a participating utility's electrical equipment is found to be the substantial cause of a catastrophic wildfire. Timing of any such impairment could lag as the emergence of sufficient cause and claims information can take many quarters and could be limited to public disclosure of the participating electric utility, if ignition were to occur outside the Utility's service territory. At September 30, 2020, there were no such known events requiring a reduction of the Wildfire Fund asset nor have there been any claims or withdrawals by the participating utilities against the Wildfire Fund.

Recently Adopted Accounting Standards

Intangibles—Goodwill and Other

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal - Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.* PG&E Corporation and the Utility adopted the ASU on January 1, 2020. The adoption of this ASU did not have a material impact on the Condensed Consolidated Financial Statements and related disclosures.

Financial Instruments—Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses On Financial Instruments,* which provides a model, known as the current expected credit loss model, to estimate the expected lifetime credit loss on financial assets, including trade and other receivables, rather than incurred losses over the remaining life of most financial assets measured at amortized cost. The guidance also requires use of an allowance to record estimated credit losses on available-for-sale debt securities. PG&E Corporation and the Utility adopted the ASU on January 1, 2020.

PG&E Corporation and the Utility have three categories of financial assets in scope, each with their own associated credit risks. In applying the new guidance, PG&E Corporation and the Utility have incorporated forward-looking data in its estimate of credit loss as follows. Trade receivables are represented by customer accounts receivable and have credit exposure risk related to California unemployment rates. Insurance receivables are related to the liability insurance policies PG&E Corporation and the Utility carry. Insurance receivable risk is related to each insurance carrier's risk of defaulting on their individual policies. Lastly, available-for-sale debt securities requires each company to determine if a decline in fair value is below amortized costs basis, or, impaired. Furthermore, if an impairment exists on available-for-sale debt securities, PG&E Corporation and the Utility will examine if there is an intent to sell, if it is more likely than not a requirement to sell prior to recovery, and if a portion of the unrealized loss is a result of credit loss. During the three and nine months ended September 30, 2020, expected credit losses of $33 million and $96 million, respectively, were recorded in Operating and maintenance expense on the Condensed Consolidated Statements of Income for credit losses associated with trade receivables. Of these amounts recorded during the three and nine months ended September 30, 2020, $17 million and $48 million, respectively, were deemed probable of recovery and deferred to the CPPMA.

Reference Rate Reform

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. PG&E Corporation and the Utility adopted this ASU on April 1, 2020 and elected the optional amendments for contract modifications prospectively. There was no material impact to PG&E Corporation or the Utility's Condensed Consolidated Financial Statements resulting from the adoption of this ASU.

Accounting Standards Issued But Not Yet Adopted

Defined Benefit Plans

In August 2018, the FASB issued ASU No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*, which amends the existing guidance relating to the disclosure requirements for Defined Benefit Plans. PG&E Corporation and the Utility are evaluating the impact and will incorporate the new disclosure requirements in the fourth quarter of 2020.

Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which amends the existing guidance to reduce complexity relating to Income Tax disclosures. PG&E Corporation and the Utility plan to adopt this guidance in the first quarter of 2021. PG&E Corporation and the Utility do not anticipate the guidance will have a material impact on their Condensed Consolidated Financial Statements and related disclosures.

Debt

In August 2020, the FASB issued ASU No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. This ASU will be effective for PG&E Corporation and the Utility on January 1, 2022, with early adoption permitted. PG&E Corporation and the Utility are currently evaluating the impact the guidance will have on their Condensed Consolidated Financial Statements and related disclosures.

NOTE 4: REGULATORY ASSETS, LIABILITIES, AND BALANCING ACCOUNTS

Regulatory Assets and Liabilities

Regulatory Assets

Long-term regulatory assets are comprised of the following:

	Balance at	
(in millions)	**September 30, 2020**	**December 31, 2019**
Pension benefits [1]	$ 1,723	$ 1,823
Environmental compliance costs	1,089	1,062
Utility retained generation [2]	194	228
Price risk management	209	124
Unamortized loss, net of gain, on reacquired debt	53	63
Catastrophic event memorandum account [3]	771	656
Wildfire expense memorandum account [4]	419	423
Fire hazard prevention memorandum account [5]	259	259
Fire risk mitigation memorandum account [6]	99	95
Wildfire mitigation plan memorandum account [7]	1,080	558
Deferred income taxes [8]	729	252
Insurance premium costs [9]	588	—
COVID-19 pandemic protection memorandum accounts [10]	53	—
Other	720	523
Total long-term regulatory assets	**$ 7,986**	**$ 6,066**

[1] Payments into the pension and other benefits plans are based on annual contribution requirements. As these annual requirements continue indefinitely into the future, the Utility expects to continuously recover pension benefits.

[2] In connection with the settlement agreement entered into among PG&E Corporation, the Utility, and the CPUC in 2003 to resolve the Utility's 2001 proceeding under Chapter 11, the CPUC authorized the Utility to recover $1.2 billion of costs related to the Utility's retained generation assets. The individual components of these regulatory assets are being amortized over the respective lives of the underlying generation facilities, consistent with the period over which the related revenues are recognized.

[3] Includes costs of responding to catastrophic events that have been declared a disaster or state of emergency by competent federal or state authorities. As of September 30, 2020, $41 million in COVID-19 related costs was recorded to CEMA regulatory assets. Recovery of CEMA costs are subject to CPUC review and approval.

[4] Includes incremental wildfire liability insurance premium costs the CPUC approved for tracking in June 2018 for the period July 26, 2017 through December 31, 2019. Recovery of WEMA costs are subject to CPUC review and approval.

[5] Includes costs associated with the implementation of regulations and requirements adopted to protect the public from potential fire hazards associated with overhead power line facilities and nearby aerial communication facilities that have not been previously authorized in another proceeding. Recovery of FHPMA costs are subject to CPUC review and approval.

[6] Includes costs associated with the 2019 Wildfire Mitigation Plan for the period January 1, 2019 through June 4, 2019. Recovery of FRMMA costs are subject to CPUC review and approval.

[7] Includes costs associated with the 2019 Wildfire Mitigation Plan for the period June 5, 2019 through December 31, 2019 and the 2020 Wildfire Mitigation Plan for the period of January 1, 2020 through September 30, 2020. Recovery of WMPMA costs are subject to CPUC review and approval.

[8] Represents cumulative differences between amounts recognized for ratemaking purposes and expense recognized in accordance with GAAP.

[9] Represents incremental liability insurance premium costs for the period January 1, 2020 through September 30, 2020. Approval of costs is pending final 2020 GRC decision.

[10] On April 16, 2020, the CPUC passed a resolution that established a COVID-19 Pandemic Protections Memorandum Account (CPPMA) to recover costs associated with customer protections, including higher uncollectible costs related to a moratorium on electric and gas service disconnections for residential and small business customers. The CPPMA applies only to residential and small business customers and was approved on July 27, 2020 with an effective date of March 4, 2020. As of September 30, 2020, the Utility had recorded an aggregate under-collection of $48 million, representing incremental bad debt expense over what was collected in rates for the period the CPPMA is in effect. The remaining $5 million is associated with program costs and higher accounts receivable financing costs. Recovery of CPPMA costs are subject to CPUC review and approval.

Regulatory Liabilities

Long-term regulatory liabilities are comprised of the following:

(in millions)	Balance at September 30, 2020	Balance at December 31, 2019
Cost of removal obligations [1]	$ 6,902	$ 6,456
Recoveries in excess of AROs [2]	351	393
Public purpose programs [3]	930	817
Employee benefit plans [4]	774	750
Other	1,024	854
Total long-term regulatory liabilities	**$ 9,981**	**$ 9,270**

[1] Represents the cumulative differences between the recorded costs to remove assets and amounts collected in rates for expected costs to remove assets.
[2] Represents the cumulative differences between ARO expenses and amounts collected in rates. Decommissioning costs related to the Utility's nuclear facilities are recovered through rates and are placed in nuclear decommissioning trusts. This regulatory liability also represents the deferral of realized and unrealized gains and losses on these nuclear decommissioning trust investments. (See Note 9 below.)
[3] Represents amounts received from customers designated for public purpose program costs expected to be incurred beyond the next 12 months, primarily related to energy efficiency programs.
[4] Represents cumulative differences between incurred costs and amounts collected in rates for Post-Retirement Medical, Post-Retirement Life and Long-Term Disability Plans.

Regulatory Balancing Accounts

Current regulatory balancing accounts receivable and payable are comprised of the following:

(in millions)	Receivable Balance at September 30, 2020	Receivable Balance at December 31, 2019
Electric transmission	$ —	$ 9
Gas distribution and transmission	385	363
Energy procurement	1,168	901
Public purpose programs	289	209
Other	766	632
Total regulatory balancing accounts receivable	**$ 2,608**	**$ 2,114**

(in millions)	Payable Balance at September 30, 2020	Payable Balance at December 31, 2019
Electric distribution	$ 227	$ 31
Electric transmission	237	119
Gas distribution and transmission	65	45
Energy procurement	859	649
Public purpose programs	500	559
Other	438	394
Total regulatory balancing accounts payable	**$ 2,326**	**$ 1,797**

For more information, see Note 4 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.

NOTE 5: DEBT

Debtor-In-Possession Facilities

In connection with the Chapter 11 Cases, PG&E Corporation and the Utility entered into the DIP Credit Agreement, among the Utility, as borrower, PG&E Corporation, as guarantor, JPMorgan Chase Bank, N.A. ("JPM"), as administrative agent, Citibank, N.A., as collateral agent, and the lenders and issuing banks party thereto.

On July 1, 2020, the DIP Facilities were repaid in full and all commitments thereunder were terminated in connection with emergence from Chapter 11.

Credit Facilities

The following table summarizes PG&E Corporation's and the Utility's outstanding borrowings and availability under their credit facilities at September 30, 2020:

(in millions)	Termination Date	Facility Limit	Borrowings Outstanding	Letters of Credit Outstanding	Facility Availability
Utility revolving credit facility	July 2023	$ 3,500 [1]	$ 940	$ 852	$ 1,708
Utility term loan credit facility	Various[2]	3,000	3,000	—	—
PG&E Corporation revolving credit facility	July 2023	500	—	—	500
Total credit facilities		**$ 7,000**	**$ 3,940**	**$ 852**	**$ 2,208**

[1] Includes a $1.5 billion letter of credit sublimit.
[2] This includes a $1.5 billion term loan credit facility with a termination date of June 2021 and a $1.5 billion term loan credit facility due January 2022.

Utility

On July 1, 2020, the Utility entered into a $3.5 billion revolving credit agreement (the "Utility Revolving Credit Facility") with JPM, and Citibank, N.A. as co-administrative agents, and Citibank, N.A., as designated agent. The Utility Revolving Credit Agreement has a maturity date three years after the Effective Date, subject to two one-year extensions at the option of the Utility.

Borrowings under the Utility Revolving Credit Facility bear interest based on the Utility's election of either (1) LIBOR plus an applicable margin of 1.375% to 2.50% based on the Utility's credit rating or (2) the base rate plus an applicable margin of 0.375% to 1.50% based on the Utility's credit rating. In addition to interest on outstanding principal under the Utility Revolving Credit Facility, the Utility is required to pay a commitment fee to the lenders in respect of the unutilized commitments thereunder, ranging from 0.25% to 0.50% per annum depending on the Utility's credit rating. The Utility Revolving Credit Facility has a maximum letter of credit sublimit equal to $1.5 billion. The Utility may also pay customary letter of credit fees based on letters of credit issued under the Utility Revolving Credit Facility.

The Utility's obligations under the Utility Revolving Credit Facility are secured by the issuance of a first mortgage bond, issued pursuant to the Utility's mortgage indenture, secured by a first lien on substantially all of the Utility's real property and certain tangible personal property related to its facilities, subject to certain exceptions, and which rank *pari passu* with the Utility's other first mortgage bonds.

The Utility Revolving Credit Facility includes usual and customary provisions for revolving credit agreements of this type, including covenants limiting, with certain exceptions, (1) liens, (2) indebtedness, (3) sale and leaseback transactions, and (4) fundamental changes. In addition, the Utility Revolving Credit Facility requires that the Utility maintain a ratio of total consolidated debt to consolidated capitalization of no greater than 65% as of the end of each fiscal quarter. As of September 30, 2020, the Utility was in compliance with this covenant.

In the event of a default by the Utility under the Utility Revolving Credit Facility, including cross-defaults relating to specified other debt of the Utility or any of its significant subsidiaries in excess of $200 million, the designated agent may, with the consent of the required lenders (or upon the request of the required lenders), declare the amounts outstanding under the Utility Revolving Credit Facility, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Utility Revolving Credit Facility become payable immediately.

The Utility may voluntarily repay outstanding loans under the Utility Revolving Credit Facility at any time without premium or penalty, other than customary "breakage" costs with respect to eurodollar rate loans. Any voluntary prepayments made by the Utility will not reduce the commitments under the Utility Revolving Credit Facility.

In addition, on July 1, 2020, the Utility obtained a $3.0 billion secured term loan under a term loan credit agreement (the "Utility Term Loan Credit Facility") with JPM, as administrative agent. The credit facilities under the Utility Term Loan Credit Facility consist of a $1.5 billion 364-day term loan facility (the "Utility 364-Day Term Loan Facility") and a $1.5 billion 18-month term loan facility (the "Utility 18-Month Term Loan Facility"). The maturity date for the 364-Day Term Loan Facility is June 30, 2021 and the maturity date for the Utility 18-Month Term Loan Facility is January 1, 2022. The Utility borrowed the entire amount of the Utility 364-Day Term Loan Facility and the Utility 18-Month Term Loan Facility on July 1, 2020. The proceeds were used to fund transactions contemplated under the Plan.

Borrowings under the Utility Term Loan Credit Facility bear interest based on the Utility's election of either (1) LIBOR plus an applicable margin of 2.00% with respect to the Utility 364-Day Term Loan Facility and 2.25% with respect to the Utility 18-Month Term Loan Facility, or (2) the base rate plus an applicable margin of 1.00% with respect to the Utility 364-Day Term Loan Facility and 1.25% with respect to the Utility 18-Month Term Loan Facility.

The Utility's obligations under the Utility Term Loan Credit Facility are secured by the issuance of first mortgage bonds, issued pursuant to the Utility's mortgage indenture, secured by a first lien on substantially all of the Utility's real property and certain tangible personal property related to its facilities, subject to certain exceptions, and which rank *pari passu* with the Utility's other first mortgage bonds.

The Utility Term Loan Credit Facility includes usual and customary provisions for term loan agreements of this type, including covenants limiting, with certain exceptions, (1) liens, (2) indebtedness, (3) sale and leaseback transactions, (4) fundamental changes, (5) entering into swap agreements and (6) modifications to the Utility's mortgage indenture. In addition, the Utility Term Loan Credit Facility will require that the Utility maintain a ratio of total consolidated debt to consolidated capitalization of no greater than 65% as of the end of each fiscal quarter. As of September 30, 2020, the Utility was in compliance with this covenant.

In the event of a default by the Utility under the Utility Term Loan Credit Facility, including cross-defaults relating to specified other debt of the Utility or any of its significant subsidiaries in excess of $200 million, the administrative agent may, with the consent of the required lenders (or upon the request of the required lenders, shall), declare the amounts outstanding under the Utility Term Loan Credit Facility, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Utility Term Loan Credit Facility become payable immediately.

The Utility is required to prepay outstanding term loans under the Utility Term Loan Credit Facility (with all outstanding term loans made under the Utility 364-Day Term Loan Facility being paid first), subject to certain exceptions, with 100% of the net cash proceeds of certain securitization transactions. The Utility may voluntarily repay outstanding loans under the Utility Term Loan Credit Facility at any time without premium or penalty, other than customary "breakage" costs with respect to eurodollar rate loans.

PG&E Corporation

On July 1, 2020, PG&E Corporation entered into a $500 million revolving credit agreement (the "Corporation Revolving Credit Facility") with JPM, as administrative agent and collateral agent. The Corporation Revolving Credit Facility has a maturity date three years after the Effective Date, subject to two one-year extensions at the option of PG&E Corporation. The proceeds from the loans under the Corporation Revolving Credit Facility will be used to finance working capital needs, capital expenditures and other general corporate purposes of PG&E Corporation and its subsidiaries.

Borrowings under the Corporation Revolving Credit Facility bear interest based on PG&E Corporation's election of either (1) LIBOR plus an applicable margin of 3.00% to 4.25% based on PG&E Corporation's credit rating or (2) the base rate plus an applicable margin of 2.00% to 3.25% based on PG&E Corporation's credit rating. In addition to interest on outstanding principal under the Corporation Revolving Credit Facility, PG&E Corporation is required to pay a commitment fee to the lenders in respect of the unutilized commitments thereunder, ranging from 0.50% to 0.75% per annum depending on PG&E Corporation's credit rating.

PG&E Corporation's obligations under the Corporation Revolving Credit Facility are secured by a pledge of PG&E Corporation's ownership interest in 100% of the shares of common stock of the Utility.

The Corporation Revolving Credit Facility includes usual and customary provisions for revolving credit agreements of this type, including covenants limiting, with certain exceptions, (1) liens, (2) indebtedness, (3) sale and leaseback transactions, (4) investments, (5) dispositions, (6) changes in the nature of business, (7) transactions with affiliates, (8) burdensome agreements, (9) restricted payments, (10) fundamental changes, (11) use of proceeds, (12) entering into swap agreements and (13) the ability to dispose of common stock of the Utility. In addition, the Corporation Revolving Credit Facility will require that PG&E Corporation (1) maintain a ratio of total consolidated debt to consolidated capitalization of no greater than 70% as of the end of each fiscal quarter and (2) if revolving loans are outstanding as of the end of a fiscal quarter, a ratio of adjusted cash to fixed charges, as of the end of such fiscal quarter, of at least 150% prior to the date that PG&E Corporation first declares a cash dividend on its common stock and at least 100% thereafter.

In the event of a default by PG&E Corporation under the Corporation Revolving Credit Facility, including cross-defaults relating to specified other debt of PG&E Corporation or any of its significant subsidiaries in excess of $200 million, the administrative agent may, with the consent of the required lenders (or upon the request of the required lenders, shall), declare the amounts outstanding under the Corporation Revolving Credit Facility, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Corporation Revolving Credit Facility become payable immediately.

PG&E Corporation may voluntarily repay outstanding loans under the Corporation Revolving Credit Facility at any time without premium or penalty, other than customary “breakage” costs with respect to eurodollar rate loans. Any voluntary repayments made by PG&E Corporation will not reduce the commitments under the Corporation Revolving Credit Facility.

On the Effective Date, PG&E Corporation repaid and terminated (i) $300 million of outstanding borrowings under the Second Amended and Restated Credit Agreement, dated as of April 27, 2015, among PG&E Corporation, as borrower, the several lenders party thereto and Bank of America, N.A., as administrative agent and (ii) $350 million of borrowings, plus interest, fees and other expenses arising under or in connection with the Term Loan Agreement, dated as of April 16, 2018, among PG&E Corporation, as borrower, the several lenders party thereto and Mizuho Bank Ltd., as administrative agent.

Accounts Receivable Financing

On October 5, 2020, the Utility, in its individual capacity and in its capacity as initial servicer, entered into an accounts receivable securitization program (the “Receivables Securitization Program”), providing for the sale of a portion of the Utility's accounts receivable to PG&E AR Facility, LLC (the “SPV”), a limited liability company wholly owned by the Utility. Pursuant to the Receivables Securitization Program, the Utility will sell certain of its receivables and certain related rights to payment and obligations of the Utility with respect to such receivables and certain other related rights to the SPV, which, in turn, will obtain loans secured by the receivables from financial institutions (the “Lenders”). The Utility has pledged to the Lenders 100% of the equity interests in the SPV as security for the repayment of the loans. The aggregate principal amount of the loans made by the Lenders cannot exceed $1 billion outstanding at any time.

The loans under the Receivables Securitization Program will bear interest based on a spread over LIBOR dependent on the tranche period thereto and any breakage fees accrued. The receivables financing agreement contains customary LIBOR benchmark replacement language giving the administrative agent, with consent from the SPV as to the successor rate, the right to determine such successor rate. The Receivables Securitization Program contains certain customary representations and warranties and affirmative and negative covenants, including as to the eligibility of the receivables being sold by the Utility and securing the loans made by the Lenders, as well as customary reserve requirements, Receivables Securitization Program termination events, and servicer defaults. The Receivables Securitization Program termination events permit the Lenders to terminate the agreement upon the occurrence of certain specified events, including failure by the SPV to pay amounts when due, certain defaults on indebtedness under the Utility’s credit facility, certain judgments, a change of control, certain events negatively affecting the overall credit quality of transferred receivables and bankruptcy and insolvency events.

The Receivables Securitization Program is scheduled to terminate on October 5, 2022, unless extended or earlier terminated, at which time no further advances will be available and the obligations thereunder must be repaid in full no later than (i) the date that is 180 days following such date or (ii) such earlier date on which the loans under the program become due and payable.

The Utility closed the Receivables Securitization Program on October 5, 2020. As of October 27, 2020, the Utility has obtained $1 billion in loans under the Receivables Securitization Program and the proceeds were primarily used to reduce borrowings outstanding on the Utility Revolving Credit Facility. In general, the proceeds from the sale of the accounts receivable will be used by the SPV to pay the purchase price for accounts receivables it acquires from the Utility and may be used to fund capital expenditures, repay borrowings on the Utility Revolving Credit Facility, satisfy maturing debt obligations, as well as fund working capital needs and other approved uses.

Although PG&E AR Facility, LLC is a wholly owned consolidated subsidiary of the Utility, PG&E AR Facility, LLC is legally separate from the Utility. The assets of PG&E AR Facility, LLC (including the accounts receivables) are not available to creditors of the Utility or PG&E Corporation, and the accounts receivables are not legally assets of the Utility or PG&E Corporation. The Receivables Securitization Program will be accounted for as a secured financing. When amounts are received from the Lenders, the pledged receivables and the corresponding debt will be included in Accounts receivable and Short-term borrowings, respectively, on the Condensed Consolidated Balance Sheets.

Long-Term Debt

Utility

On June 19, 2020, the Utility completed the sale of (i) $500 million aggregate principal amount of Floating Rate First Mortgage Bonds due June 16, 2022, (ii) $2.5 billion aggregate principal amount of 1.75% First Mortgage Bonds due June 16, 2022, (iii) $1 billion aggregate principal amount of 2.10% First Mortgage Bonds due August 1, 2027, (iv) $2 billion aggregate principal amount of 2.50% First Mortgage Bonds due February 1, 2031, (v) $1 billion aggregate principal amount of 3.30% First Mortgage Bonds due August 1, 2040, and (vi) $1.925 billion aggregate principal amount of 3.50% First Mortgage Bonds due August 1, 2050 (collectively, the "Mortgage Bonds"). The proceeds of the Mortgage Bonds were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and among the Escrow Agent and the Utility. On July 1, 2020, the net proceeds were released from escrow and, together with the net proceeds from certain other Plan financing transactions, were used to effectuate the reorganization of the Utility and PG&E Corporation in accordance with the terms and conditions contained in the Plan.

On the Effective Date, pursuant to the Plan, the Utility issued approximately $11.9 billion of its first mortgage bonds (the "New Mortgage Bonds") in satisfaction of certain of its pre-petition senior unsecured debt, as described in the table below.

On the Effective Date, pursuant to the Plan, the Utility reinstated approximately $9.6 billion aggregate principal amount of the Utility Reinstated Senior Notes. On the Effective Date, each series of the Utility Reinstated Senior Notes was collateralized by the Utility's delivery of a first mortgage bond in a corresponding principal amount to the applicable trustee for the benefit of the holders of the Utility Reinstated Senior Notes.

The Mortgage Bonds, the New Mortgage Bonds and the Utility Reinstated Senior Notes are secured by a first lien, subject to permitted liens, on substantially all of the Utility's real property and certain tangible property related to its facilities. The Mortgage Bonds, the New Mortgage Bonds and the Utility Reinstated Senior Notes are the Utility's senior obligations and rank equally in right of payment with the Utility's other existing or future first mortgage bonds issued under the Utility's mortgage indenture.

On the Effective Date, by operation of the Plan, all outstanding obligations under the Utility Short-Term Senior Notes, the Utility Long-Term Senior Notes and the Utility Funded Debt were cancelled and the applicable agreements governing such obligations were terminated.

In addition, on July 1, 2020, the Utility obtained a $1.5 billion 18-month secured term loan under a term loan credit agreement. For more information, see "Credit Facilities" discussion above.

PG&E Corporation

On June 23, 2020, PG&E Corporation obtained a $2.75 billion secured term loan (the "Term Loan") under a term loan credit agreement (the "Term Loan Agreement") with JPM, and other lenders from time to time party thereto (collectively, the "Lenders"), JPM, as Administrative Agent and as Collateral Agent. The proceeds of the Term Loan were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and among the Collateral Agent, the Escrow Agent, the Administrative Agent and PG&E Corporation and subsequently released from escrow on the Effective Date pursuant to the Plan.

In accordance with the Term Loan Agreement, PG&E Corporation is required to repay the principal amount outstanding on the Term Loan by $6.875 million on the last day of each quarter. The Term Loan matures on June 23, 2025, unless extended by PG&E Corporation pursuant to the terms of the Term Loan Agreement. The Term Loan bears interest based, at PG&E Corporation's election, on (1) LIBOR (but in no event less than 1.0%) plus an applicable margin or (2) ABR (but in no event less than 2.0%) plus an applicable margin. ABR will equal the highest of the following: the prime rate, 0.5% above the overnight federal funds rate, and the one-month LIBOR plus 1.0%. The applicable margin for LIBOR loans is 4.5% and the applicable margin for ABR loans is 3.5%. PG&E Corporation may prepay the Term Loan in whole, at any time, and in part, from time to time, without premium or penalty, other than customary "breakage" costs with respect to eurodollar rate loans; provided, however, that any voluntary prepayment, refinancing or repricing of the Term Loan in connection with certain repricing transactions that occur on or prior to the first anniversary of the Effective Date shall be subject to a prepayment premium of 1.0% of the principal amount of the term loans so prepaid, refinanced or repriced.

The Term Loan Agreement includes usual and customary covenants for loan agreements of this type, including covenants limiting: (1) liens, (2) mergers, (3) sales of all or substantially all of PG&E Corporation's assets, and (4) sale and leaseback transactions. In addition, the Term Loan Agreement requires that PG&E Corporation maintain ownership, either directly or indirectly, through one or more subsidiaries, of at least 100% of the outstanding common stock of the Utility.

In the event of a default by PG&E Corporation under the Term Loan Agreement, including cross-defaults relating to specified other debt of PG&E Corporation or any of its significant subsidiaries in excess of $200 million, the Administrative Agent may, with the consent of the required Lenders (or upon the request of the required Lenders, shall), declare the amounts outstanding under the Term Loan Agreement, including all accrued interest, payable immediately. For events of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the Term Loan Agreement become payable immediately.

On the Effective Date, the obligations under the Term Loan Agreement became secured by a pledge of PG&E Corporation's ownership interest in 100% of the shares of common stock of the Utility. On July 1, 2020, the net proceeds from the Term Loan were released from escrow and were used to fund, in part, the transactions contemplated under the Plan.

Additionally, on June 23, 2020, PG&E Corporation completed the sale of (i) $1.0 billion aggregate principal amount of 5.00% Senior Secured Notes due July 1, 2028 (the "2028 Notes") and (ii) $1.0 billion aggregate principal amount of 5.25% Senior Secured Notes due July 1, 2030 (the "2030 Notes," and together with the 2028 Notes, the "Notes"). The proceeds of the Notes were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and among the Escrow Agent and PG&E Corporation. Prior to July 1, 2023, in the case of the 2028 Notes, and prior to July 1, 2025, in the case of the 2030 Notes, (i) PG&E Corporation may redeem all or part of the Notes of the applicable series, on any one or more occasions at a redemption price equal to 100% of the principal amount of Notes of such series to be redeemed, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but not including, the redemption date or (ii) PG&E Corporation may redeem up to 40% of the aggregate principal amount of the Notes of the applicable series on any one or more occasions at certain specified redemption prices with the net cash proceeds from certain equity offerings. On or after July 1, 2023, in the case of the 2028 Notes, and July 1, 2025, in the case of the 2030 Notes, PG&E Corporation may redeem the Notes of a series at certain specified redemption prices, plus accrued and unpaid interest thereon, if any, to but not including, the applicable redemption date.

On July 1, 2020, the net proceeds from the sale of the Notes were released from escrow and, together with the net proceeds from certain other Plan financing transactions, were used to effectuate the reorganization of the Corporation and the Utility in accordance with the terms and conditions contained in the Plan. The Notes are secured by a pledge of PG&E Corporation's ownership interest in 100% of the shares of common stock of the Utility.

The following table summarizes PG&E Corporation's and the Utility's long-term debt:

(in millions)	Contractual Interest Rates [3]	Balance at September 30, 2020	Balance at December 31, 2019	Treatment under Plan on the Effective Date [1]
Pre-Petition Debt [2]				
PG&E Corporation				
Borrowings under Pre-Petition Credit Facility				
PG&E Corporation Revolving Credit Facilities - Stated Maturity: 2022	variable rate [4]	$ —	$ 300	Repaid in cash [13]
Other borrowings				
Term Loan - Stated Maturity: 2020	variable rate [5]	—	350	Repaid in cash [12]
Total PG&E Corporation Pre-Petition Long-Term Debt		**—**	**650**	
Utility				
Senior Notes - Stated Maturity:				
2020 through 2022	2.45% to 4.25%	—	1,750	Exchanged [14]
2023 through 2028	2.95% to 4.65%	—	5,025	Reinstated [15]
2034 through 2040	5.40% to 6.35%	—	5,700	Exchanged [16]
2041 through 2042	3.75% to 4.50%	—	1,000	Reinstated [15]
2043	5.13%	—	500	Exchanged [16]
2043 through 2047	3.95% to 4.75%	—	3,550	Reinstated [15]
Total Pre-Petition Senior Notes		**—**	**17,525**	
Pollution Control Bonds - Stated Maturity:				
Series 2008 F and 2010 E, due 2026	1.75%	—	100	Repaid in cash [13]
Series 2009 A-B, due 2026	variable rate [6]	—	149	Exchanged [17]
Series 1996 C, E, F, 1997 B due 2026	variable rate [7]	—	614	Exchanged [17]
Total Pre-Petition Pollution Control Bonds		**—**	**863**	
Borrowings under Pre-Petition Credit Facilities				
Utility Revolving Credit Facilities - Stated Maturity: 2022	variable rate [8]	—	2,888	Exchanged [17]
Other borrowings:				
Term Loan - Stated Maturity: 2019	variable rate [9]	—	250	Exchanged [17]
Total Borrowings under Pre-Petition Credit Facility		**—**	**3,138**	
Total Utility Pre-Petition Debt		**—**	**21,526**	
Total PG&E Corporation Consolidated Pre-Petition Debt		**$ —**	**$ 22,176**	
New Long-Term Debt				
PG&E Corporation				
Term Loan - Stated Maturity: 2025	variable rate [10]	$ 2,743	$ —	
Senior Secured Notes due 2028	5.00%	1,000	—	
Senior Secured Notes due 2030	5.25%	1,000	—	
Unamortized discount, net of premium and debt issuance costs		(89)	—	
Total PG&E Corporation New Long-Term Debt		**4,654**	**—**	

Utility			
Pre-Petition Senior Notes Reinstated as First Mortgage Bonds - Stated Maturity:			
2023 through 2028	2.95% to 4.65%	5,025	—
2041 through 2042	3.75% to 4.50%	1,000	—
2043 through 2047	3.95% to 4.75%	3,550	—
Unamortized discount, net of premium and debt issuance costs		—	—
Total Utility Reinstated New Long-Term Debt		**9,575**	**—**
Pre-Petition Debt Exchanged for First Mortgage Bonds - Stated Maturity:			
2025	3.45%	875	—
2026	3.15%	1,951	—
2028	3.75%	875	—
2030	4.55%	3,100	—
2040	4.50%	1,951	—
2050	4.95%	3,100	—
Unamortized discount, net of premium and debt issuance costs		(101)	—
Total Utility Exchanged New Long-Term Debt		**11,751**	**—**
New First Mortgage Bonds - Stated Maturity:			
2022	variable rate [11]	500	—
2022	1.75%	2,500	—
2027	2.10%	1,000	—
2031	2.50%	2,000	—
2040	3.30%	1,000	—
2050	3.50%	1,925	—
Unamortized discount, net of premium and debt issuance costs		(87)	—
Total Utility New First Mortgage Bonds		**8,838**	**—**
Utility 18-Month Term Loan	variable rate [12]	1,500	—
Unamortized discount, net of premium and debt issuance costs		(7)	—
Total Utility New Long-Term Debt		**31,657**	**—**
Total PG&E Corporation Consolidated New Long-Term Debt		**$ 36,311**	**$ —**

[1] The treatments of pre-petition debt under the Plan, as described in this column, relate only to the treatment of principal amounts and not pre-petition or post-petition interest. See “Plan of Reorganization and Restructuring Support Agreements” in Note 2.
[2] As of December 31, 2019, pre-petition debt was reported at the amounts expected to be allowed by the Bankruptcy Court.
[3] The contractual interest rates for pre-petition debt and new debt are presented as of December 31, 2019 and September 30, 2020, respectively.
[4] At December 31, 2019, the contractual LIBOR-based interest rate on loans was 3.24%.
[5] At December 31, 2019, the contractual LIBOR-based interest rate on the term loan was 2.96%.
[6] At December 31, 2019, the contractual interest rate on the letter of credit facilities supporting these bonds was 7.95%.
[7] At December 31, 2019, the contractual interest rate on the letter of credit facilities supporting these bonds ranged from 7.95% to 8.08%.
[8] At December 31, 2019, the contractual LIBOR-based interest rate on the loans was 3.04%.
[9] At December 31, 2019, the contractual LIBOR-based interest rate on the term loan was 2.36%.
[10] At September 30, 2020, the contractual LIBOR-based interest rate on the loans was 5.50%.
[11] At September 30, 2020, the contractual LIBOR-based interest rate on the first mortgage bonds was 1.72%.
[12] At September 30, 2020, the contractual LIBOR-based interest rate on the first mortgage bonds was 2.44%.
[13] In accordance with the Plan, these borrowings were repaid in cash on July 1, 2020.
[14] In accordance with the Plan, on July 1, 2020, the Utility issued $875 million aggregate principal amount of 3.45% first mortgage bonds due 2025 and $875 million aggregate principal amount of 3.75% first mortgage bonds due 2028, in satisfaction of these Senior Notes. See “Pre-Petition Debt Exchanged for First Mortgage Bonds” in the table above.
[15] In accordance with the Plan, these Senior Notes were reinstated (and secured by First Mortgage Bonds) on July 1, 2020. See “Pre-Petition Senior Notes Reinstated (and secured by First Mortgage Bonds)” in the table above.
[16] In accordance with the Plan, on July 1, 2020, the Utility issued $3.1 billion aggregate principal amount of 4.55% first mortgage bonds due 2030 and $3.1 billion aggregate principal amount of 4.95% first mortgage bonds due 2050, in satisfaction of these Senior Notes. See “Pre-Petition Debt Exchanged for First Mortgage Bonds” in the table above.
[17] In accordance with the Plan, on July 1, 2020, the Utility issued $1.95 billion aggregate principal amount of 3.15% first mortgage bonds due 2026 and $1.95 billion aggregate principal amount of 4.50% first mortgage bonds due 2040, in satisfaction of these pre-petition liabilities. See “Pre-Petition Debt Exchanged for First Mortgage Bonds” in the table above.

NOTE 6: EQUITY

Increase in Authorized Capitalization

On June 22, 2020, PG&E Corporation filed the Amended Articles with the Secretary of State of California which increased the authorized number of shares of common stock to 3.6 billion and the authorized number of shares of preferred stock to 400 million.

Plan Equity Financings

In connection with emergence from Chapter 11, in July 2020, PG&E Corporation raised an aggregate of $9.0 billion of gross proceeds through the issuance of common stock and other equity-linked instruments as described below.

PG&E Corporation Investment Agreement

On June 7, 2020, PG&E Corporation entered into an Investment Agreement (the "Investment Agreement") with certain investors (the "Investors") relating to the issuance and sale to the Investors of an aggregate of $3.25 billion of PG&E Corporation's common stock. Per the Investment Agreement, the price per share was equal to $9.50 per share, which was the public equity offering price in the Common Stock Offering (as defined below in "Equity Offerings").

On July 1, 2020, pursuant to the terms of the Investment Agreement, PG&E Corporation issued to the Investors 342.1 million shares of common stock. The Investors and their affiliates have certain customary registration rights with respect to the Shares held by such Investor pursuant to the terms of the Investment Agreement.

Equity Offerings

On June 25, 2020, PG&E Corporation priced (i) an offering of 423.4 million shares of its common stock (the "Common Stock Offering"), and (ii) a concurrent offering of 14.5 million of its equity units (the "Equity Units," and such offering the "Equity Units Offering"), for total net proceeds to PG&E Corporation, after deducting the underwriting discounts and before estimated offering expenses payable by the PG&E Corporation, of $3.97 billion and $1.19 billion, respectively.

On June 25, 2020, in connection with the Common Stock Offering, the Corporation entered into an underwriting agreement (the "Common Stock Underwriting Agreement") with Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives of several underwriters named in the Common Stock Underwriting Agreement (the "Common Stock Underwriters"), pursuant to which the Corporation agreed to issue and sell 423.4 million shares of its common stock to the Common Stock Underwriters. In addition, on June 25, 2020, the Corporation entered into an underwriting agreement (the "Equity Units Underwriting Agreement") with Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives of the several underwriters named in the Equity Units Underwriting Agreement (the "Equity Units Underwriters"), pursuant to which PG&E Corporation agreed to issue and sell 14.5 million prepaid forward stock purchase contracts (the "Purchase Contracts") to the Equity Underwriters in order for the Equity Units Underwriters to sell 14.5 million Equity Units.

In connection with the Common Stock Offering and pursuant to the Common Stock Underwriting Agreement, PG&E Corporation granted the underwriters a 30-day over-allotment option to purchase up to an additional 42.3 million shares of common stock. In addition, in connection with the Equity Units Offering and pursuant to the Equity Units Underwriting Agreement, the Corporation also granted the underwriters a 30-day over-allotment option to purchase up to an additional 1.45 million Purchase Contracts to be used by the Equity Units Underwriters to create up to an additional 1.45 million Equity Units (together with the 42.3 million shares of common stock, the "Option Securities").

The Common Stock Offering and the Equity Units Offering closed on July 1, 2020, and PG&E Corporation issued and sold a total of 423.4 million shares of its common stock and 14.5 million Purchase Contracts for total net proceeds of $5.2 billion. On July 24, 2020, the Equity Units Underwriters exercised in full, the over-allotment option in the Equity Units Underwriting Agreement and on August 3, 2020, PG&E Corporation issued and sold 1.45 million Equity Units to the Equity Units Underwriters (the "Additional Units Issuance"). The prepaid forward stock purchase contract portion of the Equity Units issued in the Equity Units Offering and the Additional Units Issuance represents the right of the unitholders to receive, on the settlement date, between 125 million and 153 million shares, and between 12.5 million and 15.3 million shares, respectively, of PG&E Corporation common stock, based on the value of PG&E Corporation common stock over a measurement period specified in the purchase contracts and subject to certain adjustments as provided herein. The settlement date of the purchase contract is August 16, 2023, subject to acceleration or postponement as provided in the purchase contracts. The Common Stock Underwriters did not exercise their option to purchase any additional shares of common stock.

PG&E Corporation applied accounting standards applicable to prepaid forward contracts to purchase common stock in order to determine the proper balance sheet classification for the Equity Units issued and sold during the three months ended, September 30, 2020. The Equity Units are considered a range forward contract, in that the settlement of common stock shares is based on a range of potential settlement outcomes. PG&E Corporation used various inputs, including stock price volatility, and determined that the potential outcomes are predominantly fixed share settlements. As such, PG&E Corporation does not view the Equity Units as an obligation to issue a variable number of shares and has concluded that the Equity Units meet all conditions for equity classification and do not meet any of the other conditions that would result in asset or liability classification. The Equity Units issued and sold are classified as Common stock on PG&E Corporation's Condensed Consolidated Balance Sheet.

Equity Backstop Commitments and Forward Stock Purchase Agreements

See "Equity Financing" in Note 2 above for discussion of the equity backstop commitments which resulted in total net proceeds of $523 million (of which $120.5 million were returned to the Backstop Parties pursuant to the Forward Stock Purchase Agreements, as described below).

In connection with the Additional Units Issuance and pursuant to the terms of the Forward Stock Purchase Agreements, on August 3, 2020, PG&E Corporation (i) redeemed a portion of the rights under the Forward Stock Purchase Agreements to receive shares of Common Stock and returned approximately $120.5 million to the Backstop Parties and (ii) issued and delivered to the Backstop Parties 42.3 million shares of Common Stock, representing the unredeemed portion of the Aggregate Greenshoe Backstop Purchase Amount divided by the Settlement Price (without any issuance in respect of fractional shares).

Equity Issuances to the Fire Victim Trust

On the Effective Date, pursuant to the Plan, the Utility entered into an assignment agreement with the Fire Victim Trust, pursuant to which the Utility transferred to the Fire Victim Trust 477 million shares of common stock of PG&E Corporation. As a result of the Equity Units Underwriters exercising their option to purchase 1.45 million additional Equity Units, on August 3, 2020, PG&E Corporation made an equity contribution of 748,415 shares to the Utility which delivered such additional shares of common stock to the Fire Victim Trust pursuant to an anti-dilution provision in the assignment agreement with the Fire Victim Trust.

Contribution to the Utility Pursuant to the Plan

On the Effective Date, PG&E Corporation made an equity contribution of $12.9 billion in cash, along with the Fire Victim Trust Shares, to the Utility, which used the funds and shares to satisfy and discharge certain liabilities of PG&E Corporation and the Utility under the Plan and transferred the Fire Victim Trust Shares to the Fire Victim Trust as described above. PG&E Corporation's cash equity contribution was funded by proceeds from the financing transactions described herein.

Ownership Restrictions in PG&E Corporation's Amended Articles

Under Section 382 of the Internal Revenue Code, if a corporation (or a consolidated group) undergoes an "ownership change," net operating loss carryforwards and other tax attributes may be subject to certain limitations (which could limit PG&E Corporation or the Utility's ability to use these deferred tax assets to offset taxable income). In general, an ownership change occurs if the aggregate stock ownership of certain shareholders (generally 5% shareholders, applying certain look-through and aggregation rules) increases by more than 50% over such shareholders' lowest percentage ownership during the testing period (generally three years). PG&E Corporation's and the Utility's Amended Articles limit Transfers (as defined in the Amended Articles) that increase a person's ownership of PG&E Corporation's equity securities to more than 4.75% prior to the Restriction Release Date without approval by the Board of Directors. The calculation of the percentage ownership may differ depending on whether the Fire Victim Trust is treated as a qualified settlement trust or grantor trust.

As of the date of this report, PG&E Corporation does not believe that it has undergone an ownership change and its net operating loss carryforwards and other tax attributes are not limited by Section 382 of the Internal Revenue Code.

In 2019, $6.75 billion of the liability to be paid to the Fire Victim Trust in PG&E Corporation's common stock was accrued by the Utility. Because the corresponding tax deduction generally occurs no earlier than payment, the Utility established a deferred tax asset for the accrual in 2019. Because of the price of the stock on the date of transfer, the shares transferred to the Fire Victim Trust were valued at $4.53 billion, $2.22 billion less than the $6.75 billion that had been accrued as a liability in the Condensed Consolidated Financial Statements as of June 30, 2020. Therefore, in the quarter ended June 30, 2020, the Utility recorded a charge of $619 million to adjust the measurement of the deferred tax asset to reflect the tax-effected difference between the accrual of $6.75 billion and the tax deduction of $4.53 billion for the transfer of PG&E Corporation's shares to the Fire Victim Trust. On July 1, 2020, the Utility paid to the Fire Victim Trust 477 million shares of PG&E Corporation's common stock.

In addition, this deferred tax asset reflects PG&E Corporation's conclusion as of September 30, 2020 that it is more likely than not that the Fire Victim Trust will be treated as a "qualified settlement fund" for U.S. federal income tax purposes, in which case the corresponding tax deduction will have occurred at the time the PG&E Corporation common stock was transferred to the Fire Victim Trust. PG&E Corporation believes that it may be beneficial to elect to treat the Fire Victim Trust as a "grantor trust," but only if PG&E Corporation receives favorable determinations from the IRS regarding certain aspects of such election. If PG&E Corporation makes a "grantor trust" election for the Fire Victim Trust, the Utility's tax deduction will occur instead at the time the Fire Victim Trust pays the fire victims and will be based on the price at which the Fire Victim Trust sells the shares. In this case, the accounting treatment will require a re-evaluation under applicable accounting guidance of the remaining deferred tax asset and could result in a further impairment thereof or other material impact on the Condensed Consolidated Financial Statements. Additionally, the value of the deduction may be materially different than the value of the deduction if the Fire Victim Trust is treated as a "qualified settlement fund."

Dividends

On December 20, 2017, the Boards of Directors of PG&E Corporation and the Utility suspended quarterly cash dividends on both PG&E Corporation's and the Utility's common stock, beginning the fourth quarter of 2017, as well as the Utility's preferred stock, beginning the three-month period ending January 31, 2018.

On April 3, 2019, the court overseeing the Utility's probation issued an order imposing new conditions of probation, including forgoing issuing "any dividends until [the Utility] is in compliance with all applicable vegetation management requirements" under applicable law and the Utility's Wildfire Mitigation Plan.

On March 20, 2020, PG&E Corporation and the Utility filed a Case Resolution Contingency Process Motion with the Bankruptcy Court that includes a dividend restriction for PG&E Corporation. According to the dividend restriction, PG&E Corporation "will not pay common dividends until it has recognized $6.2 billion in non-GAAP core earnings following the Effective Date" of the Plan. The Bankruptcy Court entered the order approving the motion on April 9, 2020.

In addition, the Corporation Revolving Credit Agreement requires that PG&E Corporation (1) maintain a ratio of total consolidated debt to consolidated capitalization of no greater than 70% as of the end of each fiscal quarter and (2) if revolving loans are outstanding as of the end of a fiscal quarter, a ratio of adjusted cash to fixed charges, as of the end of such fiscal quarter, of at least 150% prior to the date that PG&E Corporation first declares a cash dividend on its common stock and at least 100% thereafter.

Under the Utility's Articles of Incorporation, the Utility cannot pay common stock dividends unless all cumulative preferred dividends on the Utility's preferred stock have been paid. The Utility's preferred stock is cumulative and any dividends in arrears must be paid before the Utility may pay any common stock dividends. Additionally, the CPUC requires the Utility to maintain a capital structure composed of at least 52% equity on average. On May 28, 2020, the CPUC approved a final decision in the Chapter 11 Proceedings OII, which, among other things, grants the Utility a temporary, five-year waiver from compliance with its authorized capital structure for the financing in place upon the Utility's exit from Chapter 11.

Subject to the foregoing restrictions, any decision to declare and pay dividends in the future will be made at the discretion of the Boards of Directors and will depend on, among other things, results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Boards of Directors may deem relevant. As of September 30, 2020, it is uncertain when PG&E Corporation and the Utility will commence the payment of dividends on their common stock and when the Utility will commence the payment of dividends on its preferred stock.

Miscellaneous

On July 23, 2020, PG&E Corporation sent a notice of termination to the managers of the Amended and Restated Equity Distribution Agreement, dated as of February 17, 2017, effectively terminating the agreement on that date. As of the termination date for this agreement, no amounts were outstanding which required repayment.

NOTE 7: EARNINGS PER SHARE

PG&E Corporation's basic EPS is calculated by dividing the income available for common shareholders by the weighted average number of common shares outstanding. PG&E Corporation applies the treasury stock method of reflecting the dilutive effect of outstanding share-based compensation in the calculation of diluted EPS. The following is a reconciliation of PG&E Corporation's income available for common shareholders and weighted average common shares outstanding for calculating diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Income (Loss) attributable to common shareholders	**$ 83**	**$ (1,619)**	**$ (1,518)**	**$ (4,039)**
Weighted average common shares outstanding, basic	1,967	529	1,012	528
Add incremental shares from assumed conversions:				
Employee share-based compensation	5	—	—	—
Equity Units	168	—	—	—
Weighted average common shares outstanding, diluted	**2,140**	**529**	**1,012**	**528**
Total Income (loss) per common share, diluted	**$ 0.04**	**$ (3.06)**	**$ (1.50)**	**$ (7.65)**

All potentially dilutive securities were excluded from the calculation of outstanding common shares on a diluted basis in periods where PG&E Corporation has incurred a net loss.

NOTE 8: DERIVATIVES

Use of Derivative Instruments

The Utility is exposed to commodity price risk as a result of its electricity and natural gas procurement activities. Procurement costs are recovered through customer rates. The Utility uses both derivative and non-derivative contracts to manage volatility in customer rates due to fluctuating commodity prices. Derivatives include contracts, such as power purchase agreements, forwards, futures, swaps, options, and CRRs that are traded either on an exchange or over-the-counter.

Derivatives are presented in the Utility's Condensed Consolidated Balance Sheets recorded at fair value and on a net basis in accordance with master netting arrangements for each counterparty. The fair value of derivative instruments is further offset by cash collateral paid or received where the right of offset and the intention to offset exist.

Price risk management activities that meet the definition of derivatives are recorded at fair value on the Condensed Consolidated Balance Sheets. These instruments are not held for speculative purposes and are subject to certain regulatory requirements. The Utility expects to fully recover in rates all costs related to derivatives under the applicable ratemaking mechanism in place as long as the Utility's price risk management activities are carried out in accordance with CPUC directives. Therefore, all unrealized gains and losses associated with the change in fair value of these derivatives are deferred and recorded within the Utility's regulatory assets and liabilities on the Condensed Consolidated Balance Sheets. Net realized gains or losses on commodity derivatives are recorded in the cost of electricity or the cost of natural gas with corresponding increases or decreases to regulatory balancing accounts for recovery from or refund to customers.

The Utility elects the normal purchase and sale exception for eligible derivatives. Eligible derivatives are those that require physical delivery in quantities that are expected to be used by the Utility over a reasonable period in the normal course of business, and do not contain pricing provisions unrelated to the commodity delivered. These items are not reflected in the Condensed Consolidated Balance Sheets at fair value.

Volume of Derivative Activity

The volumes of the Utility's outstanding derivatives were as follows:

Underlying Product	Instruments	Contract Volume at September 30, 2020	Contract Volume at December 31, 2019
Natural Gas [1] (MMBtus [2])	Forwards, Futures and Swaps	159,168,216	131,896,159
	Options	43,210,000	14,720,000
Electricity (Megawatt-hours)	Forwards, Futures and Swaps	9,925,993	18,675,852
	Options	584,800	—
	Congestion Revenue Rights [3]	275,838,390	308,467,999

[1] Amounts shown are for the combined positions of the electric fuels and core gas supply portfolios.
[2] Million British Thermal Units.
[3] CRRs are financial instruments that enable the holders to manage variability in electric energy congestion charges due to transmission grid limitations.

Presentation of Derivative Instruments in the Financial Statements

At September 30, 2020, the Utility's outstanding derivative balances were as follows:

	Commodity Risk			
(in millions)	Gross Derivative Balance	Netting	Cash Collateral	Total Derivative Balance
Current assets – other	$ 51	$ (4)	$ 50	$ 97
Other noncurrent assets – other	118	—	—	118
Current liabilities – other	(37)	4	—	(33)
Noncurrent liabilities – other	(209)	—	—	(209)
Total commodity risk	**$ (77)**	**$ —**	**$ 50**	**$ (27)**

At December 31, 2019, the Utility's outstanding derivative balances were as follows:

	Commodity Risk			
(in millions)	Gross Derivative Balance	Netting	Cash Collateral	Total Derivative Balance
Current assets – other	$ 36	$ (6)	$ 4	$ 34
Other noncurrent assets – other	130	(6)	—	124
Current liabilities – other	(31)	6	2	(23)
Noncurrent liabilities – other	(130)	6	—	(124)
Total commodity risk	**$ 5**	**$ —**	**$ 6**	**$ 11**

Cash inflows and outflows associated with derivatives are included in operating cash flows on the Utility's Condensed Consolidated Statements of Cash Flows.

The majority of the Utility's derivatives instruments, including power purchase agreements, contain collateral posting provisions tied to the Utility's credit rating from each of the major credit rating agencies, also known as a credit-risk-related contingent feature. Upon emergence from Chapter 11, multiple credit agencies continue to rate the Utility below investment grade, which results in the Utility posting additional collateral. As of September 30, 2020, the Utility satisfied or has otherwise addressed its obligations related to the credit-risk related contingency features.

NOTE 9: FAIR VALUE MEASUREMENTS

PG&E Corporation and the Utility measure their cash equivalents, trust assets, and price risk management instruments at fair value. A three-tier fair value hierarchy is established that prioritizes the inputs to valuation methodologies used to measure fair value:

- **Level 1 –** Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2 –** Other inputs that are directly or indirectly observable in the marketplace.
- **Level 3 –** Unobservable inputs which are supported by little or no market activities.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Assets and liabilities measured at fair value on a recurring basis for PG&E Corporation and the Utility are summarized below. Assets held in rabbi trusts are held by PG&E Corporation and not the Utility.

	Fair Value Measurements				
	September 30, 2020				
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Netting [1]**	**Total**
Assets:					
Short-term investments	**$ 446**	**$ —**	**$ —**	**$ —**	**$ 446**
Nuclear decommissioning trusts					
Short-term investments	12	—	—	—	**12**
Global equity securities	2,222	—	—	—	**2,222**
Fixed-income securities	856	791	—	—	**1,647**
Assets measured at NAV	—	—	—	—	**23**
Total nuclear decommissioning trusts [2]	**3,090**	**791**	**—**	**—**	**3,904**
Price risk management instruments (Note 8)					
Electricity	—	13	142	41	**196**
Gas	—	14	—	5	**19**
Total price risk management instruments	**—**	**27**	**142**	**46**	**215**
Rabbi trusts					
Fixed-income securities	—	105	—	—	**105**
Life insurance contracts	—	78	—	—	**78**
Total rabbi trusts	**—**	**183**	**—**	**—**	**183**
Long-term disability trust					
Short-term investments	5	—	—	—	**5**
Assets measured at NAV	—	—	—	—	**144**
Total long-term disability trust	**5**	**—**	**—**	**—**	**149**
TOTAL ASSETS	**$ 3,541**	**$ 1001**	**$ 142**	**$ 46**	**$ 4,897**
Liabilities:					
Price risk management instruments (Note 8)					
Electricity	—	4	239	(3)	**240**
Gas	—	3	—	(1)	**2**
TOTAL LIABILITIES	**$ —**	**$ 7**	**$ 239**	**$ (4)**	**$ 242**

[1] Includes the effect of the contractual ability to settle contracts under master netting agreements and margin cash collateral.
[2] Represents amount before deducting $586 million, primarily related to deferred taxes on appreciation of investment value.

	Fair Value Measurements				
	December 31, 2019				
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Netting [1]**	**Total**
Assets:					
Short-term investments	**$ 1,323**	**$ —**	**$ —**	**$ —**	**$ 1,323**
Nuclear decommissioning trusts					
Short-term investments	6	—	—	—	**6**
Global equity securities	2,086	—	—	—	**2,086**
Fixed-income securities	862	728	—	—	**1,590**
Assets measured at NAV	—	—	—	—	**21**
Total nuclear decommissioning trusts [2]	**2,954**	**728**	**—**	**—**	**3,703**
Price risk management instruments (Note 8)					
Electricity	—	2	161	(11)	**152**
Gas	—	3	—	3	**6**
Total price risk management instruments	**—**	**5**	**161**	**(8)**	**158**
Rabbi trusts					
Fixed-income securities	—	100	—	—	**100**
Life insurance contracts	—	73	—	—	**73**
Total rabbi trusts	**—**	**173**	**—**	**—**	**173**
Long-term disability trust					
Short-term investments	10	—	—	—	**10**
Assets measured at NAV	—	—	—	—	**156**
Total long-term disability trust	**10**	**—**	**—**	**—**	**166**
TOTAL ASSETS	**$ 4,287**	**$ 906**	**$ 161**	**$ (8)**	**$ 5,523**
Liabilities:					
Price risk management instruments (Note 8)					
Electricity	$ 1	$ 2	$ 156	$ (13)	**$ 146**
Gas	—	2	—	(1)	**1**
TOTAL LIABILITIES	**$ 1**	**$ 4**	**$ 156**	**$ (14)**	**$ 147**

[1] Includes the effect of the contractual ability to settle contracts under master netting agreements and margin cash collateral.
[2] Represents amount before deducting $530 million, primarily related to deferred taxes on appreciation of investment value.

Valuation Techniques

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above. There are no restrictions on the terms and conditions upon which the investments may be redeemed. There were no material transfers between any levels for the three and nine months ended September 30, 2020 and 2019.

Trust Assets

Assets Measured at Fair Value

In general, investments held in the trusts are exposed to various risks, such as interest rate, credit, and market volatility risks. Nuclear decommissioning trust assets and other trust assets are composed primarily of equity and fixed-income securities and also include short-term investments that are money market funds valued as Level 1.

Global equity securities primarily include investments in common stock that are valued based on quoted prices in active markets and are classified as Level 1.

Fixed-income securities are primarily composed of U.S. government and agency securities, municipal securities, and other fixed-income securities, including corporate debt securities. U.S. government and agency securities primarily consist of U.S. Treasury securities that are classified as Level 1 because the fair value is determined by observable market prices in active markets. A market approach is generally used to estimate the fair value of fixed-income securities classified as Level 2 using evaluated pricing data such as broker quotes, for similar securities adjusted for observable differences. Significant inputs used in the valuation model generally include benchmark yield curves and issuer spreads. The external credit ratings, coupon rate, and maturity of each security are considered in the valuation model, as applicable.

Assets Measured at NAV Using Practical Expedient

Investments in the nuclear decommissioning trusts and the long-term disability trust that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy tables above. The fair value amounts are included in the tables above in order to reconcile to the amounts presented in the Condensed Consolidated Balance Sheets. These investments include commingled funds that are composed of equity securities traded publicly on exchanges as well as fixed-income securities that are composed primarily of U.S. government securities and asset-backed securities.

Price Risk Management Instruments

Price risk management instruments include physical and financial derivative contracts, such as power purchase agreements, forwards, futures, swaps, options, and CRRs that are traded either on an exchange or over-the-counter.

Power purchase agreements, forwards, and swaps are valued using a discounted cash flow model. Exchange-traded futures that are valued using observable market forward prices for the underlying commodity are classified as Level 1. Over-the-counter forwards and swaps that are identical to exchange-traded futures or are valued using forward prices from broker quotes that are corroborated with market data are classified as Level 2. Exchange-traded options are valued using observable market data and market-corroborated data and are classified as Level 2.

Long-dated power purchase agreements that are valued using significant unobservable data are classified as Level 3. These Level 3 contracts are valued using either estimated basis adjustments from liquid trading points or techniques, including extrapolation from observable prices, when a contract term extends beyond a period for which market data is available. Market and credit risk management utilizes models to derive pricing inputs for the valuation of the Utility's Level 3 instruments using pricing inputs from brokers and historical data.

The Utility holds CRRs to hedge the financial risk of CAISO-imposed congestion charges in the day-ahead market. Limited market data is available in the CAISO auction and between auction dates; therefore, the Utility utilizes historical prices to forecast forward prices. CRRs are classified as Level 3.

Level 3 Measurements and Uncertainty Analysis

Inputs used and the fair value of Level 3 instruments are reviewed period-over-period and compared with market conditions to determine reasonableness.

Significant increases or decreases in any of those inputs would result in a significantly higher or lower fair value, respectively. All reasonable costs related to Level 3 instruments are expected to be recoverable through customer rates; therefore, there is no impact to net income resulting from changes in the fair value of these instruments. (See Note 8 above.)

(in millions)	Fair Value at September 30, 2020				
Fair Value Measurement	Assets	Liabilities	Valuation Technique	Unobservable Input	Range[1] / Weighted-Average Price[2]
Congestion revenue rights	$ 131	$ 57	Market approach	CRR auction prices	$(20.20) - $20.20 / 0.27
Power purchase agreements	$ 11	$ 182	Discounted cash flow	Forward prices	$11.92 - $97.45 / 33.25

[1] Represents price per megawatt-hour.
[2] Unobservable inputs were weighted by the relative fair value of the instruments.

(in millions)	Fair Value at December 31, 2019				
Fair Value Measurement	**Assets**	**Liabilities**	**Valuation Technique**	**Unobservable Input**	**Range [1]/Weighted-Average Price [2]**
Congestion revenue rights	$ 140	$ 44	Market approach	CRR auction prices	$(20.20) - $20.20 / 0.28
Power purchase agreements	$ 21	$ 112	Discounted cash flow	Forward prices	$11.77 - $59.38 / 33.62

[1] Represents price per megawatt-hour.
[2] Unobservable inputs were weighted by the relative fair value of the instruments.

Level 3 Reconciliation

The following table presents the reconciliation for Level 3 instruments for the three and nine months ended September 30, 2020 and 2019:

	Price Risk Management Instruments	
(in millions)	**2020**	**2019**
Asset (liability) balance as of July 1	**$ (66)**	**$ 109**
Net realized and unrealized losses:		
Included in regulatory assets and liabilities or balancing accounts [1]	(31)	(75)
Asset (liability) balance as of September 30	**$ (97)**	**$ 34**

[1] The costs related to price risk management activities are fully passed through to customers in rates. Accordingly, unrealized gains and losses are deferred in regulatory liabilities and assets and net income is not impacted.

	Price Risk Management Instruments	
(in millions)	**2020**	**2019**
Asset balance as of January 1	**$ 5**	**$ 95**
Net realized and unrealized gains (losses):		
Included in regulatory assets and liabilities or balancing accounts [1]	(102)	(61)
Asset (liability) balance as of September 30	**$ (97)**	**$ 34**

[1] The costs related to price risk management activities are fully passed through to customers in rates. Accordingly, unrealized gains and losses are deferred in regulatory liabilities and assets and net income is not impacted.

Financial Instruments

PG&E Corporation and the Utility use the following methods and assumptions in estimating fair value for financial instruments: the fair values of cash, net accounts receivable; short-term borrowings; accounts payable; and customer deposits approximate their carrying values at September 30, 2020 and December 31, 2019, as they are short-term in nature.

The carrying amount and fair value of PG&E Corporation's and the Utility's long-term debt instruments were as follows (the table below excludes financial instruments with carrying values that approximate their fair values):

	At September 30, 2020		At December 31, 2019	
(in millions)	**Carrying Amount**	**Level 2 Fair Value**	**Carrying Amount[1]**	**Level 2 Fair Value[1][2]**
Debt (Note 5)				
PG&E Corporation	$ 1,904	$ 1,942	$ —	$ —
Utility	29,657	30,637	1,500	1,500

[1] On January 29, 2019 PG&E Corporation and the Utility filed for Chapter 11 protection. Debt held by PG&E Corporation and the Utility became debt subject to compromise and is valued at the allowed claim amount. For more information, see Note 2 and Note 5.
[2] The fair value of the Utility pre-petition debt was $17.9 billion at December 31, 2019. For more information, see Note 2 and Note 5.

Nuclear Decommissioning Trust Investments

The following table provides a summary of equity securities and available-for-sale debt securities:

(in millions)

As of September 30, 2020	Amortized Cost	Total Unrealized Gains	Total Unrealized Losses	Total Fair Value
Nuclear decommissioning trusts				
Short-term investments	$ 12	$ —	$ —	$ 12
Global equity securities	584	1,670	(9)	2,245
Fixed-income securities	1,486	164	(3)	1,647
Total [1]	**$ 2,082**	**$ 1,834**	**$ (12)**	**$ 3,904**
As of December 31, 2019				
Nuclear decommissioning trusts				
Short-term investments	$ 6	$ —	$ —	$ 6
Global equity securities	500	1,609	(2)	2,107
Fixed-income securities	1,505	89	(4)	1,590
Total [1]	**$ 2,011**	**$ 1,698**	**$ (6)**	**$ 3,703**

[1] Represents amounts before deducting $586 million and $530 million for the periods ended September 30, 2020 and December 31, 2019, respectively, primarily related to deferred taxes on appreciation of investment value.

The fair value of fixed-income securities by contractual maturity is as follows:

(in millions)	As of September 30, 2020
Less than 1 year	$ 23
1–5 years	452
5–10 years	402
More than 10 years	770
Total maturities of fixed-income securities	**$ 1,647**

The following table provides a summary of activity for fixed income and equity securities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Proceeds from sales and maturities of nuclear decommissioning trust investments	$ 890	$ 346	$ 1,144	$ 808
Gross realized gains on securities	51	45	59	67
Gross realized losses on securities	(22)	(5)	(34)	(12)

NOTE 10: WILDFIRE-RELATED CONTINGENCIES

PG&E Corporation and the Utility have significant contingencies arising from their operations, including contingencies related to wildfires. A provision for a loss contingency is recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. PG&E Corporation and the Utility evaluate which potential liabilities are probable and the related range of reasonably estimated losses and record a charge that reflects their best estimate or the lower end of the range, if there is no better estimate. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of losses is estimable, often involves a series of complex judgments about future events. Loss contingencies are reviewed quarterly, and estimates are adjusted to reflect the impact of all known information, such as negotiations, discovery, settlements and payments, rulings, advice of legal counsel, and other information and events pertaining to a particular matter. PG&E Corporation's and the Utility's provision for loss and expense excludes anticipated legal costs, which are expensed as incurred. PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows may be materially affected by the outcome of the following matters.

2015 Butte Fire

In September 2015, a wildfire (the "2015 Butte fire") ignited and spread in Amador and Calaveras Counties in Northern California. Cal Fire concluded that the 2015 Butte fire was caused when a gray pine tree contacted the Utility's electric line, which ignited portions of the tree, and determined that the failure by the Utility and/or its vegetation management contractors, ACRT Inc. and Trees, Inc., to identify certain potential hazards during its vegetation management program ultimately led to the failure of the tree.

During the quarter ended September 30, 2020, the remaining 2015 Butte fire claims were satisfied and discharged in accordance with the Plan. See "Pre-Petition Wildfire-Related Claims and Discharge Upon Plan Effective Date" and "District Attorneys' Office Investigations" below for more information on the 2015 Butte fire.

2018 Camp Fire and 2017 Northern California Wildfires Background

According to Cal Fire, on November 8, 2018 at approximately 6:33 a.m., a wildfire began near the city of Paradise, Butte County, California (the "2018 Camp fire"), which is located in the Utility's service territory. Cal Fire's Camp Fire Incident Information Website as of November 15, 2019 (the "Cal Fire website") indicated that the 2018 Camp fire consumed 153,336 acres. On the Cal Fire website, Cal Fire reported 85 fatalities and the destruction of 18,804 structures resulting from the 2018 Camp fire.

Beginning on October 8, 2017, multiple wildfires spread through Northern California, including Napa, Sonoma, Butte, Humboldt, Mendocino, Lake, Nevada, and Yuba Counties, as well as in the area surrounding Yuba City (the "2017 Northern California wildfires"). According to the Cal Fire California Statewide Fire Summary dated October 30, 2017, at the peak of the 2017 Northern California wildfires, there were 21 major fires that, in total, burned over 245,000 acres and destroyed an estimated 8,900 structures. The 2017 Northern California wildfires resulted in 44 fatalities.

PG&E Corporation and the Utility were subject to numerous claims in connection with the 2018 Camp fire and 2017 Northern California wildfires. These included claims by various groups of wildfire victims, including individual plaintiffs, holders of insurance subrogation claims, and various federal, state and local entities. During the quarter ended September 30, 2020, these claims have been satisfied and discharged in accordance with the Plan, as described below.

Pre-petition Wildfire-Related Claims and Discharge Upon Plan Effective Date

Pre-petition wildfire-related claims on the Condensed Consolidated Financial Statements include amounts associated with the 2018 Camp fire, the 2017 Northern California wildfires, and the 2015 Butte fire.

On July 1, 2020, pursuant to the Plan, PG&E Corporation and the Utility funded the Fire Victim Trust with $5.4 billion in cash (with an additional $1.35 billion to be funded on a deferred basis), 477.0 million shares of common stock of PG&E Corporation (representing 22.19% of the outstanding common stock of PG&E Corporation as of the Effective Date (subject to potential adjustments)), plus the assignment of certain rights and causes of action. Additionally, as a result of the Equity Units Underwriters exercising their option to purchase 1.45 million additional Equity Units, on August 3, 2020, PG&E Corporation made an equity contribution of 748,415 shares to the Utility which delivered such additional shares of common stock to the Fire Victim Trust pursuant to an anti-dilution provision in the assignment agreement with the Fire Victim Trust. In accordance with the Plan and the Confirmation Order, as a result of such funding, all Fire Victim Claims have been fully and finally satisfied, released and discharged and channeled to the Fire Victim Trust with no recourse to PG&E Corporation or the Utility. Accordingly, $12.15 billion of the $13.5 billion liability as of June 30, 2020 was extinguished in the third quarter of 2020, and the remaining $1.35 billion will be paid out under the terms of the Tax Benefits Payment Agreement, as described in Note 2 under the heading "Significant Bankruptcy Court Actions."

On July 1, 2020, PG&E Corporation and the Utility funded the Subrogation Wildfire Trust for the benefit of holders of Subrogation Claims in the amount of $11.0 billion in cash and paid approximately $43 million in respect of professional fees of such claimants, for a total of approximately $52 million for subrogation wildfire claimants' professional fees. Such amount was initially funded into escrow and later paid to the Subrogation Wildfire Trust. In accordance with the Plan and the Confirmation Order, as a result of such funding, all Subrogation Claims have been satisfied, released and discharged and channeled to the Subrogation Wildfire Trust with no recourse to PG&E Corporation or the Utility. Accordingly, the $11.0 billion liability accrual for Subrogation Claims and $47.5 million liability for professional fees was extinguished in the third quarter of 2020.

On July 1, 2020, PG&E Corporation and the Utility paid $1.0 billion in cash to the Settling Public Entities and established a segregated fund in the amount of $10 million to be used to reimburse the Settling Public Entities for any and all legal fees and costs associated with the defense or resolution of any third party claims against the Settling Public Entities. In accordance with the Plan and the Confirmation Order, as a result of such payments, the $1.0 billion liability for the Public Entity Wildfire Claims has been satisfied, released and discharged in the third quarter of 2020.

Plan Support Agreements with Public Entities

On June 18, 2019, PG&E Corporation and the Utility entered into PSAs with certain local public entities (collectively, the "Supporting Public Entities") providing for an aggregate of $1.0 billion to be paid by PG&E Corporation and the Utility to such public entities pursuant to the Plan in order to fully and finally settle and discharge such public entities' claims against PG&E Corporation and the Utility relating to the 2018 Camp fire, 2017 Northern California wildfires and 2015 Butte fire (collectively, "Public Entity Wildfire Claims").

The PSAs also provide that, following the Effective Date, PG&E Corporation and the Utility would create and promptly fund $10 million to a segregated fund to be used by the Supporting Public Entities collectively in connection with the defense or resolution of claims against the Supporting Public Entities by third parties relating to the wildfires noted above ("Third Party Claims").

These elements were incorporated into the Plan which was approved by the Bankruptcy Court in the Confirmation Order. As described in Note 2 under the heading "Significant Bankruptcy Court Actions," the actions required by each PSA were taken on or around the Effective Date.

Restructuring Support Agreement with Holders of Subrogation Claims

On September 22, 2019, PG&E Corporation and the Utility entered into the Subrogation RSA. The Subrogation RSA provides for an aggregate amount of $11.0 billion to be paid by PG&E Corporation and the Utility pursuant to the Plan in order to fully and finally settle the Subrogation Claims, upon the terms and conditions set forth in the Subrogation RSA. Under the Subrogation RSA, PG&E Corporation and the Utility have also agreed to reimburse the holders of Subrogation Claims for professional fees of up to $55 million, upon the terms and conditions set forth in the Subrogation RSA.

As described above under the heading "Pre-petition Wildfire-Related Claims and Discharge Upon Plan Effective Date," the payments described in the Subrogation RSA were made on the Effective Date.

Restructuring Support Agreement with the TCC

On December 6, 2019, PG&E Corporation and the Utility entered into the TCC RSA. The TCC RSA provides for, among other things, a combination of cash and common stock of the reorganized PG&E Corporation to be provided by PG&E Corporation and the Utility pursuant to the Plan (together with certain additional rights, the "Aggregate Fire Victim Consideration") in order to settle and discharge the Fire Victim Claims, upon the terms and conditions set forth in the TCC RSA and the Plan. The Aggregate Fire Victim Consideration that will fund the Fire Victim Trust pursuant to the Plan for the benefit of holders of the Fire Victim Claims will consist of (a) $5.4 billion in cash that was contributed on the Effective Date of the Plan, (b) $1.35 billion in cash consisting of (i) $650 million to be paid in cash on or before January 15, 2021 and (ii) the remaining balance of $1.35 billion to be paid in cash on or before January 15, 2022, in each case pursuant to the terms of a tax benefit payment agreement to be entered into between the Fire Victim Trust and the reorganized Utility, and (c) an amount of common stock of the reorganized PG&E Corporation valued at 14.9 times Normalized Estimated Net Income (as defined in the TCC RSA), except that the Fire Victim Trust's share ownership of the reorganized PG&E Corporation would not be less than 20.9% based on the number of fully diluted shares of the reorganized PG&E Corporation outstanding as of the Effective Date of the Plan, assuming the Utility's allowed ROE as of the date of the TCC RSA. Under certain circumstances, including certain change of control transactions and in connection with the monetization of certain tax benefits related to the payment of wildfire-related claims, the payments described in clause (b) will be accelerated and payable upon an earlier date. The Aggregate Fire Victim Consideration also includes (1) the assignment by PG&E Corporation and the Utility to the Fire Victim Trust of certain rights and causes of action related to the 2015 Butte fire, the 2017 Northern California wildfires and the 2018 Camp fire (together, the "Fires") that PG&E Corporation and the Utility may have against certain third parties and (2) the assignment of rights under the 2015 insurance policies to resolve any claims related to the Fires in those policy years, other than the rights of PG&E Corporation and the Utility to be reimbursed under the 2015 insurance policies for claims submitted to and paid by PG&E Corporation and the Utility prior to the Petition Date to resolve any claims related to the Fires in those policy years. On June 11, 2020, PG&E Corporation and the Utility and the TCC agreed that the percentage ownership of the Fire Victim Trust will be 22.19% of the outstanding shares of the PG&E Corporation on the Effective Date, subject to potential adjustments.

Pursuant to further discussions with claimants relating to the Ghost Ship fire, certain provisions of the TCC RSA were superseded by the terms of the Plan, and accordingly the above description of the TCC RSA has been revised to reflect the fact that claims arising out of the Ghost Ship fire will be resolved separately from the TCC RSA.

As described above under the heading "Pre-petition Wildfire-Related Claims and Discharge Upon Plan Effective Date," the funding to be made pursuant to the TCC RSA and the Plan were made on the Effective Date.

2019 Kincade Fire

According to Cal Fire, on October 23, 2019 at approximately 9:27 p.m., a wildfire began northeast of Geyserville in Sonoma County, California (the "2019 Kincade fire"), located in the service territory of the Utility. The Cal Fire Kincade Fire Incident Update dated November 20, 2019, 11:02 a.m. Pacific Time (the "incident update") indicated that the 2019 Kincade fire had consumed 77,758 acres. In the incident update, Cal Fire reported no fatalities and four first responder injuries. The incident update also indicates the following: structures destroyed, 374 (consisting of 174 residential structures, 11 commercial structures and 189 other structures); and structures damaged, 60 (consisting of 35 residential structures, one commercial structure and 24 other structures). In connection with the 2019 Kincade fire, state and local officials issued numerous mandatory evacuation orders and evacuation warnings at various times for certain areas of the region. Based on County of Sonoma information, PG&E Corporation and the Utility understand that the geographic zones subject to either a mandatory evacuation order or an evacuation warning between October 23, 2019 and November 4, 2019 included approximately 200,000 persons.

On October 23, 2019, by 3:00 p.m. Pacific Time, the Utility had conducted a PSPS event and turned off the power to approximately 27,837 customers in Sonoma County, including Geyserville and the surrounding area. As part of the PSPS, the Utility's distribution lines in these areas were deenergized. Following the Utility's established and CPUC-approved PSPS protocols and procedures, transmission lines in these areas remained energized.

The Utility has submitted electric incident reports to the CPUC indicating that:

- at approximately 9:19 p.m. Pacific Time on October 23, 2019, the Utility became aware of a transmission level outage on the Geysers #9 Lakeville 230 kV line when the line relayed and did not reclose;
- various generating facilities on the Geysers #9 Lakeville 230kV line detected the disturbance and separated at approximately the same time;
- at approximately 9:21 p.m. Pacific Time, the PG&E Grid Control Center received a report that a fire had started in an area near transmission tower 001/006;
- at approximately 7:30 a.m. Pacific Time on October 24, 2019, a responding Utility troubleman patrolling the Geysers #9 Lakeville 230 kV line observed that Cal Fire had taped off the area around the base of transmission tower 001/006 in the area of the 2019 Kincade fire; and
- on site Cal Fire personnel brought to the troubleman's attention what appeared to be a broken jumper on the same tower.

On July 16, 2020, Cal Fire issued a press release addressing the cause of the 2019 Kincade fire. Cal Fire has determined that "the Kincade Fire was caused by electrical transmission lines owned and operated by Pacific Gas and Electric (PG&E) located northeast of Geyserville. Tinder dry vegetation and strong winds combined with low humidity and warm temperatures contributed to extreme rates of fire spread."

Cal Fire also indicated that its investigative report has been forwarded to the Sonoma County District Attorney's Office, which is investigating the matter. On September 25, 2020, the Utility entered into a tolling agreement with the Sonoma County District Attorney's Office in which the Utility agreed to waive any applicable statute of limitations for violations related to the Kincade fire that would otherwise have expired on or about October 23, 2020, for a period of six months, until April 23, 2021.

PG&E Corporation and the Utility are also conducting their own investigation into the cause of the 2019 Kincade fire. This investigation is preliminary, and PG&E Corporation and the Utility do not have access to all of the evidence in the possession of Cal Fire or other third parties.

Potential liabilities related to the Kincade fire depend on various factors, including but not limited to the cause of the fire, contributing causes of the fire (including alternative potential origins, weather- and climate-related issues), the number, size and type of structures damaged or destroyed, the contents of such structures and other personal property damage, the number and types of trees damaged or destroyed, attorneys' fees for claimants, the nature and extent of any personal injuries, the amount of fire suppression and clean-up costs, other damages the Utility may be responsible for if found negligent, and the amount of any penalties, fines, or restitution that may be imposed by governmental entities.

If the Utility's facilities, such as its electric distribution and transmission lines, are judicially determined to be the substantial cause of the Kincade fire, and the doctrine of inverse condemnation applies, the Utility could be liable for property damage, business interruption, interest and attorneys' fees without having been found negligent. California courts have imposed liability under the doctrine of inverse condemnation in legal actions brought by property holders against utilities on the grounds that losses borne by the person whose property was damaged through a public use undertaking should be spread across the community that benefited from such undertaking, and based on the assumption that utilities have the ability to recover these costs from their customers. Further, California courts have determined that the doctrine of inverse condemnation is applicable regardless of whether the CPUC ultimately allows recovery by the utility for any such costs. The CPUC may decide not to authorize cost recovery even if a court decision were to determine that the Utility is liable as a result of the application of the doctrine of inverse condemnation. (See "Loss Recoveries – Regulatory Recovery" below for further information regarding potential cost recovery related to the wildfires.)

In light of the current state of the law concerning inverse condemnation and the information currently available to PG&E Corporation and the Utility, including the information contained in the electric incident reports, Cal Fire's determination of the cause, and other information gathered as part of PG&E Corporation's and the Utility's investigation, PG&E Corporation and the Utility believe it is probable that they will incur a loss in connection with the 2019 Kincade fire. PG&E Corporation and the Utility recorded a charge in the amount of $600 million for the six months ended June 30, 2020 (before available insurance). Based on additional facts and circumstances available to the Utility as of the date of this filing, PG&E Corporation and the Utility recorded an additional charge for potential losses in connection with the 2019 Kincade fire in the amount of $25 million for the three months ended September 30, 2020.

The aggregate liability of $625 million for claims in connection with the 2019 Kincade fire (before available insurance) corresponds to the lower end of the range of PG&E Corporation's and the Utility's reasonably estimable range of losses and is subject to change based on additional information. The $625 million estimate does not include, among other things, (i) any amounts for potential penalties or fines that may be imposed by governmental entities on PG&E Corporation or the Utility, (ii) any punitive damages, (iii) any amounts in respect of compensation claims by Federal or state agencies other than state fire suppression costs, (iv) evacuation costs or (v) any other amounts that are not reasonably estimable.

The $600 million estimate of the lower end of the range of PG&E Corporation's and the Utility's reasonably estimable range of losses from the end of the prior quarter was based primarily on publicly available information and the Utility had not received significant data regarding actual claimed losses from potential claimants. Since that time, the Utility has received certain information from potential claimants, including certain information received from holders of certain insurance subrogation claims, leading to an increase in such estimate of the lower end. The Utility believes it will continue to receive additional information from potential claimants as litigation or resolution efforts progress. Any such additional information may potentially allow PG&E Corporation and the Utility to refine such estimate and may result in additional changes to the accrual depending on the information provided.

PG&E Corporation and the Utility currently believe that it is reasonably possible that the amount of loss could be greater than $625 million (before available insurance) but are unable to reasonably estimate the additional loss and the upper end of the range because, as described above, there are a number of unknown facts and legal considerations that may impact the amount of any potential liability, including the total scope and nature of claims that may be asserted against PG&E Corporation and the Utility. If the liability for the 2019 Kincade fire were to exceed $1.0 billion, it is possible the Utility would be eligible to make a claim to the Wildfire Fund under AB 1054 for such excess amount, subject to the 40% limitation on claims arising before emergence from bankruptcy. PG&E Corporation and the Utility intend to continue to review the available information and other information as it becomes available, including evidence in Cal Fire's possession, evidence from or held by other parties, claims that have not yet been submitted, and additional information about the nature and extent of potential damages.

The process for estimating losses associated with potential claims related to the 2019 Kincade fire requires management to exercise significant judgment based on a number of assumptions and subjective factors, including the factors identified above and estimates based on currently available information and prior experience with wildfires. As more information becomes available, management estimates and assumptions regarding the potential financial impact of the 2019 Kincade fire may change.

The Utility has liability insurance from various insurers, which provides coverage for third-party liability attributable to the Kincade fire in an aggregate amount of $430 million. The Utility records insurance recoveries when it is deemed probable that recovery will occur, and the Utility can reasonably estimate the amount or its range. As of September 30, 2020, the Utility has recorded an insurance receivable for the full amount of the $430 million. While the Utility plans to seek recovery of all insured losses, it is unable to predict the ultimate amount and timing of such insurance recoveries.

PG&E Corporation and the Utility have received and are responding to data requests from the SED relating to the Kincade fire. The Sonoma County District Attorney's Office is currently investigating the fire and various other entities may also be investigating the fire. It is uncertain when the investigations will be complete.

As of October 28, 2020, PG&E Corporation and the Utility are aware of 16 complaints on behalf of approximately 377 plaintiffs related to the 2019 Kincade fire and expects that they may receive further such complaints. The complaints were filed in the California Superior Court for the County of Sonoma and include claims based on multiple theories of liability, including inverse condemnation, negligence, violations of the Public Utilities Code, violations of the Health & Safety Code, premises liability, trespass, public nuisance and private nuisance. The plaintiffs in each action principally assert that PG&E Corporation's and the Utility's alleged failure to properly maintain, inspect and de-energize their transmission lines was the cause of the 2019 Kincade fire. The plaintiffs seek damages that include property damage, economic loss, punitive damages, exemplary damages, attorneys' fees and other damages.

In addition to claims for property damage, business interruption, interest and attorneys' fees, the Utility could be liable for fire suppression costs, evacuation costs, medical expenses, personal injury damages, punitive damages and other damages under other theories of liability, including if the Utility were found to have been negligent.

2020 Zogg Fire

According to Cal Fire, on September 27, 2020, a wildfire began in the area of Zogg Mine Road and Jenny Bird Lane, north of Igo in Shasta County, California (the "2020 Zogg fire"), located in the service territory of the Utility. The Cal Fire Zogg fire Incident Update dated October 16, 2020, 3:08 p.m. Pacific Time (the "incident update"), indicated that the 2020 Zogg fire had consumed 56,338 acres. The incident update reported four fatalities and one injury. The incident update also indicated that 27 structures were damaged and 204 structures were destroyed.

On October 9, 2020, the Utility submitted an electric incident report to the CPUC indicating that:

- wildfire camera and satellite data on September 27, 2020 show smoke, heat or signs of fire in the area of Zogg Mine Road and Jenny Bird Lane between approximately 2:43 p.m. and 2:46 p.m. Pacific Time;

- according to Utility records, on September 27, 2020, a SmartMeter and a line recloser serving the area of Zogg Mine Road and Jenny Bird Lane reported alarms and other activity between approximately 2:40 p.m. and 3:06 p.m. Pacific Time when the line recloser de-energized a portion of the Girvan 1101 12 kV circuit, a distribution line that serves that area;

- the data currently available to the Utility do not establish the causes of the activity on the Girvan 1101 circuit or the locations of these causes;

- on October 9, 2020, Cal Fire informed the Utility that they had taken possession of Utility equipment as part of Cal Fire's ongoing investigation into the cause of the 2020 Zogg fire and allowed the Utility access to the area; and

- Cal Fire has not issued a determination as to the cause.

The cause of the 2020 Zogg fire remains under investigation by Cal Fire, and PG&E Corporation and the Utility are cooperating with its investigation. The Shasta County District Attorney's Office is investigating the fire, and various other entities, which may include other law enforcement agencies, may also be investigating the fire. It is uncertain when any such investigations will be complete. PG&E Corporation and the Utility are also conducting their own investigation into the cause of the 2020 Zogg fire. This investigation is preliminary, and PG&E Corporation and the Utility do not have access to all of the evidence in the possession of Cal Fire or other third parties.

Based on the facts and circumstances available to PG&E Corporation and the Utility as of the date of this filing, including the information contained in the electric incident report and other information gathered as part of PG&E Corporation's and the Utility's investigation, PG&E Corporation and the Utility believe it is reasonably possible that they will incur a loss in connection with the 2020 Zogg fire. However, due to the limited amount of time that has elapsed since the start of the 2020 Zogg fire, the preliminary stages of the investigations, and the uncertainty as to the extent and magnitude of potential losses, PG&E Corporation and the Utility cannot reasonably estimate the amount or range of such possible loss at this time.

While the cause of the 2020 Zogg fire remains under investigation and there are a number of unknown facts surrounding the cause of the 2020 Zogg fire, the Utility could be subject to significant liability in connection with this fire. If such liability were to exceed insurance coverage, it could have a material impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows.

As of October 28, 2020, PG&E Corporation and the Utility are aware of one complaint on behalf of approximately six plaintiffs that may be related to the 2020 Zogg fire and expect that they may receive further such complaints. The one complaint filed thus far has, as of October 28, 2020, not yet been served on PG&E Corporation or the Utility, and PG&E Corporation and the Utility have not yet had the opportunity to review it.

In addition to claims for property damage, business interruption, interest and attorneys' fees, the Utility could be liable for fire suppression costs, evacuation costs, medical expenses, personal injury damages, punitive damages and other damages under other theories of liability, including if the Utility were found to have been negligent.

Loss Recoveries

PG&E Corporation and the Utility have insurance coverage for liabilities, including wildfire. Additionally, there are several mechanisms that allow for recovery of costs from customers. Potential for recovery is described below. Failure to obtain a substantial or full recovery of costs related to wildfires or any conclusion that such recovery is no longer probable could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows. In addition, the inability to recover costs in a timely manner could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows.

Insurance

Insurance Coverage

PG&E Corporation and the Utility have liability insurance coverage for wildfire events in an amount of $430 million (subject to an initial self-insured retention of $10 million per occurrence) for the period from August 1, 2019 through July 31, 2020, and approximately $1 billion in liability insurance coverage for non-wildfire events (subject to an initial self-insured retention of $10 million per occurrence), comprised of $520 million for the period from August 1, 2019 through July 31, 2020 and $480 million for the period from September 3, 2019 through September 2, 2020. PG&E Corporation's and the Utility's cost of obtaining this wildfire and non-wildfire insurance coverage in place for the period of August 1, 2019 through September 2, 2020 is approximately $212 million.

In July 2020, and through additional purchases in August 2020, the Utility renewed its liability insurance coverage for wildfire events in the amount of $867.5 million (subject to an initial self-insured retention of $60 million), comprised of $825 million for the period of August 1, 2020 to July 31, 2021 and $42.5 million in reinsurance for the period of July 1, 2020 through June 30, 2021. In addition, the Utility renewed its liability insurance coverage for non-wildfire events in the amount of $700 million (subject to an initial self-insured retention of $10 million) for the period from August 1, 2020 through July 31, 2021. PG&E Corporation's and the Utility's cost of obtaining this wildfire and non-wildfire coverage is approximately $859 million.

Various coverage limitations applicable to different insurance layers could result in material uninsured costs in the future depending on the amount and type of damages resulting from covered events.

The Utility's 2020 GRC settlement agreement, currently pending before the Commission, includes a new two-way balancing account that, if approved, would allow the Utility to recover in rates its actual insurance premium costs for up to $1.4 billion in coverage. The Utility is unable to predict the timing and outcome of the 2020 GRC proceeding.

The Utility will not be able to obtain any recovery from the Wildfire Fund for wildfire-related losses in any calendar year that do not exceed the greater of $1.0 billion in the aggregate and the amount of insurance coverage required under AB 1054. (See "Wildfire Fund under AB 1054" below.)

Insurance Receivable

PG&E Corporation and the Utility record a receivable for insurance recoveries when it is deemed probable that recovery of a recorded loss will occur. Through September 30, 2020, PG&E Corporation and the Utility recorded $1.38 billion for probable insurance recoveries in connection with the 2018 Camp fire, $843 million for probable insurance recoveries in connection with the 2017 Northern California wildfires, and $430 million for probable insurance recoveries in connection with the 2019 Kincade fire. These amounts reflect an assumption that the cause of each fire is deemed to be a separate occurrence under the insurance policies. PG&E Corporation and the Utility intend to seek full recovery for all insured losses.

If PG&E Corporation and the Utility are unable to recover the full amount of their insurance, PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows could be materially affected.

The balances for insurance receivables with respect to wildfires are included in Other accounts receivable in PG&E Corporation's and the Utility's Condensed Consolidated Balance Sheets:

Insurance Receivable (in millions)	2019 Kincade fire	2018 Camp fire	2017 Northern California wildfires	2015 Butte fire	Total
Balance at December 31, 2019	**$ —**	**$ 1,380**	**$ 807**	**$ 50**	**$ 2,237**
Accrued insurance recoveries	430	—	—	—	430
Reimbursements	—	(1,380)	(707)	—	(2,087)
Balance at September 30, 2020	**$ 430**	**$ —**	**$ 100**	**$ 50**	**$ 580**

In October 2020, the Utility received another $75 million and $50 million in insurance reimbursements related to the 2017 Northern California wildfires and the 2015 Butte fire, respectively.

Regulatory Recovery

On June 21, 2018, the CPUC issued a decision granting the Utility's request to establish a WEMA to track specific incremental wildfire liability costs effective as of July 26, 2017. The decision does not grant the Utility rate recovery of any wildfire-related costs. Any such rate recovery would require CPUC authorization in a separate proceeding. The Utility may be unable to fully recover costs in excess of insurance, if at all. Rate recovery is uncertain; therefore, the Utility has not recorded a regulatory asset related to any wildfire claims costs. Even if such recovery is possible, it could take a number of years to resolve and a number of years to collect.

In addition, SB 901, signed into law on September 21, 2018, requires the CPUC to establish a CHT, directing the CPUC to limit certain disallowances in the aggregate, so that they do not exceed the maximum amount that the Utility can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service. SB 901 also authorizes the CPUC to issue a financing order that permits recovery, through the issuance of recovery bonds (also referred to as "securitization"), of wildfire-related costs found to be just and reasonable by the CPUC and, only for the 2017 Northern California wildfires, any amounts in excess of the CHT.

On January 10, 2019, the CPUC adopted an OIR, which establishes a process to develop criteria and a methodology to inform determinations of the CHT in future applications under Section 451.2(a) of the Public Utilities Code for recovery of costs related to the 2017 Northern California wildfires.

On July 8, 2019, the CPUC issued a decision in the CHT proceeding. The decision adopts a methodology to determine the CHT based on (1) the maximum additional debt that a utility can take on and maintain a minimum investment grade credit rating; (2) excess cash available to the utility; (3) a potential regulatory adjustment of 20% of the CHT or 5% of the total disallowed wildfire liabilities; and (4) an adjustment to preserve for ratepayers any tax benefits associated with the CHT. The decision also requires a utility to include proposed ratepayer protection measures to mitigate harm to ratepayers as part of an application under Section 451.2(b).

Pursuant to SB 901 and the CPUC's methodology adopted in the CHT OIR, on April 30, 2020, the Utility filed an application with the CPUC seeking authorization for a post-emergence transaction to securitize $7.5 billion of 2017 wildfire claims costs that is designed to not impact amounts billed to customers, with the proceeds used to pay or reimburse the Utility for the payment of wildfire claims costs associated with the 2017 Northern California wildfires. As a result of the proposed transaction, the Utility would retire $6.0 billion of Utility debt and accelerate a $700 million payment due to the Fire Victim Trust.

Failure to obtain a substantial or full recovery of costs related to wildfires could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows.

Wildfire-Related Derivative Litigation

Two purported derivative lawsuits alleging claims for breach of fiduciary duties and unjust enrichment were filed in the San Francisco County Superior Court on November 16, 2017 and November 20, 2017, respectively, naming as defendants certain current and former members of the Board of Directors and certain current and former officers of PG&E Corporation and the Utility. PG&E Corporation and the Utility are named as nominal defendants. These lawsuits were consolidated by the court on February 14, 2018 and are denominated *In Re California North Bay Fire Derivative Litigation*. On April 13, 2018, the plaintiffs filed a consolidated complaint. After the parties reached an agreement regarding a stay of the derivative proceeding pending resolution of the tort actions described above and any regulatory proceeding relating to the 2017 Northern California wildfires, on April 24, 2018, the court entered a stipulation and order to stay. The stay was subject to certain conditions regarding the plaintiffs' access to discovery in other actions. On January 28, 2019, the plaintiffs filed a request to lift the stay for the purposes of amending their complaint to add allegations regarding the 2018 Camp fire. Prior to resolution of the plaintiffs' request to lift the stay, this matter was automatically stayed by PG&E Corporation's and the Utility's commencement of bankruptcy proceedings, as discussed below.

On August 3, 2018, a third purported derivative lawsuit, entitled *Oklahoma Firefighters Pension and Retirement System v. Chew, et al.*, was filed in the U.S. District Court for the Northern District of California, naming as defendants certain current and former members of the Board of Directors and certain current and former officers of PG&E Corporation and the Utility. PG&E Corporation is named as a nominal defendant. The lawsuit alleges claims for breach of fiduciary duties and unjust enrichment as well as a claim under Section 14(a) of the federal Securities Exchange Act of 1934 alleging that PG&E Corporation's and the Utility's 2017 proxy statement contained misrepresentations regarding the companies' risk management and safety programs. On October 15, 2018, PG&E Corporation filed a motion to stay the litigation. Prior to the scheduled hearing on this motion, this matter was automatically stayed by PG&E Corporation's and the Utility's commencement of bankruptcy proceedings, as discussed below. A case management conference is currently set for November 19, 2020.

On October 23, 2018, a fourth purported derivative lawsuit, entitled *City of Warren Police and Fire Retirement System v. Chew, et al.*, was filed in San Francisco County Superior Court, alleging claims for breach of fiduciary duty, corporate waste and unjust enrichment. It names as defendants certain current and former members of the Board of Directors and certain current and former officers of PG&E Corporation, and names PG&E Corporation as a nominal defendant. The plaintiff filed a request with the court seeking the voluntary dismissal of this matter without prejudice on January 18, 2019.

On November 21, 2018, a fifth purported derivative lawsuit, entitled *Williams v. Earley, Jr., et al.*, was filed in federal court in San Francisco, alleging claims identical to those alleged in the *Oklahoma Firefighters Pension and Retirement System v. Chew, et al.* lawsuit listed above against certain current and former officers and directors, and naming PG&E Corporation and the Utility as nominal defendants. This lawsuit includes allegations related to the 2017 Northern California wildfires and the 2018 Camp fire. This action was stayed by stipulation of the parties and order of the court on December 21, 2018, subject to resolution of the pending securities class action. A case management conference is currently set for November 19, 2020.

On December 24, 2018, a sixth purported derivative lawsuit, entitled *Bowlinger v. Chew, et al.*, was filed in San Francisco Superior Court, alleging claims for breach of fiduciary duty, abuse of control, corporate waste, and unjust enrichment in connection with the 2018 Camp fire against certain current and former officers and directors, and naming PG&E Corporation and the Utility as nominal defendants. On February 5, 2019, the plaintiff in *Bowlinger* filed a response to the notice asserting that the automatic stay did not apply to his claims. PG&E Corporation and the Utility accordingly filed a Motion to Enforce the Automatic Stay with the Bankruptcy Court as to the *Bowlinger* action, which was granted. A case management conference is currently set for November 6, 2020.

On January 25, 2019, a seventh purported derivative lawsuit, entitled *Hagberg v. Chew, et al.*, was filed in San Francisco Superior Court, alleging claims for breach of fiduciary duty, abuse of control, corporate waste, and unjust enrichment in connection with the 2018 Camp fire against certain current and former officers and directors, and naming PG&E Corporation and the Utility as nominal defendants. A case management conference is currently set for January 6, 2021.

On January 28, 2019, an eighth purported derivative lawsuit, entitled *Blackburn v. Meserve, et al.*, was filed in federal court alleging claims for breach of fiduciary duty, unjust enrichment, and waste of corporate assets in connection with the 2017 Northern California wildfires and the 2018 Camp fire against certain current and former officers and directors, and naming PG&E Corporation as a nominal defendant. A case management conference is currently set for November 19, 2020.

Due to the commencement of the Chapter 11 Cases, PG&E Corporation and the Utility filed notices in each of these proceedings on February 1, 2019, reflecting that the proceedings were automatically stayed through the Effective Date pursuant to section 362(a) of the Bankruptcy Code. PG&E Corporation's and the Utility's rights with respect to the derivative claims asserted against former officers and directors of PG&E Corporation and the Utility were assigned to the Fire Victim Trust under the TCC RSA. The assignment became effective as of the Effective Date.

The above purported derivative lawsuits were brought against the named defendants on behalf of PG&E Corporation and/or the Utility. As a result of the assignment of these derivative claims to the Fire Victim Trust, any recovery based on the derivative claims would be paid to the Fire Victim Trust. Any such recovery is limited to the extent of any director and officer insurance policy proceeds paid by any insurance carrier to reimburse PG&E Corporation and/or the Utility for amounts paid pursuant to their indemnification obligations in connection with such causes of action.

Securities Class Action Litigation

Wildfire-Related Class Action

In June 2018, two purported securities class actions were filed in the United States District Court for the Northern District of California, naming PG&E Corporation and certain of its current and former officers as defendants, entitled *David C. Weston v. PG&E Corporation, et al.* and *Jon Paul Moretti v. PG&E Corporation, et al.*, respectively. The complaints alleged material misrepresentations and omissions related to, among other things, vegetation management and transmission line safety in various PG&E Corporation public disclosures. The complaints asserted claims under Section 10(b) and Section 20(a) of the federal Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and sought unspecified monetary relief, interest, attorneys' fees and other costs. Both complaints identified a proposed class period of April 29, 2015 to June 8, 2018. On September 10, 2018, the court consolidated both cases and the litigation is now denominated *In re PG&E Corporation Securities Litigation*. The court also appointed the Public Employees Retirement Association of New Mexico ("PERA") as lead plaintiff. The plaintiff filed a consolidated amended complaint on November 9, 2018. After the plaintiff requested leave to amend its complaint to add allegations regarding the 2018 Camp fire, the plaintiff filed a second amended consolidated complaint on December 14, 2018.

Due to the commencement of the Chapter 11 Cases, PG&E Corporation and the Utility filed a notice on February 1, 2019, reflecting that the proceedings were automatically stayed as to PG&E Corporation and the Utility pursuant to section 362(a) of the Bankruptcy Code. On February 15, 2019, PG&E Corporation and the Utility filed a complaint in Bankruptcy Court against the plaintiff seeking preliminary and permanent injunctive relief to extend the stay to the claims alleged against the individual officer defendants.

On February 22, 2019, a third purported securities class action was filed in the United States District Court for the Northern District of California, entitled *York County on behalf of the York County Retirement Fund, et al. v. Rambo, et al.* (the "York County Action"). The complaint names as defendants certain current and former officers and directors, as well as the underwriters of four public offerings of notes from 2016 to 2018. Neither PG&E Corporation nor the Utility is named as a defendant. The complaint alleges material misrepresentations and omissions in connection with the note offerings related to, among other things, PG&E Corporation's and the Utility's vegetation management and wildfire safety measures. The complaint asserts claims under Section 11 and Section 15 of the Securities Act, and seeks unspecified monetary relief, attorneys' fees and other costs, and injunctive relief. On May 7, 2019, the York County Action was consolidated with *In re PG&E Corporation Securities Litigation.*

On May 28, 2019, the plaintiffs in the consolidated securities actions filed a third amended consolidated class action complaint, which includes the claims asserted in the previously filed actions and names as defendants PG&E Corporation, the Utility, certain current and former officers and directors, and the underwriters. On August 28, 2019, the Bankruptcy Court denied PG&E Corporation's and the Utility's request to extend the stay to the claims against the officer, director, and underwriter defendants. On October 4, 2019, the officer, director, and underwriter defendants filed motions to dismiss the third amended complaint, which motions are currently under submission with the District Court.

Satisfaction of HoldCo Rescission or Damage Claims and Subordinated Debt Claims

Claims against PG&E Corporation and the Utility relating to the three purported securities class actions (described above) that have been consolidated and denominated *In re PG&E Corporation Securities Litigation*, U.S. District Court for the Northern District of California, Case No. 18-035509, will be resolved pursuant to the Plan. As described above, these claims consist of pre-petition claims under the Federal securities laws related to, among other things, allegedly misleading statements or omissions with respect to vegetation management and wildfire safety disclosures, and are classified into two categories under the Plan, each of which is subject to subordination under the Bankruptcy Code. The first category of claims consists of pre-petition claims arising from or related to the common stock of PG&E Corporation (such claims, with certain other similar claims against PG&E Corporation, the "HoldCo Rescission or Damage Claims"). The second category of pre-petition claims consists of claims arising from debt securities issued by PG&E Corporation and the Utility (such claims, with certain other similar claims against PG&E Corporation and the Utility, the "Subordinated Debt Claims," and together with the HoldCo Rescission or Damage Claims, the "Subordinated Claims").

While PG&E Corporation and the Utility believe they have defenses to the Subordinated Claims, as well as insurance coverage that may be available in respect of the Subordinated Claims, these defenses may not prevail and any such insurance coverage may not be adequate to cover the full amount of the allowed claims. In that case, PG&E Corporation and the Utility will be required, pursuant to the Plan, to satisfy such claims as follows:

- each holder of an allowed HoldCo Rescission or Damage Claim will receive a number of shares of common stock of PG&E Corporation equal to such holder's HoldCo Rescission or Damage Claim Share (as such term is defined in the Plan); and

- each holder of an allowed Subordinated Debt Claim will receive payment in full in cash.

PG&E Corporation and the Utility have been engaged in settlement efforts with respect to the Subordinated Claims. If the Subordinated Claims are not settled (with any such resolution being subject to the approval of the Bankruptcy Court), PG&E Corporation and the Utility expect that the Subordinated Claims will be resolved by the Bankruptcy Court in the claims reconciliation process and treated as described above under the Plan. Under the Plan, after the Effective Date, PG&E Corporation and the Utility have the authority to compromise, settle, object to, or otherwise resolve proofs of claim, and the Bankruptcy Court retains jurisdiction to hear disputes arising in connection with disputed claims. With respect to the Subordinated Claims, the claims reconciliation process may include litigation of the merits of such claims, including the filing of motions, fact discovery, and expert discovery. The total number and amount of allowed Subordinated Claims, if any, was not determined at the Effective Date. To the extent any such claims are allowed, the total amount of such claims could be material, and therefore could result in (a) the issuance of a material number of shares of common stock of PG&E Corporation with respect to allowed HoldCo Rescission or Damage Claims, and/or (b) the payment of a material amount of cash with respect to allowed Subordinated Debt Claims. There can be no assurance that such claims will not have a material adverse impact on PG&E Corporation's and the Utility's business, financial condition, results of operations, and cash flows.

Further, if shares are issued in respect of allowed HoldCo Rescission or Damage Claims, it may be determined that under the Plan, the Fire Victim Trust should receive additional shares of common stock of PG&E Corporation (assuming, for this purpose, that shares issued in respect of the HoldCo Rescission or Damage Claims were issued on the Effective Date).

The named plaintiffs in the consolidated securities actions filed proofs of claim with the Bankruptcy Court on or before the bar date that reflect their securities litigation claims against PG&E Corporation and the Utility. On December 9, 2019, the lead plaintiff in the consolidated securities actions filed a motion seeking approval from the Bankruptcy Court to treat its proof of claim as a class proof of claim. On February 27, 2020, the Bankruptcy Court issued an order denying the motion, but extending the bar date for putative class members to file proofs of claim until April 16, 2020. On March 6, 2020, the lead plaintiff filed a notice of appeal regarding the denial of its motion. On May 15, 2020, the lead plaintiff filed the opening brief for its appeal. On June 15, 2020, PG&E filed its brief in response. On June 29, 2020, the lead plaintiff filed its reply. No hearing date has been set.

On July 2, 2020, PERA filed a notice of appeal of the Confirmation Order to the District Court, solely to the extent of seeking review of that part of the Confirmation Order approving the Insurance Deduction (as defined in the Plan) with respect to the formula for the determination of the HoldCo Rescission or Damage Claims Share. On September 3, 2020, PERA filed its principal brief in support of the appeal. On October 5, 2020, PG&E Corporation and the Utility filed their response brief. PERA filed its reply brief on October 19, 2020.

On September 1, 2020, PG&E Corporation and the Utility filed a motion (the "Securities Claims Procedures Motion") with the Bankruptcy Court to approve procedures to allow for the resolution of the outstanding and unresolved Subordinated Claims, which motion, among other things, requests approval of certain information request procedures, standard and abbreviate mediation processes, and procedures with respect to the potential filing of omnibus claim objections with respect to the Subordinated Claims. PERA and a number of other parties have filed objections to the Securities Claims Procedures Motion.

On September 28, 2020, PERA filed a second motion requesting the Bankruptcy Court exercise its discretion pursuant to Bankruptcy Rule 7023 to allow PERA to file a class proof of claim on behalf of the holders of Subordinated Claims (the "Renewed 7023 Motion"). The Bankruptcy Court set a briefing schedule that, among other things, (i) adjourned the hearing on the Securities Claims Procedures Motion to November 17, 2020, and (ii) established a briefing scheduled with respect to the Renewed 7023 Motion with a hearing on the motion also scheduled for November 17, 2020. PG&E Corporation's and the Utility's deadline to object to the Renewed 7023 Motion is October 29, 2020.

De-energization Class Action

On October 25, 2019, a purported securities class action was filed in the United States District Court for the Northern District of California, entitled *Vataj v. Johnson et al*. The complaint named as defendants a current director and certain current and former officers of PG&E Corporation. Neither PG&E Corporation nor the Utility was named as a defendant. The complaint alleged materially false and misleading statements regarding PG&E Corporation's wildfire prevention and safety protocols and policies, including regarding the Utility's public safety power shutoffs, that allegedly resulted in losses and damages to holders of PG&E Corporation's securities. The complaint asserted claims under Section 10(b) and Section 20(a) of the federal Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and sought unspecified monetary relief, attorneys' fees and other costs. On February 3, 2020, the District Court granted a stipulation appointing Iron Workers Local 580 Joint Funds, Ironworkers Locals 40,361 & 417 Union Security Funds and Robert Allustiarti co-lead plaintiffs and approving the selection of the plaintiffs' counsel, and further ordered the parties to submit a proposed schedule by February 13, 2020. On February 20, 2020, the District Court issued a scheduling order that required the amended complaint to be filed by April 17, 2020.

On April 17, 2020, the plaintiffs filed an amended complaint asserting the same claims. The amended complaint added PG&E Corporation and a former officer of PG&E Corporation as defendants, and no longer asserts claims against the other two officers of PG&E Corporation previously named in the action.

On May 15, 2020 the officer defendants filed their motion to dismiss in Vataj. On June 19, 2020, the lead plaintiff filed its opposition to the motion to dismiss. On July 10, 2020 the officer defendants filed their reply. The motion is currently under submission with the District Court. As of October 28, 2020, PG&E Corporation had not yet been served with this complaint.

PG&E Corporation and the Utility currently believe it is probable that they will incur a loss in connection with this proceeding and accordingly recorded a charge during the three months ended September 30, 2020. PG&E Corporation and the Utility determined that the amount of the charge recorded in connection with such loss is not material and corresponds to the lower end of the range of PG&E Corporation's and the Utility's reasonably estimable range of losses. This amount is subject to change based on additional information.

PG&E Corporation and the Utility are unable to reasonably estimate the upper end of the range given the early stages of the consolidated securities actions and the de-energization class action, including but not limited to, the fact that the defendants' motions to dismiss have not yet been decided and no discovery has occurred.

Indemnification Obligations

To the extent permitted by law, PG&E Corporation and the Utility have obligations to indemnify directors and officers for certain events or occurrences while a director or officer is or was serving in such capacity, which indemnification obligations extend to the claims asserted against the directors and officers in the securities class action. PG&E Corporation and the Utility maintain directors' and officers' insurance coverage to reduce their exposure to such indemnification obligations. PG&E Corporation and the Utility have provided notice to their insurance carriers of the claims asserted in the wildfire-related securities class actions and derivative litigation, and are in communication with the carriers regarding the applicability of the directors and officers insurance policies to those matters. PG&E Corporation and the Utility additionally have potential indemnification obligations to the underwriters for the Utility's note offerings, pursuant to the underwriting agreements associated with those offerings. PG&E Corporation's and the Utility's indemnification obligations to the officers, directors and underwriters may be limited or affected by the Chapter 11 Cases.

District Attorneys' Offices Investigations

Following the 2018 Camp fire, the Butte County District Attorney's Office and the California Attorney General's Office opened a criminal investigation of the 2018 Camp fire. PG&E Corporation and the Utility were informed by the Butte County District Attorney's Office and the California Attorney General's Office that a grand jury had been empaneled in Butte County.

On March 17, 2020, the Utility entered into the Plea Agreement and Settlement (the "Plea Agreement") with the People of the State of California, by and through the Butte County District Attorney's office (the "People" and the "Butte DA," respectively) to resolve the criminal prosecution of the Utility in connection with the 2018 Camp fire. Subject to the terms and conditions of the Plea Agreement, the Utility agreed to plead guilty to 84 counts of involuntary manslaughter in violation of Penal Code section 192(b) and one count of unlawfully causing a fire in violation of Penal Code section 452, and to admit special allegations pursuant to Penal Code sections 452.1(a)(2), 452.1(a)(3) and 452.1(a)(4).

Per the Plea Agreement, the Utility was sentenced to pay the maximum total fine and penalty of approximately $3.5 million. The Utility also agreed to pay $500,000 to the Butte County District Attorney Environmental and Consumer Protection Fund to reimburse costs spent on the investigation of the 2018 Camp fire.

Simultaneous with entry into the Plea Agreement, the Utility has committed to spend up to $15 million over five years to provide water to Butte County residents impacted by damage to the Utility's Miocene Canal caused by the 2018 Camp fire. In addition, the Utility has consented to the Butte DA consulting, sharing information with and receiving information from the Monitor overseeing the Utility's probation related to the San Bruno explosion through the expiration of the Utility's term of probation and in no event until later than January 31, 2022. This consent is subject to the approval of the federal court overseeing the Utility's probation and the Monitor.

On June 16, 2020 through June 18, 2020, the Butte County Superior Court held proceedings at which the Utility pled guilty and was sentenced according to the terms of the Plea Agreement. On July 21, 2020, the Utility paid the $3.5 million fine and penalty to the Butte County Superior Court and $500,000 to the Butte County District Attorney Environmental and Consumer Protection Fund.

Cal Fire announced that it had determined that "the Kincade Fire was caused by electrical transmission lines owned and operated by Pacific Gas and Electric (PG&E) located northeast of Geyserville. Tinder dry vegetation and strong winds combined with low humidity and warm temperatures contributed to extreme rates of fire spread." Cal Fire also indicated that its investigative report has been forwarded to the Sonoma County District Attorney's Office, which is currently conducting an investigation of the fire. For more information see "2019 Kincade Fire" above.

The Shasta County District Attorney's Office is investigating the 2020 Zogg fire. See "2020 Zogg Fire" above for further information.

Additional investigations and other actions may arise out of the 2019 Kincade fire or the 2020 Zogg fire. The timing and outcome for resolution of any such investigations are uncertain.

SEC Investigation

On March 20, 2019, PG&E Corporation learned that the SEC's San Francisco Regional Office was conducting an investigation related to PG&E Corporation's and the Utility's public disclosures and accounting for losses associated with the 2018 Camp fire, the 2017 Northern California wildfires and the 2015 Butte fire. PG&E Corporation and the Utility are unable to predict the timing and outcome of the investigation.

Clean-up and Repair Costs

The Utility incurred costs of $62 million for clean-up and repair of the Utility's facilities (including $18 million in capital expenditures) through September 30, 2020, in connection with the 2019 Kincade fire. The Utility is authorized to track and seek recovery of clean-up and repair costs through CEMA. (CEMA requests are subject to CPUC approval.) The Utility capitalizes and records as regulatory assets costs that are probable of recovery. At September 30, 2020, the CEMA regulatory asset balance related to the 2019 Kincade fire was zero. Additionally, the capital expenditures for clean-up and repair are included in property, plant and equipment at September 30, 2020.

Failure to obtain a substantial or full recovery of costs that are deemed probable of recovery could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows.

Wildfire Fund under AB 1054

On July 12, 2019, the California governor signed into law AB 1054, a bill which provides for the establishment of a statewide fund that will be available for eligible electric utility companies to pay eligible claims for liabilities arising from wildfires occurring after July 12, 2019 that are caused by the applicable electric utility company's equipment, subject to the terms and conditions of AB 1054. Eligible claims are claims for third party damages resulting from any such wildfires, limited to the portion of such claims that exceeds the greater of (i) $1.0 billion in the aggregate in any calendar year and (ii) the amount of insurance coverage required to be in place for the electric utility company pursuant to Section 3293 of the Public Utilities Code, added by AB 1054.

Electric utility companies that draw from the Wildfire Fund will only be required to repay amounts that are determined by the CPUC in an application for cost recovery not to be just and reasonable, subject to a rolling three-year disallowance cap equal to 20% of the electric utility company's transmission and distribution equity rate base. For the Utility, this disallowance cap is expected to be approximately $2.4 billion for the three-year period starting in 2019, subject to adjustment based on changes in the Utility's total transmission and distribution equity rate base. The disallowance cap is inapplicable in certain circumstances, including if the Wildfire Fund administrator determines that the electric utility company's actions or inactions that resulted in the applicable wildfire constituted "conscious or willful disregard for the rights and safety of others," or the electric utility company fails to maintain a valid safety certification. Costs that the CPUC determines to be just and reasonable will not need to be repaid to the Wildfire Fund, resulting in a draw-down of the Wildfire Fund.

On August 23, 2019, the CPUC approved the Utility's Initial Safety Certification, which under AB 1054 entitles the Utility to certain benefits, including eligibility for a cap on wildfire fund reimbursement and for a reformed prudent manager standard. The Utility satisfied the required elements for its Initial Safety Certificate, as follows: (i) the electrical corporation has an approved wildfire mitigation plan, (ii) the electrical corporation is in good standing, which can be satisfied by the electrical corporation having agreed to implement the findings of its most recent safety culture assessment, if applicable, (iii) the electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience, and (iv) the electrical corporation has established board-of-director-level reporting to the CPUC on safety issues. The Initial Safety Certification is valid for 12 months. Before the expiration of any current safety certification, the Utility must request a new safety certification for the following 12 months, which shall be issued within 90 days if the Utility has provided documentation that it has satisfied the requirements for the safety certification pursuant to Section 8389(e) of the Public Utilities Code, added by AB 1054. The existing safety certification remains valid until a timely request for a new safety certification is acted upon. On July 29, 2020, the Utility submitted its application for a new safety certification.

The Wildfire Fund and disallowance cap will be terminated when the amounts therein are exhausted. The Wildfire Fund is expected to be capitalized with (i) $10.5 billion of proceeds of bonds supported by a 15-year extension of the Department of Water Resources charge to ratepayers, (ii) $7.5 billion in initial contributions from California's three investor-owned electric utility companies and (iii) $300 million in annual contributions paid by California's three investor-owned electric utility companies for at least a 10 year period. The contributions from the investor-owned electric utility companies will be effectively borne by their respective shareholders, as they will not be permitted to recover these costs from ratepayers. The costs of the initial and annual contributions are allocated among the three investor-owned electric utility companies pursuant to a "Wildfire Fund allocation metric" set forth in AB 1054 based on land area in the applicable utility's service territory classified as high fire threat districts and adjusted to account for risk mitigation efforts. The Utility's Wildfire Fund allocation metric is 64.2% (representing an initial contribution of approximately $4.8 billion and annual contributions of approximately $193 million). The Wildfire Fund will only be available for payment of eligible claims so long as there are sufficient funds remaining in the Wildfire Fund. Such funds could be depleted more quickly than expected, including as a result of claims made by California's other participating electric utility companies.

AB 1054 also provides that the first $5.0 billion expended in the aggregate by California's three investor-owned electric utility companies on fire risk mitigation capital expenditures included in their respective approved WMPs will be excluded from their respective equity rate bases. The $5.0 billion of capital expenditures will be allocated among the investor-owned electric utility companies in accordance with their Wildfire Fund allocation metrics (described above). The Utility's allocation is $3.21 billion. AB 1054 contemplates that such capital expenditures may be securitized through a customer charge.

On July 23, 2019, the Utility notified the CPUC of its intent to participate in the Wildfire Fund. On August 7, 2019, PG&E Corporation and the Utility submitted a motion with the Bankruptcy Court for the entry of an order authorizing PG&E Corporation and the Utility to participate in the Wildfire Fund and to make any initial and annual contributions to the Wildfire Fund upon emergence from Chapter 11. On August 26, 2019, the Bankruptcy Court entered an order granting such authorizations. In order to participate in the Wildfire Fund, the Utility also was required to meet the eligibility and other requirements set forth in AB 1054, and to pay its share of the initial contribution to the Wildfire Fund upon emergence from Chapter 11.

On the Effective Date, having satisfied the conditions for the Utility's participation in the Wildfire Fund, PG&E Corporation and the Utility contributed, in accordance with AB 1054, an initial contribution of approximately $4.8 billion and first annual contribution of approximately $193 million to the Wildfire Fund to secure participation of the Utility therein. SDG&E and Edison made their initial contributions to the Wildfire Fund in September 2019.

As of the Effective Date, the Wildfire Fund is available to the Utility to pay for eligible claims arising on or after the effective date of AB 1054, July 12, 2019, subject to a limit of 40% of the amount of allowed claims arising between the effective date of AB 1054 and the Effective Date of the Plan.

For additional information on the Wildfire Fund, see Note 3 above.

NOTE 11: OTHER CONTINGENCIES AND COMMITMENTS

PG&E Corporation and the Utility have significant contingencies arising from their operations, including contingencies related to enforcement and litigation matters and environmental remediation. A provision for a loss contingency is recorded when it is both probable that a loss has been incurred and the amount of the loss can be reasonably estimated. PG&E Corporation and the Utility evaluate the range of reasonably estimated losses and record a provision based on the lower end of the range, unless an amount within the range is a better estimate than any other amount. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. Loss contingencies are reviewed quarterly and estimates are adjusted to reflect the impact of all known information, such as negotiations, discovery, settlements and payments, rulings, penalties related to regulatory compliance, advice of legal counsel, and other information and events pertaining to a particular matter. PG&E Corporation's and the Utility's policy is to exclude anticipated legal costs from the provision for loss and expense these costs as incurred.

The Utility also has substantial financial commitments in connection with agreements entered into to support its operating activities. See "Purchase Commitments" below.

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows may be materially affected by the outcome of the following matters.

Enforcement Matters

U.S. District Court Matters and Probation

In connection with the Utility's probation proceeding, the United States District Court for the Northern District of California has the ability to impose additional probation conditions on the Utility. Additional conditions, if implemented, could be wide-ranging and would impact the Utility's operations, number of employees, costs and financial performance. Depending on the terms of these additional requirements, costs in connections with such requirements could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows.

CPUC and FERC Matters

Order Instituting Investigation into the 2017 Northern California Wildfires and the 2018 Camp Fire

On June 27, 2019, the CPUC issued the Wildfires OII to determine whether the Utility "violated any provision(s) of the California Public Utilities Code (PU Code), Commission General Orders (GO) or decisions, or other applicable rules or requirements pertaining to the maintenance and operation of its electric facilities that were involved in igniting fires in its service territory in 2017." On December 5, 2019, the assigned commissioner issued a second amended scoping memo and ruling that amended the scope of issues to be considered in this proceeding to include the 2018 Camp fire.

As previously disclosed, on December 17, 2019, the Utility, the SED of the CPUC, the CPUC's Office of the Safety Advocate, and CUE jointly submitted to the CPUC a proposed settlement agreement in connection with this proceeding and jointly moved for its approval.

Pursuant to the settlement agreement, the Utility agreed to (i) not seek rate recovery of wildfire-related expenses and capital expenditures in future applications in the amount of $1.625 billion, as specified below, and (ii) incur costs of $50 million in shareholder-funded system enhancement initiatives as described further in the settlement agreement. The settlement agreement stipulates that no violations have been identified in the Tubbs fire. As a result of this finding, the settlement agreement does not prevent the Utility from seeking recovery of costs associated with the Tubbs fire through rates. The amounts set forth in the table below include actual recorded costs and forecasted cost estimates as of the date of the settlement agreement for expenses and capital expenditures which the Utility has incurred or planned to incur to comply with its legal obligations to provide safe and reliable service. While actual costs incurred for certain cost categories are different than what was assumed in the settlement agreement, the Utility has recorded $1.621 billion of the disallowed costs through September 30, 2020 and plans to incur the remaining $4 million in the fourth quarter of 2020.

(in millions) **Description**[1]	**Expense**	**Capital**	**Total**
Distribution Safety Inspections and Repairs Expense (FRMMA/WMPMA)[2]	$ 236	$ —	$ 236
Transmission Safety Inspections and Repairs Expense (TO)[3]	433	—	433
Vegetation Management Support Costs (FHPMA)	36	—	36
2017 Northern California Wildfires CEMA Expense and Capital (CEMA)	82	66	148
2018 Camp Fire CEMA Expense (CEMA)	435	—	435
2018 Camp Fire CEMA Capital for Restoration (CEMA)	—	253	253
2018 Camp Fire CEMA Capital for Temporary Facilities (CEMA)[4]	—	84	84
Total	**$ 1,222**	**$ 403**	**$ 1,625**

[1] Unless indicated otherwise, all amounts included in the table reflect actual recorded costs for 2019.
[2] Includes $29 million forecasted for 2020.
[3] Transmission amounts are under the FERC's regulatory authority.
[4] Includes $59 million forecasted for 2020.

PG&E Corporation and the Utility record a charge when it is both probable that costs incurred or projected to be incurred for recently completed plant will not be recoverable through rates charged to customers and the amount of disallowance can be reasonably estimated.

The Utility expects that the system enhancement spending pursuant to the settlement agreement will occur through 2025.

On April 20, 2020, the assigned commissioner issued a Decision Different adopting, with changes, the proposed modifications set forth in the request for review. The Decision Different (i) increases the amount of disallowed wildfire expenditures by $198 million (as set forth in the POD); (ii) increases the amount of shareholder funding for System Enhancement Initiatives by $64 million (as set forth in the POD); (iii) imposes a $200 million fine but permanently suspends payment of the fine; and (iii) limits the tax savings that must be returned to ratepayers to those savings generated by disallowed operating expenditures. The Decision Different also denies all pending appeals of the POD and denies, in part, the Utility's motion requesting other relief. On April 30, 2020, the Utility submitted its comments on the Decision Different to the CPUC, accepting the modifications. The CPUC approved the Decision Different on May 7, 2020.

The settlement agreement, as modified by the Decision Different, became effective upon: (i) approval by the CPUC in the Decision Different, (ii) following such approval by the CPUC, the June 20, 2020 approval of the Bankruptcy Court, and (iii) the July 1, 2020 effectiveness of the Plan.

As it relates to the additional $198 million in disallowed costs as adopted in the Decision Different, the Utility has recorded charges of $80 million as of September 30, 2020 and intend to record the remaining charges of $118 million in fourth quarter of 2020 and 2021.

On June 8, 2020, two parties filed separate Applications for Rehearing, the purpose of which was to challenge the CPUC's approval of the settlement agreement, as modified. On June 23, 2020, the Utility and CUE filed a joint response opposing the Applications for Rehearing. The Utility is unable to predict the timing and outcome of the CPUC's rulings on the Applications for Rehearing.

Transmission Owner Rate Case Revenue Subject to Refund

The FERC determines the amount of authorized revenue requirements, including the rate of return on electric transmission assets, that the Utility may collect in rates in the TO rate case. The FERC typically authorizes the Utility to charge new rates based on the requested revenue requirement, subject to refund, before the FERC has issued a final decision. The Utility bills and records revenue based on the amounts requested in its rate case filing and records a reserve for its estimate of the amounts that are probable of refund. Rates subject to refund went into effect on March 1, 2017, and March 1, 2018, for TO18 and TO19, respectively. Rates subject to refund for TO20 went into effect on May 1, 2019.

On October 1, 2018, the ALJ issued an initial decision in the TO18 rate case and the Utility filed initial briefs on October 31, 2018, in response to the ALJ's recommendations. On October 15, 2020, FERC issued an order that affirmed in part and reversed in part the initial decision. The order reopens the record for the limited purpose of allowing the participants to this proceeding an opportunity to present written evidence concerning FERC's revised ROE methodology adopted in FERC Opinion No. 569-A, issued on May 21, 2020, that refined the methodology it established in Opinion No. 569 for setting the ROE that electric utilities are authorized to earn on electric transmission investments. In addition, the order approves depreciation rates that yield an estimated composite depreciation rate of 2.94% compared to the Utility's request of 3.25%. Further, the decision reduces forecasted capital, operations and maintenance, and cost of debt expense to actual costs incurred for the rate case period. Finally, the order upheld the initial decision's rejection of the Utility's direct assignment of common plant to FERC and required the allocation of all common plant between CPUC and FERC jurisdiction be based on operating and maintenance labor ratios. Application of the operating and maintenance labor rates would result in an allocation of 6.15% of common plant to FERC in comparison to 8.84% under the Utility's direct assignment method.

On September 21, 2018, the Utility filed an all-party settlement with the FERC, which was approved by FERC on December 20, 2018, in connection with TO19. As part of the settlement, the TO19 revenue requirement will be set at 98.85% of the revenue requirement for TO18 that will be determined upon issuance of a final unappealable decision in TO18.

On November 30, 2018, the FERC issued an order accepting the Utility's October 2018 filing of its TO20 formula rate case, subject to hearings and refund, and established May 1, 2019, as the Effective Date for rate changes. The FERC also ordered that the hearings will be held in abeyance pending settlement discussions among the parties. On March 31, 2020, the Utility filed a partial settlement of TO20 resolving certain issues related to the formula rate but leaving several issues including return on equity, capital structure, and depreciation rates for further settlement discussions or hearing. FERC approved the Partial Settlement on August 17, 2020. On October 15, 2020, the Utility filed a settlement with FERC resolving all of the remaining issues in the Formula Rate Proceedings, including the Utility's ROE, capital structure, depreciation rates, as well as certain other aspects of the Utility's formula rate. The term of the settlement continues until December 31, 2023 and the Utility will be required to file a replacement rate filing to be effective on January 1, 2024. The settlement also required the Utility to concurrently file a motion for interim rates requesting that the settlement rates go into effect on January 1, 2021, while approval of the settlement is pending at FERC. The settlement also provides that the Utility will make supplemental filings in two FERC dockets addressing the calculation of the AFUDC, effective May 1, 2019, to reflect the terms of the settlement. The two AFUDC dockets have not been consolidated with the Formula Rate Proceedings but include capital structure issues addressed by the settlement.

The Utility is unable to predict the timing or outcome of FERC's decisions in the TO18 and TO19 proceedings.

Other Matters

PG&E Corporation and the Utility are subject to various claims and lawsuits that separately are not considered material. Accruals for contingencies related to such matters (excluding amounts related to the contingencies discussed above under "Enforcement and Litigation Matters") totaled $167 million and $116 million at September 30, 2020 and December 31, 2019, respectively. These amounts were included in LSTC at December 31, 2019 and were included in Other current liabilities at September 30, 2020. PG&E Corporation and the Utility do not believe it is reasonably possible that the resolution of these matters will have a material impact on their financial condition, results of operations, or cash flows.

PSPS Class Action

On December 19, 2019, a complaint was filed in the United States Bankruptcy Court for the Northern District of California naming PG&E Corporation and the Utility. The plaintiff seeks certification of a class consisting of all California residents and business owners who had their power shut off by the Utility during the October 9, October 23, October 26, October 28, or November 20, 2019 power outages and any subsequent voluntary outages occurring during the course of litigation. The plaintiff alleges that the necessity for the October and November 2019 power shutoff events was caused by the Utility's negligence in failing to properly maintain its electrical lines and surrounding vegetation. The complaint seeks up to $2.5 billion in special and general damages, punitive and exemplary damages and injunctive relief to require the Utility to properly maintain and inspect its power grid. PG&E Corporation and the Utility believe the allegations are without merit and intend to defend this lawsuit vigorously.

On January 21, 2020, PG&E Corporation and the Utility filed a motion to dismiss the complaint or in the alternative strike the class action allegations. The motion to dismiss and strike was heard by the Bankruptcy Court on March 10, 2020, and on April 3, 2020, the Bankruptcy Court entered an order dismissing the action without leave to amend, finding that the action was preempted under the California Public Utilities Code.

On March 30, 2020, the Bankruptcy Court issued an opinion granting the Utility's motion to dismiss this class action. The court held that plaintiff's class action claims are preempted as a matter of law by section 1759 of the California Public Utilities Code and thus plaintiffs could not pursue civil damages. The court stated that "any claim for damages caused by PSPS events approved by the CPUC, even if based on pre-existing events that may or may not have contributed to the necessity of the PSPS events, would interfere with the CPUC's policy-making decisions."

On April 6, 2020, plaintiff filed a notice of appeal of the Bankruptcy Court decision dismissing the complaint. Plaintiff has elected to have the appeal heard by the District Court, rather than the Bankruptcy Appellate Panel. Plaintiff filed a designation of the record and statement of the issues on April 20, 2020, and the Utility had until May 4, 2020, 14 days thereafter, to file a designation of any additional items.

On June 8, 2020, plaintiff filed its opening brief. The Utility filed its opposition brief on July 6, 2020. Plaintiff's reply brief was filed on August 4, 2020 with a request for oral argument. The court has not yet ruled on plaintiff's request for oral argument.

The Utility is unable to determine the timing and outcome of this proceeding.

GT&S Capital Expenditures 2011-2014

On June 23, 2016, the CPUC approved a final phase one decision in the Utility's 2015 GT&S rate case. The phase one decision excluded from rate base $696 million of capital spending in 2011 through 2014 in excess of the amount adopted in the prior GT&S rate case. The decision permanently disallowed $120 million of that amount and ordered that the remaining $576 million be subject to a review of reasonableness to be conducted, or overseen, by the CPUC staff. The review was completed on June 1, 2020 and did not result in any additional disallowances. The report certified $512 million for future recovery. The difference between the certified amount and the $576 million previously disallowed is primarily a result of differences between capital expenditures forecasted in the 2015 GT&S rate case and recorded capital expenditures.

On July 31, 2020, the Utility filed an application seeking recovery of revenue requirements on the $512 million of capital expenditures retroactive to January 1, 2015. On October 16, 2020, the assigned commissioner issued a scoping memo establishing the scope and schedule for the proceeding. The scoping memo requires the Utility to provide supplemental testimony on January 20, 2021 addressing the reasonableness of the capital expenditures. The scoping memo calls for the issuance of a proposed decision in the fourth quarter of 2021.

The Utility is unable to determine the timing and outcome of this upcoming proceeding.

Environmental Remediation Contingencies

The Utility's environmental remediation liability is primarily included in non-current liabilities on the Condensed Consolidated Balance Sheets and is comprised of the following:

	Balance at	
(in millions)	**September 30, 2020**	**December 31, 2019**
Topock natural gas compressor station	$ 323	$ 362
Hinkley natural gas compressor station	133	138
Former manufactured gas plant sites owned by the Utility or third parties [1]	670	568
Utility-owned generation facilities (other than fossil fuel-fired), other facilities, and third-party disposal sites [2]	99	101
Fossil fuel-fired generation facilities and sites [3]	100	106
Total environmental remediation liability	**$ 1,325**	**$ 1,275**

[1] Primarily driven by the following sites: San Francisco Beach Street, Vallejo, and San Francisco East Harbor.
[2] Primarily driven by Geothermal landfill and Shell Pond site.
[3] Primarily driven by the San Francisco Potrero Power Plant.

The Utility's gas compressor stations, former manufactured gas plant sites, power plant sites, gas gathering sites, and sites used by the Utility for the storage, recycling, and disposal of potentially hazardous substances are subject to requirements issued by the Environmental Protection Agency under the Federal Resource Conservation and Recovery Act in addition to other state hazardous waste laws. The Utility has a comprehensive program in place designed to comply with federal, state, and local laws and regulations related to hazardous materials, waste, remediation activities, and other environmental requirements. The Utility assesses and monitors the environmental requirements on an ongoing basis and implements changes to its program as deemed appropriate. The Utility's remediation activities are overseen by the DTSC, several California regional water quality control boards, and various other federal, state, and local agencies.

The Utility's environmental remediation liability at September 30, 2020, reflects its best estimate of probable future costs for remediation based on the current assessment data and regulatory obligations. Future costs will depend on many factors, including the extent of work necessary to implement final remediation plans, the Utility's time frame for remediation, and unanticipated claims filed against the Utility. The Utility may incur actual costs in the future that are materially different than this estimate and such costs could have a material impact on results of operations, financial condition, and cash flows during the period in which they are recorded. At September 30, 2020, the Utility expected to recover $1,003 million of its environmental remediation liability for certain sites through various ratemaking mechanisms authorized by the CPUC.

For more information, see remediation site descriptions below and see Note 15 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.

Natural Gas Compressor Station Sites

The Utility is legally responsible for remediating groundwater contamination caused by hexavalent chromium used in the past at the Utility's natural gas compressor stations. The Utility is also required to take measures to abate the effects of the contamination on the environment.

Topock Site

The Utility's remediation and abatement efforts at the Topock site are subject to the regulatory authority of the California DTSC and the U.S. Department of the Interior. On April 24, 2018, the DTSC authorized the Utility to build an in-situ groundwater treatment system to convert hexavalent chromium into a non-toxic and non-soluble form of chromium. Construction activities began in October 2018 and will continue for several years. The Utility's undiscounted future costs associated with the Topock site may increase by as much as $221 million if the extent of contamination or necessary remediation is greater than anticipated. The costs associated with environmental remediation at the Topock site are expected to be recovered primarily through the HSM, where 90% of the costs are recovered in rates.

Hinkley Site

The Utility has been implementing remediation measures at the Hinkley site to reduce the mass of the chromium plume in groundwater and to monitor and control movement of the plume. The Utility's remediation and abatement efforts at the Hinkley site are subject to the regulatory authority of the California Regional Water Quality Control Board, Lahontan Region. In November 2015, the California Regional Water Quality Control Board, Lahontan Region adopted a clean-up and abatement order directing the Utility to contain and remediate the underground plume of hexavalent chromium and the potential environmental impacts. The final order states that the Utility must continue and improve its remediation efforts, define the boundaries of the chromium plume, and take other action. Additionally, the final order sets plume capture requirements, requires a monitoring and reporting program, and includes deadlines for the Utility to meet interim cleanup targets. The United States Geological Survey team is currently conducting a background study on the site to better define the chromium plume boundaries. A draft background report was received in January 2020 and is expected to be finalized in 2021. The Utility's undiscounted future costs associated with the Hinkley site may increase by as much as $137 million if the extent of contamination or necessary remediation is greater than anticipated. The costs associated with environmental remediation at the Hinkley site will not be recovered through rates.

Former Manufactured Gas Plants

Former MGPs used coal and oil to produce gas for use by the Utility's customers before natural gas became available. The by-products and residues of this process were often disposed of at the MGPs themselves. The Utility has a program to manage the residues left behind as a result of the manufacturing process; many of the sites in the program have been addressed. The Utility's undiscounted future costs associated with MGP sites may increase by as much as $492 million if the extent of contamination or necessary remediation at currently identified MGP sites is greater than anticipated. The costs associated with environmental remediation at the MGP sites are recovered through the HSM, where 90% of the costs are recovered in rates.

Utility-Owned Generation Facilities and Third-Party Disposal Sites

Utility-owned generation facilities and third-party disposal sites often involve long-term remediation. The Utility's undiscounted future costs associated with Utility-owned generation facilities and third-party disposal sites may increase by as much as $64 million if the extent of contamination or necessary remediation is greater than anticipated. The environmental remediation costs associated with the Utility-owned generation facilities and third-party disposal sites are recovered through the HSM, where 90% of the costs are recovered in rates.

Fossil Fuel-Fired Generation Sites

In 1998, the Utility divested its generation power plant business as part of generation deregulation. Although the Utility sold its fossil-fueled power plants, the Utility retained the environmental remediation liability associated with each site. The Utility's undiscounted future costs associated with fossil fuel-fired generation sites may increase by as much as $40 million if the extent of contamination or necessary remediation is greater than anticipated. The environmental remediation costs associated with the fossil fuel-fired sites will not be recovered through rates.

Nuclear Insurance

The Utility maintains multiple insurance policies through NEIL and European Mutual Association for Nuclear Insurance, covering nuclear or non-nuclear events at the Utility's two nuclear generating units at Diablo Canyon and the retired Humboldt Bay Unit 3. If NEIL losses in any policy year exceed accumulated funds, the Utility could be subject to a retrospective assessment. If NEIL were to exercise this assessment, the maximum aggregate annual retrospective premium obligation for the Utility would be approximately $43 million. If European Mutual Association for Nuclear Insurance losses in any policy year exceed accumulated funds, the Utility could be subject to a retrospective assessment of approximately $4 million. For more information about the Utility's nuclear insurance coverage, see Note 15 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.

Tax Matters

PG&E Corporation's and the Utility's unrecognized tax benefits may change significantly within the next 12 months due to the resolution of audits. As of September 30, 2020, it is reasonably possible that unrecognized tax benefits will decrease by approximately $30 million within the next 12 months.

As of the date of this report, PG&E Corporation did not believe that it had undergone an ownership change, and consequently, its net operating loss carryforwards and other tax attributes are not limited by Section 382 of the Internal Revenue Code.

In March 2020, Congress passed, and the President signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act. Under the CARES Act, PG&E Corporation and the Utility expect to be able to defer the payment of 2020 payroll taxes for the remainder of the year to 2021 and 2022.

During June 2020, the State of California enacted AB 85, which increases taxes on corporations over a three-year period beginning in 2020 by suspension of the net operating loss deduction and a limit of $5 million per year on business tax credits. PG&E Corporation and the Utility do not anticipate any material impacts to PG&E Corporation's Condensed Consolidated Financial Statements due to this legislation.

See "Ownership Restrictions in PG&E Corporation's Amended Articles" in Note 6 for information on the possible election to treat the Fire Victim Trust as a "grantor trust" for federal income tax purposes.

Purchase Commitments

In the ordinary course of business, the Utility enters into various agreements to purchase power and electric capacity; natural gas supply, transportation, and storage; nuclear fuel supply and services; and various other commitments. At December 31, 2019, the Utility had undiscounted future expected obligations of approximately $38 billion. (See Note 15 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.)

Oakland Headquarters Lease

On June 5, 2020, the Utility entered into an Agreement to Enter Into Lease and Purchase Option (the "Agreement") with TMG Bay Area Investments II, LLC ("TMG"). The Agreement provides that, contingent on (i) entry of an order by the Bankruptcy Court authorizing the Utility to enter into the Agreement and the Lease Agreement (as defined below), subject to certain conditions, and (ii) acquisition of the Building (as defined below) by BA2 300 Lakeside LLC ("Landlord"), a wholly owned subsidiary of TMG, the Utility and Landlord will enter into an office lease agreement (the "Lease Agreement") for approximately 910,000 rentable square feet of space within the building located at 300 Lakeside Drive, Oakland, California 94612 (the "Building") to serve as the Utility's principal administrative headquarters (the "Lease"). On June 9, 2020, PG&E Corporation and the Utility filed a motion with the Bankruptcy Court authorizing them to enter into the Agreement and grant related relief. The Bankruptcy Court entered an order approving the motion on June 24, 2020.

The term of the Lease will begin on or about January 1, 2022. The Lease term will expire 34 years and 11 months after the commencement date, unless earlier terminated in accordance with the terms of the Lease. In addition to base rent, the Utility will be responsible for certain costs and charges specified in the Lease, including insurance costs, maintenance costs and taxes.

The Lease will require the Landlord to pursue approvals to subdivide the real estate it owns surrounding the Building to create a separate legal parcel that contains the Building (the "Property") that can be sold to the Utility. The Lease will grant to the Utility an option to purchase the Property, following such subdivision, at a price of $892 million, subject to certain adjustments (the "Purchase Price"). The Purchase Price would not be paid until 2023.

Pursuant to the terms of the Agreement, concurrent with the Landlord's acquisition of the building, on October 23, 2020, the Utility and the Landlord entered into the Lease, and the Utility issued to Landlord (i) an option payment letter of credit in the amount of $75 million on or before the Lease Date (as defined in the Agreement and the Lease Agreement), and (ii) and a lease security letter of credit in the amount of $75 million.

In connection with entry into the Agreement, the Utility intends to sell its current office space generally located at 77 Beale Street, 215 Market Street, 245 Market Street and 50 Main Street, San Francisco, California 94105, and associated properties owned by the Utility ("SFGO"). Any sale of the SFGO would be subject to approval by the CPUC. On September 30, 2020, the Utility filed an application with the CPUC seeking authorization to sell the SFGO.

At September 30, 2020, the Agreement had no impact on PG&E Corporation's and the Utility's Condensed Consolidated Financial Statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

PG&E Corporation is a holding company whose primary operating subsidiary is Pacific Gas and Electric Company, a public utility serving northern and central California. The Utility generates revenues mainly through the sale and delivery of electricity and natural gas to customers.

The Utility is regulated primarily by the CPUC and the FERC. The CPUC has jurisdiction over the rates, terms, and conditions of service for the Utility's electricity and natural gas distribution operations, electric generation, and natural gas transportation and storage. The FERC has jurisdiction over the rates and terms and conditions of service governing the Utility's electric transmission operations and interstate natural gas transportation contracts. The NRC oversees the licensing, construction, operation, and decommissioning of the Utility's nuclear generation facilities. The Utility is also subject to the jurisdiction of other federal, state, and local governmental agencies.

This is a combined quarterly report of PG&E Corporation and the Utility and should be read in conjunction with each company's separate Condensed Consolidated Financial Statements and the Notes to the Condensed Consolidated Financial Statements included in this Form 10-Q. It also should be read in conjunction with the 2019 Form 10-K.

Chapter 11 Proceedings

On the Petition Date, PG&E Corporation and the Utility filed voluntary petitions for relief under Chapter 11 in the Bankruptcy Court. PG&E Corporation's and the Utility's Chapter 11 Cases were jointly administered under the caption In re: PG&E Corporation and Pacific Gas and Electric Company, Case No. 19-30088 (DM). On the Effective Date, PG&E Corporation and the Utility emerged from Chapter 11. For additional information regarding the Chapter 11 Cases, refer to the website maintained by Prime Clerk, LLC, PG&E Corporation's and the Utility's claims and noticing agent, at http://restructuring.primeclerk.com/pge. The contents of this website are not incorporated into this document.

For more information about Chapter 11 emergence and related transactions, see the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Chapter 11 Emergence

PG&E Corporation and the Utility emerged from Chapter 11 on July 1, 2020. For more information regarding the Chapter 11 emergence and the related transactions, see the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Tax Matters

As a result of the Plan, which includes wildfire settlement payments made in the third quarter of 2020, PG&E Corporation expects to have a federal net operating loss carryforward of around $26.0 billion and state net operating loss carryforward of $23.0 billion at the end of 2020.

Under Section 382 of the Internal Revenue Code, if a corporation (or a consolidated group) undergoes an "ownership change," net operating loss carryforwards and other tax attributes may be subject to certain limitations. In general, an ownership change occurs if the aggregate stock ownership of certain shareholders (generally 5% shareholders, applying certain look-through and aggregation rules) increases by more than 50% over such shareholders' lowest percentage ownership during the testing period (generally three years). PG&E Corporation's and the Utility's Amended Articles limit Transfers (as defined in the Amended Articles) that increase a person's ownership of PG&E Corporation's equity securities to more than 4.75% prior to the Restriction Release Date without approval by the Board of Directors. As discussed below under "Update on Ownership Restrictions in PG&E Corporation's Amended Articles," the calculation of the percentage ownership may differ depending on whether the Fire Victim Trust is treated as a qualified settlement trust or grantor trust.

As of the date of this report, PG&E Corporation does not believe that it has undergone an ownership change, and consequently, its net operating loss carryforwards and other tax attributes are not limited by Section 382 of the Internal Revenue Code.

In 2019, $6.75 billion of the liability to be paid to the Fire Victim Trust in PG&E Corporation's common stock was accrued by the Utility. Because the corresponding tax deduction generally occurs no earlier than payment, the Utility established a deferred tax asset for the accrual in 2019. On July 1, 2020, the Utility paid to the Fire Victim Trust 477 million shares of PG&E Corporation's common stock. Because of the price of the stock on the date of transfer, the shares transferred to the Fire Victim Trust were valued at $4.53 billion, $2.22 billion less than the $6.75 billion that had been accrued as a liability in the Condensed Consolidated Financial Statements. Therefore, in the quarter ended June 30, 2020, the Utility recorded a charge of $619 million to adjust the measurement of the deferred tax asset to reflect the tax-effected difference between the accrual of $6.75 billion and the tax deduction of $4.53 billion for the transfer of PG&E Corporation's shares to the Fire Victim Trust.

In addition, this deferred tax asset reflects PG&E Corporation's conclusion as of September 30, 2020 that it is more likely than not that the Fire Victim Trust will be treated as a "qualified settlement fund" for U.S. federal income tax purposes, in which case the corresponding tax deduction will have occurred at the time the PG&E Corporation common stock was transferred to the Fire Victim Trust. As discussed further below under "Update on Ownership Restrictions in PG&E Corporation's Amended Articles," PG&E Corporation believes that it may be beneficial to elect to treat the Fire Victim Trust as a "grantor trust," but only if PG&E Corporation receives favorable determinations from the IRS regarding certain aspects of such election. If PG&E Corporation makes a "grantor trust" election for the Fire Victim Trust, the Utility's tax deduction will occur instead at the time the Fire Victim Trust pays the fire victims and will be based on the price at which the Fire Victim Trust sells the shares. In this case, the accounting treatment will require a re-evaluation under applicable accounting guidance of the remaining deferred tax asset and could result in a further impairment thereof or other material impact on the Condensed Consolidated Financial Statements. Additionally, the value of the deduction may be materially different than the value of the deduction if the Fire Victim Trust is treated as a "qualified settlement fund."

Update on Ownership Restrictions in PG&E Corporation's Amended Articles

The Plan contemplates that the Fire Victim Trust will be treated as a "qualified settlement fund" for U.S. federal income tax purposes, subject to PG&E Corporation's ability to elect to treat the Fire Victim Trust as a "grantor trust" for U.S. federal income tax purposes instead. Based on the facts known to date, PG&E Corporation believes that it may be beneficial to elect to treat the Fire Victim Trust as a "grantor trust" for U.S. federal income tax purposes, subject to receipt of certain favorable determinations from the Internal Revenue Service regarding such election.
If PG&E Corporation were to make a "grantor trust" election with respect to the Fire Victim Trust, then any shares owned by the Fire Victim Trust would effectively be excluded from the total number of outstanding equity securities when calculating a person's percentage ownership for purposes of the 4.75 percent ownership limitation in PG&E Corporation's charter. For example, although PG&E had 1,984,565,829 shares outstanding as of October 20, 2020 for corporate purposes, only 1,506,822,239 shares (the number of outstanding shares of common stock less the number of shares held by the Fire Victim Trust) would count as outstanding for purposes of the ownership restrictions in the Amended Articles. As of October 20, 2020, to the knowledge of PG&E Corporation, the Fire Victim Trust had not sold any shares of PG&E Corporation common stock.

For more information about the ownership restrictions in PG&E Corporation's Amended Articles, see PG&E Corporation's and the Utility's joint quarterly report on Form 10-Q for the period ended June 30, 2020.

Summary of Changes in Net Income and Earnings per Share

PG&E Corporation's net income was $83 million and net loss attributable to common shareholders was $1,518 million in the three and nine months ended September 30, 2020, respectively, compared to net losses of $1,619 million and $4,039 million in the same periods in 2019. PG&E Corporation recognized charges of $526 million and $2.0 billion associated with the 2018 Camp fire and 2017 Northern California wildfires, respectively, for the three months ended September 30, 2019, as compared to a charge of $25 million related to the 2019 Kincade fire in the three months ended September 30, 2020. PG&E Corporation recognized charges of $2.4 billion and $4.0 billion associated with the 2018 Camp fire and 2017 Northern California wildfires, respectively, for the nine months ended September 30, 2019, as compared to a charge of $195 million, net of probable insurance recoveries, related to the 2019 Kincade fire during the same period in 2020. Additionally, in the nine months ended September 30, 2020, PG&E Corporation recognized $1.1 billion of expense related to the Backstop Commitment premium and $452 million of expense related to the Additional Backstop Premium Shares, with no similar amounts for the same periods in 2019.

Key Factors Affecting Financial Results

PG&E Corporation and the Utility believe that their financial condition, results of operations, liquidity, and cash flows may be materially affected by the following factors:

- *The Uncertainties in Connection with Any Future Wildfires, Wildfire Insurance, and AB 1054.* While PG&E Corporation and the Utility cannot predict the occurrence, timing or extent of damages in connection with future wildfires, factors such as environmental conditions (including weather and vegetation conditions) and the efficacy of wildfire risk mitigation initiatives are expected to influence the frequency and severity of future wildfires. To the extent that future wildfires occur in the Utility's service territory, the Utility may incur costs associated with the investigations of the causes and origins of such fires, even if it is subsequently determined that such fires were not caused by the Utility's facilities. Although the financial impact of future wildfires could be mitigated through insurance, the Utility may not be able to obtain sufficient wildfire insurance coverage at a reasonable cost, and any such coverage may include limitations that could result in substantial uninsured losses depending on the amount and type of damages resulting from covered events. In July and August 2020, the Utility renewed its liability insurance coverage for wildfire events in the aggregate amount of $867.5 million (subject to an initial self-insured retention of $60 million), comprised of $825 million for the period of August 1, 2020 to July 31, 2021 and $42.5 million in reinsurance for the period of July 1, 2020 through June 30, 2021. Various coverage limitations applicable to different insurance layers could result in material uninsured costs in the future depending on the amount and type of damages resulting from covered events. The Utility will not be able to obtain any recovery from the Wildfire Fund for wildfire-related losses in any calendar year that do not exceed the greater of $1.0 billion in the aggregate and the amount of insurance coverage required under AB 1054. In addition, the policy reforms contemplated by AB 1054 are likely to affect the financial impact of future wildfires on PG&E Corporation and the Utility should any such wildfires occur. The Wildfire Fund would be available to the Utility to pay eligible claims for liabilities arising from future wildfires and would serve as an alternative to traditional insurance products, provided that the Utility satisfies the conditions to the Utility's ongoing participation in the Wildfire Fund set forth in AB 1054 and that the Wildfire Fund has sufficient remaining funds. (See "Insurance Coverage" in Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1.)

  However, the impact of AB 1054 on PG&E Corporation and the Utility is subject to numerous uncertainties, including the Utility's ability to demonstrate to the CPUC that wildfire-related costs paid from the Wildfire Fund were just and reasonable, and whether the benefits of participating in the Wildfire Fund ultimately outweigh its substantial costs. Finally, even if the Utility satisfies the ongoing eligibility and other requirements set forth in AB 1054, for eligible claims against the Utility arising from wildfires that occurred between July 12, 2019 and the Utility's emergence from Chapter 11 on July 1, 2020, the availability of the Wildfire Fund to pay such claims would be capped at 40% of the amount of such claims. (See "Wildfire Fund under AB 1054" in Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1.)

- *The Uncertainties Regarding the Impact of Public Safety Power Shutoffs.* The Utility's wildfire risk mitigation initiatives involve substantial and ongoing expenditures and could involve other costs. The extent to which the Utility will be able to recover these expenditures and potential other costs through rates is uncertain. The PSPS program, one of the Utility's wildfire risk mitigation initiatives outlined in the 2019 Wildfire Mitigation Plan, has been the subject of significant scrutiny and criticism by various stakeholders, including the California governor, the CPUC and the court overseeing the Utility's probation. On November 12, 2019, the CPUC issued an order to show cause against the Utility related to implementation of the October 2019 PSPS events, and on November 13, 2019, the CPUC instituted an OII to examine California's investor-owned utilities late 2019 PSPS events and to consider enforcement actions. In addition, the PSPS program has had an adverse impact on PG&E Corporation's and the Utility's reputation with customers, regulators and policymakers and future PSPS events may increase these negative perceptions. In addition to the 2019 PSPS events, the Utility initiated several PSPS events in September and October of 2020, and expects that additional PSPS events will be necessary in 2020 and future years. (See "Order to Show Cause Against the Utility Related to Implementation of the October 2019 PSPS Events," "OII to Examine the Late 2019 Public Safety Power Shutoff Events." and "OIR to Examine Electric Utility De-energization of Power Lines in Dangerous Conditions" in "Regulatory Matters" below.)

  In addition, the proposals of SB 378 and AB 1941, which would impose penalties and other requirements on electric utility companies relating to PSPS events, could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows. (See "Legislative and Regulatory Initiatives" below.) In addition, on April 13, 2020, a group of local governments and associations filed a Joint Motion for Emergency Order Regarding De-Energization Protocols During the COVID-19 Pandemic, requesting that the CPUC issue an emergency order setting forth de-energization protocols for the Utility and other investor-owned utilities that will remain in place for as long as a State of Emergency or shelter-in-place order remains in effect due to the COVID-19 pandemic. On August 24, 2020, the ALJ in the "OIR to Examine Electric Utility De-energization of Power Lines in Dangerous Conditions" proceedings ruled that the CPUC's May 28, 2020 Decision, which adopted additional guidelines for de-energization events, had largely addressed the issues raised in the Joint Motion, and held the motion in abeyance. If the motion were reinstated in the future, a CPUC decision could restrict or impose additional requirements on the Utility in implementing PSPS events. (See "OIR to Examine Electric Utility De-energization of Power Lines in Dangerous Conditions" in Regulatory Matters" below.)

- *The Costs and Execution of Other Wildfire Mitigation Efforts.* In response to the wildfire threat facing California, PG&E Corporation and the Utility have taken aggressive steps to mitigate the threat of catastrophic wildfires, the spread of wildfires should they occur and the impact of PSPS events. PG&E Corporation and the Utility incurred approximately $2.6 billion in connection with the 2019 WMP and expect to incur approximately $2.6 billion in 2020 in connection with their 2020-2022 WMP. Although the Utility may seek cost recovery for certain of these expenses and capital expenditures, the Utility has agreed in the Wildfires OII not to seek rate recovery of certain wildfire-related expenses and capital expenditures in future applications in the amount of $1.823 billion.

  While PG&E Corporation and the Utility are committed to taking aggressive wildfire mitigation actions, if additional requirements are imposed that go beyond current expectations, such requirements could have a substantial impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows. For example, the Court overseeing the Utility's probation in connection with the Utility's federal criminal proceeding has imposed numerous obligations on the Utility related to its business and operations. The success of the Utility's wildfire mitigation efforts depends on many factors, including on whether the Utility is able to retain or contract for the workforce necessary to execute its wildfire mitigation actions. (See "2020 GRC" below and "Order Instituting Investigation into the 2017 Northern California Wildfires and the 2018 Camp Fire" in Note 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1.)

- *The Timing and Outcome of Ratemaking Proceedings.* The Utility's financial results may be impacted by the timing and outcome of its 2020 GRC, FERC TO18, TO19, and TO20 rate cases, WMCE application, and its ability to timely recover costs not currently in rates, including costs already incurred and future costs tracked in its CEMA, WEMA, WMPMA, FRMMA, and CPPMA. The outcome of regulatory proceedings can be affected by many factors, including intervening parties' testimonies, potential rate impacts, the Utility's reputation, the regulatory and political environments, and other factors. The Utility's ability to seek cost recovery will also be limited as a result of the outcome of the Wildfires OII. (See Notes 4 and 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1 and "Regulatory Matters" below.)

- *The Impact of the 2019 Kincade Fire*. Claims related to the 2019 Kincade fire will not be discharged in connection with emerging from Chapter 11. On July 16, 2020, Cal Fire issued a press release stating that it had determined that "the Kincade fire was caused by electrical transmission lines owned and operated by Pacific Gas and Electric (PG&E)." Accordingly, if PG&E Corporation or the Utility were determined to be liable for the 2019 Kincade fire, such liabilities could be significant and could exceed the amounts available under applicable insurance policies, which could have a material impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows. As of September 30, 2020, PG&E Corporation and the Utility had recorded a loss of $625 million for the 2019 Kincade fire, which amount corresponds to the lower end of the range of reasonably estimable probable losses. If the liability for the 2019 Kincade fire were to exceed $1.0 billion, it is possible the Utility would be eligible to make a claim to the Wildfire Fund under AB 1054 for such excess amount, subject to a 40% cap on the amount of such claim. As of September 30, 2020, the Utility has also recorded an insurance receivable for $430 million. (See "2019 Kincade Fire" in Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1 for more information.)

- *The Impact of the 2020 Zogg Fire and Other 2020 Wildfires.* On October 9, 2020 Cal Fire informed the Utility that it had taken possession of Utility equipment as part of Cal Fire's ongoing investigation into the 2020 Zogg fire. The investigation is preliminary and Cal Fire has not issued a determination of cause, but if PG&E Corporation or the Utility were determined to be liable for the 2020 Zogg fire, such liabilities could be significant and could exceed the amounts available under applicable insurance policies, which could be expected to have a material impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows. (For more information see Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.) Apart from the 2020 Zogg fire, there have been numerous wildfires in the Utility's service territory during the 2020 wildfire season, attributable to various weather conditions (such as lightning, dry conditions, or high winds) and other causes. In addition, the cause of many 2020 wildfires has yet to be determined. If the Utility were alleged or determined to be a cause of one or more of these wildfires, this allegation or determination could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows.

- *The Impact of the COVID-19 Pandemic.* PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows have been and could continue to be significantly affected by the outbreak of COVID-19. The principal areas of near-term impact include liquidity, financial results and business operations, stemming primarily from the ongoing economic hardship of the Utility's customers, the moratorium on service disconnections for residential and small business customers and an observed reduction in non-residential electrical load. The Utility continues to monitor the overall impact of the COVID-19 pandemic; however, the Utility expects a significant impact on monthly cash collections as long as current circumstances persist. This impact to liquidity may be partially offset by reductions in discretionary spending or potential regulatory impacts. As of September 30, 2020, PG&E Corporation and the Utility had access to approximately $2.6 billion of total liquidity comprised of approximately $140 million of Utility cash, $262 million of PG&E Corporation cash and $2.2 billion of availability under the Utility and PG&E Corporation credit facilities. Other potential impacts of COVID-19 on PG&E Corporation and the Utility include operational disruptions, workforce disruptions, both in personnel availability (including a reduction in contract labor resources) and deployment, delays in production and shipping of materials used in the Utility's operations may also adversely impact operations, a reduction in revenue due to the cost of capital adjustment mechanism, the potential for higher credit spreads and borrowing costs and incremental financing needs. For more information on the impact of COVID-19 on PG&E Corporation and the Utility, see "PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be significantly affected by the outbreak of the COVID-19 pandemic" in Item 1A Risk Factors in Part II.

  PG&E Corporation and the Utility expect additional financial impacts in the future as a result of COVID-19. PG&E Corporation and the Utility continue to evaluate the overall impact of COVID-19 and their analysis is subject to change.

- *The Outcome of Other Enforcement, Litigation, and Regulatory Matters, and Other Government Proposals.* The Utility's financial results may continue to be impacted by the outcome of other current and future enforcement, litigation, and regulatory matters, including those described above as well as the outcome of the Safety Culture OII, the sentencing terms of the Utility's January 27, 2017 federal criminal conviction, including the oversight of the Utility's probation and the potential recommendations by the Monitor, and potential penalties in connection with the Utility's safety and other self-reports. (See Note 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1.) In addition, the Utility's business profile and financial results could be impacted by the outcome of recent calls for municipalization of part or all of the Utility's businesses, offers by municipalities and other public entities to acquire the electric assets of the Utility within their respective jurisdictions and calls for state intervention, including the possibility of a state takeover of the Utility. PG&E Corporation and the Utility cannot predict the nature, occurrence, timing or extent of any such scenario, and there can be no assurance that any such scenario would not involve significant ownership or management changes to PG&E Corporation or the Utility, including by the state of California. Further, certain parties filed notices of appeal with respect to the Confirmation Order, including provisions related to the injunction contained in the Plan that channels certain pre-petition fire-related claims to trusts to be satisfied from the trusts' assets. There can be no assurance that any such appeal will not be successful and, if successful, that any such appeal would not have a material adverse effect on PG&E Corporation and the Utility.

For more information about the risks that could materially affect PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows, or that could cause future results to differ from historical results, see "Item 1A. Risk Factors" in this Form 10-Q and the 2019 Form 10-K. In addition, this quarterly report contains forward-looking statements that are necessarily subject to various risks and uncertainties. These statements reflect management's judgment and opinions that are based on current estimates, expectations, and projections about future events and assumptions regarding these events and management's knowledge of facts as of the date of this report. See the section entitled "Forward-Looking Statements" above for a list of some of the factors that may cause actual results to differ materially. PG&E Corporation and the Utility are unable to predict all the factors that may affect future results and do not undertake an obligation to update forward-looking statements, whether in response to new information, future events, or otherwise.

RESULTS OF OPERATIONS

The following discussion presents PG&E Corporation's and the Utility's operating results for the three and nine months ended September 30, 2020 and 2019. See "Key Factors Affecting Financial Results" above for further discussion about factors that could affect future results of operations.

PG&E Corporation

The consolidated results of operations consist primarily of results related to the Utility, which are discussed in the "Utility" section below. The following table provides a summary of net income (loss) attributable to common shareholders for the three and nine months ended September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Consolidated Total	$ 83	$ (1,619)	$ (1,518)	$ (4,039)
PG&E Corporation	(84)	(6)	(1,656)	(2)
Utility	$ 167	$ (1,613)	$ 138	$ (4,037)

PG&E Corporation's net loss primarily consists of income taxes, interest expense on long-term debt, reorganization items, net, including approximately $1.5 billion in expense related to the Backstop Commitment premium and Additional Backstop Premium Shares in the second quarter of 2020, which is not deductible for tax purposes.

Utility

The table below shows certain items from the Utility's Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2020 and 2019. The table separately identifies the revenues and costs that impacted earnings from those that did not impact earnings. In general, expenses the Utility is authorized to pass through directly to customers (such as costs to purchase electricity and natural gas, as well as costs to fund public purpose programs), and the corresponding amount of revenues collected to recover those pass-through costs, do not impact earnings. In addition, expenses that have been specifically authorized (such as energy procurement costs) and the corresponding revenues the Utility is authorized to collect to recover such costs do not impact earnings.

Revenues that impact earnings are primarily those that have been authorized by the CPUC and the FERC to recover the Utility's costs to own and operate its assets and to provide the Utility an opportunity to earn its authorized rate of return on rate base. Expenses that impact earnings are primarily those that the Utility incurs to own and operate its assets.

	Three Months Ended September 30, 2020			**Three Months Ended September 30, 2019**		
	Revenues/Costs:			Revenues/Costs:		
(in millions)	That Impacted Earnings	That Did Not Impact Earnings	Total Utility	That Impacted Earnings	That Did Not Impact Earnings	Total Utility
Electric operating revenues	$ 2,392	$ 1,418	$ 3,810	$ 2,232	$ 1,322	$ 3,554
Natural gas operating revenues	896	176	1,072	714	164	878
Total operating revenues	**3,288**	**1,594**	**4,882**	**2,946**	**1,486**	**4,432**
Cost of electricity	—	1,114	1,114	—	1,070	1,070
Cost of natural gas	—	90	90	—	68	68
Operating and maintenance	1,877	434	2,311	1,816	392	2,208
Wildfire-related claims, net of insurance recoveries	25	—	25	2,548	—	2,548
Wildfire fund expense	120	—	120	—	—	—
Depreciation, amortization, and decommissioning	845	—	845	840	—	840
Total operating expenses	**2,867**	**1,638**	**4,505**	**5,204**	**1,530**	**6,734**
Operating income (loss)	**421**	**(44)**	**377**	**(2,258)**	**(44)**	**(2,302)**
Interest income	5	—	5	18	—	18
Interest expense	(323)	—	(323)	(52)	—	(52)
Other income, net	57	44	101	13	44	57
Reorganization items, net	(82)	—	(82)	(69)	—	(69)
Income (loss) before income taxes	$ 78	$ —	$ 78	$ (2,348)	$ —	$ (2,348)
Income tax benefit [1]			(92)			(738)
Net income (loss)			170			(1,610)
Preferred stock dividend requirement [1]			3			3
Income (loss) Attributable to Common Stock			**$ 167**			**$ (1,613)**

[1] These items impacted earnings for the three months ended September 30, 2020 and 2019.

(in millions)	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	Revenues/Costs:			Revenues/Costs:		
	That Impacted Earnings	That Did Not Impact Earnings	Total Utility	That Impacted Earnings	That Did Not Impact Earnings	Total Utility
Electric operating revenues	$ 6,851	$ 3,434	$ 10,285	$ 6,017	$ 3,275	$ 9,292
Natural gas operating revenues	2,592	844	3,436	2,300	794	3,094
Total operating revenues	**9,443**	**4,278**	**13,721**	**8,317**	**4,069**	**12,386**
Cost of electricity	—	2,418	2,418	—	2,506	2,506
Cost of natural gas	—	508	508	—	515	515
Operating and maintenance	4,937	1,484	6,421	5,071	1,181	6,252
Wildfire-related claims, net of insurance recoveries	195	—	195	6,448	—	6,448
Wildfire fund expense	293	—	293	—	—	—
Depreciation, amortization, and decommissioning	2,574	—	2,574	2,433	—	2,433
Total operating expenses	**7,999**	**4,410**	**12,409**	**13,952**	**4,202**	**18,154**
Operating income (loss)	**1,444**	**(132)**	**1,312**	**(5,635)**	**(133)**	**(5,768)**
Interest income	33	—	33	61	—	61
Interest expense	(764)	—	(764)	(213)	—	(213)
Other income, net	155	132	287	54	133	187
Reorganization items, net	(286)	—	(286)	(237)	—	(237)
Income (loss) before income taxes	$ 582	$ —	$ 582	$ (5,970)	$ —	$ (5,970)
Income tax provision (benefit) [1]			434			(1,943)
Net income (loss)			148			(4,027)
Preferred stock dividend requirement [1]			10			10
Income (loss) Attributable to Common Stock			**$ 138**			**$ (4,037)**

[1] These items impacted earnings for the nine months ended September 30, 2020 and 2019.

Utility Revenues and Costs that Impacted Earnings

The following discussion presents the Utility's operating results for the three and nine months ended September 30, 2020 and 2019, focusing on revenues and expenses that impacted earnings for these periods.

Operating Revenues

The Utility's electric and natural gas operating revenues that impacted earnings increased by $342 million, or 12%, and $1,126 million, or 14%, in the three and nine months ended September 30, 2020, respectively, compared to the same periods in 2019, primarily due to additional revenues recorded pursuant to the TO20 rate case and cost recovery of capital expenditures related to the 2011-2014 GT&S rate case. In addition, the portion of authorized revenues related to interest expense on pre-petition debt was deferred as a regulatory liability and reduced revenues that impacted earnings during the three and nine months ended September 30, 2019 with no comparable impacts in the same periods in 2020.

Operating and Maintenance

The Utility's operating and maintenance expenses that impacted earnings increased by $61 million or 3% in the three months ended September 30, 2020, compared to the same period in 2019, primarily due to $75 million in previously deferred CEMA costs recorded in conjunction with interim rate relief (see "2018 CEMA Application" below) in the three months ended September 30, 2020, with no comparable costs in the same period in 2019. In addition, bad debt expense increased in the three months ended September 30, 2020, as compared to the same period in 2019 as a result of the COVID-19 pandemic. The Utility also experienced increased labor and contract costs in the three months ended September 30, 2020, compared to the same period in 2019. These increases were partially offset by $237 million in disallowed costs for previously incurred capital expenditures in excess of adopted amounts in the 2019 GT&S rate case incurred in the three months ended September 30, 2019, with no corresponding charges during the same period in 2020.

The Utility's operating and maintenance expenses that impacted earnings decreased by $134 million, or 3%, in the nine months ended September 30, 2020, compared to the same period in 2019, primarily due to a reduction in clean-up costs related to the 2018 Camp fire of $237 million (the Utility recorded $265 million of clean-up and repair costs relating to the 2018 Camp fire incurred in the nine months ended September 30, 2019, compared to $28 million in restoration and rebuild costs related to the 2018 Camp fire in the same period in 2020). Additionally, the Utility recorded $237 million in disallowed costs for previously incurred capital expenditures in excess of adopted amounts in the 2019 GT&S rate case in the nine months ended September 30, 2019, with no corresponding charges during the same period in 2020. These decreases were partially offset by $225 million in previously deferred CEMA costs recorded in conjunction with interim rate relief (see "2018 CEMA Application" below) in the nine months ended September 30, 2020, with no comparable costs in the same period in 2019. In addition, bad debt expense increased in the nine months ended September 30, 2020, as compared to the same period in 2019 as a result of the COVID-19 pandemic. Finally, the Utility incurred $35 million of clean-up and repair costs relating to the 2019 Kincade fire incurred in the nine months ended September 30, 2020, with no comparable charges in the same period in 2019.

Wildfire-related claims, net of insurance recoveries

Costs related to wildfires that impacted earnings decreased by $2.5 billion, or 99%, in the three months ended September 30, 2020, compared to the same period in 2019. The Utility recognized pre-tax charges of $526 million and $2.0 billion associated with the 2018 Camp fire and 2017 Northern California wildfires, respectively, for the three months ended September 30, 2019, compared to $25 million in pre-tax charges to the 2019 Kincade fire in the three months ended September 30, 2020.

Costs related to wildfires that impacted earnings decreased by $6.3 billion, or 97%, in the nine months ended September 30, 2020, compared to the same period in 2019. The Utility recognized pre-tax charges of $625 million related to the 2019 Kincade fire, partially offset by $430 million in insurance recoveries for the nine months ended September 30, 2020, with no corresponding charges during the same period in 2019. Additionally, the Utility recognized pre-tax charges of $2.4 billion and $4.0 billion associated with the 2018 Camp fire and 2017 Northern California wildfires, respectively, for the nine months ended September 30, 2019, with no corresponding charges during the same period in 2020.

(See "Item 1A. Risk Factors" in the 2019 Form 10-K, as updated in "Item 1A. Risk Factors" in this Form 10-Q, and Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.)

Wildfire fund expense

Wildfire fund expense that impacted earnings increased by $120 million, or 100%, and $293 million or 100%, in the three and nine months ended September 30, 2020, respectively, compared to the same periods in 2019. In 2020, the Utility became eligible to participate in the Wildfire Fund and as a result recorded amortization expense related to the Wildfire Fund coverage received from the effective date of AB 1054 through September 30, 2020.

(See Notes 3 and 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.)

Depreciation, Amortization, and Decommissioning

The Utility's depreciation, amortization, and decommissioning expenses that impacted earnings increased by $5 million, or 1%, and $141 million, or 6%, in the three and nine months ended September 30, 2020, respectively, compared to the same periods in 2019, primarily due to capital additions and an increase in depreciation expense associated with the 2019 GT&S rate case.

Interest Income

There was no material change to interest income that impacted earnings for the periods presented.

Interest Expense

Interest expense that impacted earnings increased by $271 million, or 521%, and $551 million, or 259%, in the three and nine months ended September 30, 2020, respectively, compared to the same periods in 2019, primarily due to the cessation of interest accruals on outstanding pre-petition debt in 2019 in connection with the Chapter 11 Cases. In the fourth quarter of 2019, the Utility concluded that interest was probable of being an allowed claim and resumed recording interest on pre-petition debt subject to compromise. Additionally, in the third quarter of 2020, the Utility started recording interest related to new debt issued in connection with emergence from Chapter 11.

Other Income, Net

Other income, net increased by $44 million, or 338%, and $101 million or 187%, in the three and nine months ended September 30, 2020, respectively, compared to the same periods in 2019, primarily due to lower pension expense resulting from higher than expected return on plan assets.

Reorganization items, net

Reorganization items, net increased by $13 million, or 19% in the three months ended September 30, 2020, compared to the same period in 2019, primarily due to an increase of $7 million of expenses directly associated with the Utility's Chapter 11 filing and an decrease in interest income of $6 million.

Reorganization items, net increased by $49 million, or 21% in the nine months ended September 30, 2020, compared to the same period in 2019, primarily due to an increase of $115 million of expenses directly associated with the Utility's Chapter 11 filing and a decrease in interest income of $28 million, offset by a decrease in DIP financing costs of $94 million.

(See "Item 1A. Risk Factors" in the 2019 Form 10-K and Note 2 of the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.)

Income Tax Expense (Benefit)

Income tax benefit decreased by $646 million in the three months ended September 30, 2020, as compared to the same period in 2019, primarily due to a pre-tax loss in 2019 compared to pre-tax income in 2020.

Income tax expense increased by $2.4 billion, in the nine months ended September 30, 2020, as compared to the same period in 2019, primarily due to a write-off of a deferred tax asset associated with the decline in value of PG&E Corporation stock contributed into the Fire Victim's Trust in 2020. Additionally, there was a pre-tax loss in 2019 compared to pre-tax income in 2020.

The following table reconciles the income tax expense at the federal statutory rate to the income tax provision:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) in income tax rate resulting from:				
State income tax (net of federal benefit) [1]	(17.8)%	7.5 %	30.9 %	7.6 %
Effect of regulatory treatment of fixed asset differences [2]	(113.5)%	2.4 %	(48.1)%	3.8 %
Bankruptcy and emergence [3]	1.4 %	—	75.2 %	— %
Other, net	(8.0)%	0.5 %	(4.5)%	0.2 %
Effective tax rate	**(116.9)%**	**31.4 %**	**74.5 %**	**32.6 %**

[1] Includes the effect of state flow-through ratemaking treatment.

[2] Includes the effect of federal flow-through ratemaking treatment for certain property-related costs. For these temporary tax differences, PG&E Corporation and the Utility recognize the deferred tax impact in the current period and record offsetting regulatory assets and liabilities. Therefore, PG&E Corporation's and the Utility's effective tax rates are impacted as these differences arise and reverse. PG&E Corporation and the Utility recognize such differences as regulatory assets or liabilities as it is probable that these amounts will be recovered from or returned to customers in future rates. In 2020 and 2019, the amounts also reflect the impact of the amortization of excess deferred tax benefits to be refunded to customers as a result of the Tax Act passed in December 2017.

[3] Includes an adjustment of the measurement of the deferred tax asset associated with the difference between the liability recorded related to the TCC RSA and the ultimate value of PG&E Corporation stock contributed to the Fire Victim Trust.

Utility Revenues and Costs that Did Not Impact Earnings

Fluctuations in revenues that did not impact earnings are primarily driven by procurement costs. See below for more information.

Cost of Electricity

The Utility's cost of electricity includes the cost of power purchased from third parties (including renewable energy resources), transmission, fuel used in its own generation facilities, fuel supplied to other facilities under power purchase agreements, costs to comply with California's cap-and-trade program, and realized gains and losses on price risk management activities. Cost of electricity also includes net sales (Utility owned generation and third parties) in the CAISO electricity markets. (See Note 8 of the Notes to the Condensed Consolidated Financial Statements in Item 1.) The Utility's total purchased power is driven by customer demand, net CAISO electricity market activities (purchases or sales), the availability of the Utility's own generation facilities (including Diablo Canyon and its hydroelectric plants), and the cost-effectiveness of each source of electricity.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Cost of purchased power, net	$ 1,043	$ 1,001	$ 2,228	$ 2,296
Fuel used in generation facilities	71	69	190	210
Total cost of electricity	**$ 1,114**	**$ 1,070**	**$ 2,418**	**$ 2,506**

Cost of Natural Gas

The Utility's cost of natural gas includes the costs of procurement, storage and transportation of natural gas, costs to comply with California's cap-and-trade program, and realized gains and losses on price risk management activities. (See Note 8 of the Notes to the Condensed Consolidated Financial Statements in Item 1.) The Utility's cost of natural gas is impacted by the market price of natural gas, changes in the cost of storage and transportation, and changes in customer demand.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Cost of natural gas sold	$ 56	$ 42	$ 411	$ 433
Transportation cost of natural gas sold	34	26	97	82
Total cost of natural gas	**$ 90**	**$ 68**	**$ 508**	**$ 515**

Operating and Maintenance Expenses

The Utility's operating expenses that did not impact earnings include certain costs that the Utility is authorized to recover as incurred such as pension contributions and public purpose programs costs. If the Utility were to spend more than authorized amounts, these expenses could have an impact to earnings.

Other Income, Net

The Utility's other income, net that did not impact earnings includes pension and other post-retirement benefit costs that fluctuate primarily from market and interest rate changes.

LIQUIDITY AND FINANCIAL RESOURCES

Overview

As a result of PG&E Corporation's and the Utility's emergence from Chapter 11 on July 1, 2020, substantial doubt has been alleviated regarding the Company's ability to meet its obligations as they become due within one year after the date of the accompanying Condensed Consolidated Financial Statements.

As of and subsequent to the Effective Date, the Utility's ability to fund operations, finance capital expenditures, make scheduled principal and interest payments, and make distributions to PG&E Corporation depends on the levels of its operating cash flows and access to the capital and credit markets. The CPUC authorizes the Utility's capital structure, the aggregate amount of long-term and short-term debt that the Utility may issue, and the revenue requirements the Utility is able to collect to recover its cost of capital. The Utility generally utilizes retained earnings, equity contributions from PG&E Corporation and long-term debt issuances to maintain its CPUC-authorized long-term capital structure consisting of 52% equity and 48% debt and preferred stock and relies on short-term debt, including its revolving credit facilities, to fund temporary financing needs. On May 28, 2020, the CPUC approved a final decision in the Chapter 11 Proceedings OII, which, among other things, grants the Utility a temporary, five-year waiver from compliance with its authorized capital structure for the financing in place upon the Utility's exit from Chapter 11.

PG&E Corporation's ability to fund operations, make scheduled principal and interest payments, and fund equity contributions to the Utility, depends on the level of cash on hand, cash distributions received from the Utility, and PG&E Corporation's access to the capital and credit markets.

In 2019, as a result of the initiation of the Chapter 11 Cases, each of Moody's, Fitch, and S&P withdrew its credit ratings for PG&E Corporation and the Utility. As a result of PG&E Corporation's and the Utility's credit ratings ceasing to be rated at investment grade, the Utility was required to post collateral under certain of its commodity purchase agreements and certain other obligations. On June 15, 2020, the agencies re-commenced rating the Utility and PG&E Corporation. The Utility and PG&E Corporation were assigned Ba2, BB, and BB- as their issuer credit ratings by Moody's, Fitch, and S&P, respectively. Additionally, Moody's assigned a B1 rating to PG&E Corporation's Senior Secured debt, a Baa3 rating to the Utility's Senior Secured debt, and a B1 rating to the Utility's preferred stock. Fitch assigned a BB rating to PG&E Corporation's Senior Secured debt, a BBB- rating to the Utility's Senior Secured debt, and a BB rating to the Utility's preferred stock. Lastly, S&P assigned a BB- and BBB- rating to PG&E Corporation's and the Utility's Senior Secured debt, respectively.

As a result of the outbreak of COVID-19, PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could continue to be significantly affected. The Utility continues to evaluate the overall impact of the COVID-19 pandemic; however, the Utility expects a significant impact on monthly cash collections as long as current circumstances persist, including the moratorium on service disconnections for residential and small business customers and an observed reduction in non-residential electrical load. The Utility's customer energy accounts receivable balances over 30 days outstanding as of September 30, 2020, were approximately $696 million, or $310 million higher as compared to the corresponding month in 2019. The Utility is unable to estimate the portion of the increase directly attributable to the COVID-19 pandemic. The Utility expects to continue experiencing an impact on monthly cash collections in 2020 and for as long as current COVID-19 circumstances persist. The reduction in cash collections from customers may be partially offset by reductions in discretionary spending or potential regulatory impacts.

The outbreak of COVID-19 and the resulting economic conditions and government orders have and will continue to have a significant adverse impact on the Utility's customers and, as a result, these circumstances have and will continue to impact the Utility for an indeterminate period of time. Although the Utility is seeking regulatory relief to mitigate the impact of the consequences of the COVID-19 pandemic, there can be no assurance that any relief is forthcoming or that, if any relief measures are implemented, the timing that any such relief would impact the Utility. On April 16, 2020, the CPUC approved a resolution that authorizes utilities to establish memorandum accounts to track incremental costs associated with complying with the customer protections described within the resolution. On May 1, 2020, the Utility filed an advice letter with the CPUC, describing all reasonable and necessary actions to implement emergency customer protections through April 16, 2021, which was subsequently updated on June 2, 2020, and July 15, 2020, to modify and clarify the filing based on CPUC guidance. On July 27, 2020, the CPUC approved the Utility's advice letter. (See "Emergency Authorization and Resolution Directing Utilities to Implement Emergency Customer COVID-19 Protections" below for more information.)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments with original maturities of three months or less. PG&E Corporation and the Utility maintain separate bank accounts and primarily invest their cash in money market funds. In addition to cash and cash equivalents, the Utility holds restricted cash that primarily consists of cash held in escrow to be used to pay bankruptcy related professional fees.

Financial Resources

DIP Credit Agreement

In connection with the Chapter 11 Cases, PG&E Corporation and the Utility entered into the DIP Credit Agreement, which received final approval from the Bankruptcy Court on March 27, 2019.

On July 1, 2020, the DIP Facilities were repaid in full and all commitments thereunder were terminated in connection with emergence from Chapter 11.

Equity Financings

On July 23, 2020, PG&E Corporation sent a notice of termination to the managers of the Amended and Restated Equity Distribution Agreement, dated as of February 17, 2017, effectively terminating the agreement on that date. During the nine months ended September 30, 2020, there were no issuances under this agreement.

In connection with its emergence from Chapter 11, in July 2020, PG&E Corporation issued for gross proceeds of approximately $9.0 billion (i) 423.4 million shares of common stock in the Common Stock Offering, (ii) 342.1 million shares of common stock pursuant to the Investment Agreement, (iii) forward stock purchase contracts to the Backstop Parties pursuant to the Forward Stock Purchase Agreement and (iv) 14.5 million Equity Units in the Equity Unit Offering. In August 2020, PG&E Corporation issued (i) 1.45 million Equity Units to the Equity Units Underwriters upon their exercise of their over-allotment option to purchase up to 1.45 million additional Equity Units and (ii) 42.3 million shares to the Backstop Parties pursuant to the Forward Stock Purchase Agreements.

The prepaid forward stock purchase contract portion of the Equity Units issued in July and August 2020 represents the right of the unitholders to receive, on the settlement date, between 125 million and 153 million shares, and between 12.5 million and 15.3 million shares, respectively, of PG&E Corporation common stock, based on the value of PG&E Corporation common stock. The common stock received was based on the value of PG&E Corporation common stock over a measurement period specified in the purchase contracts and subject to certain adjustments as provided therein. The settlement date of the purchase contracts is August 16, 2023, subject to acceleration or postponement as provided in the purchase contracts. Such gross proceeds were used to fund distributions under the Plan.

For the nine months ended September 30, 2020, PG&E Corporation made equity contributions to the Utility of $12.9 billion in cash and 477 million shares of PG&E Corporation common stock. Such shares were transferred to the Fire Victim Trust.

For more information, see Note 6 to the Notes to the Condensed Consolidated Financial Statements in Item 1.

Debt Financings

Utility

On June 19, 2020, the Utility completed the sale of (i) $500 million aggregate principal amount of Floating Rate First Mortgage Bonds due June 16, 2022, (ii) $2.5 billion aggregate principal amount of 1.75% First Mortgage Bonds due June 16, 2022, (iii) $1 billion aggregate principal amount of 2.10% First Mortgage Bonds due August 1, 2027, (iv) $2 billion aggregate principal amount of 2.50% First Mortgage Bonds due February 1, 2031, (v) $1 billion aggregate principal amount of 3.30% First Mortgage Bonds due August 1, 2040, and (vi) $1.925 billion aggregate principal amount of 3.50% First Mortgage Bonds due August 1, 2050 (collectively, the "Mortgage Bonds"). The proceeds of the Mortgage Bonds were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and among the Escrow Agent and the Utility. On July 1, 2020, the net proceeds from the sale of the Mortgage Bonds were released from escrow and, together with the net proceeds from certain other Plan financing transactions, were used to effectuate the reorganization of the Utility and PG&E Corporation in accordance with the terms and conditions contained in the Plan.

On the Effective Date, pursuant to the Plan, the Utility issued approximately $11.9 billion of its first mortgage bonds (collectively, the "New Mortgage Bonds") in satisfaction of certain of its pre-petition senior unsecured debt.

On the Effective Date, pursuant to the Plan, the Utility reinstated approximately $9.6 billion aggregate principal amount of the Utility Reinstated Senior Notes. On the Effective Date, each series of the Utility Reinstated Senior Notes was collateralized by the Utility's delivery of a first mortgage bond in a corresponding principal amount to the applicable trustee for the benefit of the holders of the Utility Reinstated Senior Notes.

The Mortgage Bonds, the New Mortgage Bonds and the Utility Reinstated Senior Notes are secured by a first lien, subject to permitted liens, on substantially all of the Utility's real property and certain tangible property related to its facilities. The Mortgage Bonds, the New Mortgage Bonds and the Utility Reinstated Senior Notes are the Utility's senior obligations and rank equally in right of payment with the Utility's other existing or future first mortgage bonds issued under the Utility's mortgage indenture.

On the Effective Date, by operation of the Plan, all outstanding obligations under the Utility Short-Term Senior Notes, the Utility Long-Term Senior Notes and the Utility Funded Debt were cancelled and the applicable agreements governing such obligations were terminated.

For more information, see "Long-Term Debt" in Note 5 to the Notes to the Condensed Consolidated Financial Statements in Item 1.

PG&E Corporation

On June 23, 2020, PG&E Corporation obtained a $2.75 billion secured term loan under a term loan credit agreement ("the "Term Loan Agreement"). The Term Loan matures on the date that is five years after June 23, 2020, unless extended by PG&E Corporation pursuant to the terms of the Term Loan Agreement. The proceeds of the Term Loan were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and among the Collateral Agent, the Escrow Agent, the Administrative Agent and PG&E Corporation. On July 1, 2020, the net proceeds from the Term Loan were released from escrow and were used to fund, in part, the transactions contemplated under the Plan.

In accordance with the Term Loan Credit Agreement, PG&E Corporation is required to repay the principal amount outstanding on the Term Loan by $6.875 million on the last day of each quarter.

Additionally, on June 23, 2020, PG&E Corporation completed the sale of (i) $1.0 billion aggregate principal amount of 5.00% Senior Secured Notes due July 1, 2028 and (ii) $1.0 billion aggregate principal amount of 5.25% Senior Secured Notes due July 1, 2030 (collectively, the "Notes"). The proceeds of the Notes were deposited into an account at The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, which proceeds were held by the Escrow Agent as collateral pursuant to an escrow agreement by and amount the Escrow Agent and PG&E Corporation. On July 1, 2020, the net proceeds from the sale of the Notes were released from escrow and, together with the net proceeds from certain other Plan financing transactions, were used to effectuate the reorganization of PG&E Corporation and the Utility in accordance with the terms and conditions contained in the Plan.

For more information, see “Long-Term Debt” in Note 5 to the Notes to the Condensed Consolidated Financial Statements in Item 1.

Credit Facilities

Utility

On July 1, 2020, the Utility entered into a $3.5 billion revolving credit agreement (the “Utility Revolving Credit Agreement”) with JPM, and Citibank, N.A. as co-administrative agents and Citibank, N.A., as designated agent. The Utility Revolving Credit Facility has tenor of three years, subject to two one-year extension options. The proceeds from the Utility Revolving Credit Facility were used in part to fund transactions contemplated under the Plan and are intended to finance working capital needs, capital expenditures and other general corporate purposes of the Utility and its subsidiaries.

In addition, on July 1, 2020, the Utility obtained a $3.0 billion secured term loan under a term loan credit agreement (the “Utility Term Loan Credit Agreement”) with JPM, as administrative agent, and the other lenders from time to time party thereto. The facilities under the Utility Term Loan Credit Agreement consist of a $1.5 billion 364-day term loan facility (the “Utility 364-Day Term Loan Facility”) and a $1.5 billion 18-month term loan facility (the “Utility 18-Month Term Loan Facility”). The maturity date for the Utility 364-Day Term Loan Facility is June 30, 2021 and the maturity date for the Utility 18-Month Term Loan Facility is January 1, 2022. The proceeds from the Utility Term Loan Credit Facility were used to fund transactions contemplated under the Plan.

At September 30, 2020, the Utility had fully drawn on its $3.0 billion term loan credit facilities and had $1.7 billion available under its $3.5 billion revolving credit facility.

For more information, see “Credit Facilities” in Note 5 to the Condensed Consolidated Financial Statements in Item 1.

PG&E Corporation

On July 1, 2020, PG&E Corporation entered into a $500 million revolving credit agreement (the “Corporation Revolving Credit Agreement”) with JPM, as administrative agent and collateral agent. The Corporation Revolving Credit Agreement has a maturity date three years after its Effective Date, subject to two one-year extensions at the option of PG&E Corporation. The proceeds from the Corporation Revolving Credit Facility will be used to finance working capital needs, capital expenditures and other general corporate purposes of PG&E Corporation and its subsidiaries.

On the Effective Date, PG&E Corporation repaid and terminated (i) $300 million of outstanding borrowings under the Second Amended and Restated Credit Agreement, dated as of April 27, 2015, among PG&E Corporation, as borrower, the several lenders party thereto and Bank of America, N.A., as administrative agent and (ii) $350 million of borrowings, plus interest, fees and other expenses arising under or in connection with the Term Loan Agreement, dated as of April 16, 2018, among PG&E Corporation, as borrower, the several lenders party thereto and Mizuho Bank Ltd., as administrative agent.

At September 30, 2020, PG&E Corporation did not have any borrowings outstanding under its revolving credit facility.

For more information, see “Credit Facilities” in Note 5 to the Condensed Consolidated Financial Statements in Item 1.

Accounts Receivable Financing

On October 5, 2020, the Utility, in its individual capacity and in its capacity as initial servicer, entered into an accounts receivable securitization program (the “Receivables Securitization Program”), providing for the sale of a portion of the Utility's accounts receivable to PG&E AR Facility, LLC (the “SPV”), a limited liability company wholly owned by the Utility. Pursuant to the Receivables Securitization Program, the Utility will sell certain of its receivables and certain related rights to payment and obligations of the Utility with respect to such receivables and certain other related rights to the SPV, which, in turn, will obtain loans secured by the receivables from financial institutions (the “Lenders”). The Utility has pledged to the Lenders 100% of the equity interests in the SPV as security for the repayment of the loans. The aggregate principal amount of the loans made by the Lenders cannot exceed $1 billion outstanding at any time.

The loans under the Receivables Securitization Program will bear interest based on a spread over LIBOR dependent on the tranche period thereto and any breakage fees accrued. The receivables financing agreement contains customary LIBOR benchmark replacement language giving the administrative agent, with consent from the SPV as to the successor rate, the right to determine such successor rate. The Receivables Securitization Program contains certain customary representations and warranties and affirmative and negative covenants, including as to the eligibility of the receivables being sold by the Utility and securing the loans made by the Lenders, as well as customary reserve requirements, Receivables Securitization Program termination events, and servicer defaults. The Receivables Securitization Program termination events permit the Lenders to terminate the agreement upon the occurrence of certain specified events, including failure by the SPV to pay amounts when due, certain defaults on indebtedness under the Utility's credit facility, certain judgments, a change of control, certain events negatively affecting the overall credit quality of transferred receivables and bankruptcy and insolvency events.

The Receivables Securitization Program is scheduled to terminate on October 5, 2022, unless extended or earlier terminated, at which time no further advances will be available and the obligations thereunder must be repaid in full no later than (i) the date that is 180 days following such date or (ii) such earlier date on which the loans under the program become due and payable.

The Utility closed the Receivables Securitization Program on October 5, 2020. As of October 27, 2020, the Utility has obtained $1 billion in loans under the Receivables Securitization Program and the proceeds were primarily used to reduce borrowings outstanding on the Utility Revolving Credit Facility. In general, the proceeds from the sale of the accounts receivable will be used by the SPV to pay the purchase price for accounts receivables it acquires from the Utility and may be used to fund capital expenditures, repay borrowings on the Utility Revolving Credit Facility, satisfy maturing debt obligations, as well as fund working capital needs and other approved uses.

Although PG&E AR Facility, LLC is a wholly owned subsidiary of the Utility whose financial results are consolidated for accounting purposes with the Utility, PG&E AR Facility, LLC is legally separate from the Utility. The assets of PG&E AR Facility, LLC (including the accounts receivables) are not available to creditors of the Utility or PG&E Corporation, and its accounts receivable are not legally assets of the Utility or PG&E Corporation. The Receivables Securitization Program will be accounted for as a secured financing. When amounts are received from the Lenders, the pledged receivables and the corresponding debt will be included in Accounts receivable and Short-term borrowings, respectively, on the Condensed Consolidated Balance Sheets.

Dividends

On December 20, 2017, the Boards of Directors of PG&E Corporation and the Utility suspended quarterly cash dividends on both PG&E Corporation's and the Utility's common stock, beginning the fourth quarter of 2017, as well as the Utility's preferred stock, beginning the three-month period ending January 31, 2018.

On April 3, 2019, the court overseeing the Utility's probation issued an order imposing new conditions of probation, including foregoing issuing "any dividends until [the Utility] is in compliance with all applicable vegetation management requirements" under applicable law and the Utility's Wildfire Mitigation Plan.

On March 20, 2020, PG&E Corporation and the Utility filed a Case Resolution Contingency Process Motion with the Bankruptcy Court that includes a dividend restriction for PG&E Corporation. According to the dividend restriction, PG&E Corporation "will not pay common dividends until it has recognized $6.2 billion in non-GAAP core earnings following the Effective Date" of the Plan. The Bankruptcy Court entered the order approving the motion on April 9, 2020.

In addition, the Corporation Revolving Credit Agreement will require that PG&E Corporation (1) maintain a ratio of total consolidated debt to consolidated capitalization of no greater than 70% as of the end of each fiscal quarter and (2) if revolving loans are outstanding as of the end of a fiscal quarter, a ratio of adjusted cash to fixed charges, as of the end of such fiscal quarter, of at least 150% prior to the date that PG&E Corporation first declares a cash dividend on its common stock and at least 100% thereafter.

Under the Utility's Articles of Incorporation, the Utility cannot pay common stock dividends unless all cumulative preferred dividends on the Utility's preferred stock have been paid. The Utility's preferred stock is cumulative and any dividends in arrears must be paid before the Utility may pay any common stock dividends. Additionally, the CPUC requires the Utility to maintain a capital structure composed of at least 52% equity on average. On May 28, 2020, the CPUC approved a final decision in the Chapter 11 Proceedings OII, which, among other things, grants the Utility a temporary, five-year waiver from compliance with its authorized capital structure for the financing in place upon the Utility's exit from Chapter 11.

Subject to the foregoing restrictions, any decision to declare and pay dividends in the future will be made at the discretion of the Boards of Directors and will depend on, among other things, results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Boards of Directors may deem relevant. As of September 30, 2020, it is uncertain as to when PG&E Corporation and the Utility will commence the payment of dividends on their common stock and when the Utility will commence the payment of dividends on its preferred stock.

For more information on dividends, see "Dividends" in Note 6 to the Condensed Consolidated Financial Statements.

PG&E Corporation Cash Flows - Holding Company

The PG&E Corporation consolidated cash flows consist primarily of cash flows related to the Utility, which are discussed in the "Utility Cash Flows" section below.

There was no material change to PG&E Corporation's standalone cash flows from operating and investing activities for the periods presented.

PG&E Corporation's standalone cash flows from financing activities decreased by $205 million during the nine months ended September 30, 2020, as compared to the same period in 2019. This decrease is due to PG&E Corporation's cash equity contribution to the Utility of approximately $13 billion and long-term debt repayments of $650 million, with no similar payments made in 2019. This decrease is partially offset by cash received from long-term debt issuances of $4.7 billion, with no similar issuances in 2019, and cash received from common stock and equity units issued of $8.9 billion, as compared to common stock issuances of $85 million in 2019.

Cash provided by or used in financing activities is driven by PG&E Corporation's standalone financing needs, which depends on the level of cash on hand, cash distributions received from the Utility, access to the capital and credit markets, and the maturity date or prepayment of existing debt instruments.

Utility Cash Flows

The Utility's cash flows were as follows:

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
Net cash provided by (used in) operating activities	$ (19,170)	$ 4,078
Net cash used in investing activities	(5,524)	(4,250)
Net cash provided by financing activities	23,982	1,416
Net change in cash, cash equivalents and restricted cash	**$ (712)**	**$ 1,244**

Operating Activities

The Utility's cash flows from operating activities primarily consist of receipts from customers less payments of operating expenses, other than expenses such as depreciation that do not require the use of cash. During the nine months ended September 30, 2020, net cash provided by operating activities decreased by $23.2 billion compared to the same period in 2019. This decrease was primarily due to the payment of $18.8 billion in satisfaction of pre-petition wildfire-related claims (including claims associated with the 2018 Camp fire, the 2017 Northern California wildfires, and the 2015 Butte fire), and initial and first annual contributions made to the Wildfire Fund of $5.0 billion, with no similar payments made in 2019.

Future cash flow from operating activities will be affected by various factors, including:

- the timing and amount of costs in connection with the Kincade fire;
- the timing and amount of costs in connection with the 2020 Zogg fire;
- the timing and amounts of costs, including fines and penalties, that may be incurred in connection with current and future enforcement, litigation, and regulatory matters (see "Enforcement and Litigation Matters" in Note 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1 and Part II, Item 1. Legal Proceedings and "Regulatory Matters" below for more information);

- the severity, extent and duration of the global COVID-19 pandemic and its impact on the Utility's service territory, the ability of the Utility to collect on its customer invoices, the ability of the Utility's customers to pay their utility bills in full and in a timely manner, the ability of the Utility to offset these effects, including with spending reductions and the ability of the Utility to recover from customers any losses incurred in connection with COVID-19, as well as the impact of COVID-19 on the availability or cost of financing;

- the timing and amounts of annual contributions to the Wildfire Fund and if necessary, the availability of funds to pay eligible claims for liabilities arising from future wildfires;

- the timing and amount of substantially increasing costs in connection with the 2019 and 2020 Wildfire Mitigation Plans that are not currently being recovered in rates (see "Regulatory Matters" below for more information);

- the timing and amount of premium payments related to wildfire insurance (see "Insurance Coverage" in Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1 for more information);

- the timing of and amount of the gain to be returned to customers from the sale of the SFGO; and

- the timing and outcomes of the 2020 GRC, FERC TO18, TO19 and TO20 rate cases, 2018 and 2019 CEMA applications, WEMA application, WMCE application, future applications for cost recovery of amounts recorded to the FRMMA, CPPMA and WMPMA, future cost of capital proceedings and other ratemaking and regulatory proceedings.

Investing Activities

Net cash used in investing activities increased by $1.3 billion during the nine months ended September 30, 2020 as compared to the same period in 2019 partially due to the payment of pre-petition vendor payables for capital expenditures as a result of emerging from Chapter 11. The Utility's investing activities primarily consist of the construction of new and replacement facilities necessary to provide safe and reliable electricity and natural gas services to its customers. Cash used in investing activities also includes the proceeds from sales of nuclear decommissioning trust investments which are largely offset by the amount of cash used to purchase new nuclear decommissioning trust investments. The funds in the decommissioning trusts, along with accumulated earnings, are used exclusively for decommissioning and dismantling the Utility's nuclear generation facilities.

Cash paid by the Utility for capital expenditures was approximately $6.3 billion in 2019. Future cash flows used in investing activities are largely dependent on the timing and amount of capital expenditures. The Utility estimates that it will incur approximately $7.5 billion in capital expenditures in 2020 and between $7.6 billion and $8.2 billion in 2021. Additionally, future cash flows from investing activities will be impacted by the timing of and amount received from the sale of the SFGO.

Financing Activities

Net cash provided by financing activities increased by $22.6 billion during the nine months ended September 30, 2020 as compared to the same period in 2019. This increase was primarily due to PG&E Corporation making a cash equity contribution to the Utility of approximately $13 billion and due to the Utility receiving $8.8 billion in proceeds from the issuance of first mortgage bonds, with no similar activity in 2019. Additionally, the Utility had net borrowings of $940 million under its revolving credit facility during the nine months ended September 30, 2020, with no similar activity in 2019 due to the Utility entering into the revolving credit agreement on July 1, 2020.

Cash provided by or used in financing activities is driven by the Utility's financing needs, which depend on the level of cash provided by or used in operating activities, the level of cash provided by or used in investing activities, the conditions in the capital markets, and the maturity date or prepayment of existing debt instruments.

ENFORCEMENT AND LITIGATION MATTERS

PG&E Corporation and the Utility have significant contingencies arising from their operations, including contingencies related to the enforcement and litigation matters described in Notes 10 and 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1 and matters described in "Part II. Other Information, Item 1. Legal Proceedings" below. The outcome of these matters, individually or in the aggregate, could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows. In addition, PG&E Corporation and the Utility are involved in other enforcement and litigation matters described in the 2019 Form 10-K and "Part II. Other Information, Item 1. Legal Proceedings."

U.S. District Court Matters and Probation

On August 9, 2016, the jury in the federal criminal trial against the Utility in the United States District Court for the Northern District of California, in San Francisco, found the Utility guilty on one count of obstructing a federal agency proceeding and five counts of violations of pipeline integrity management regulations of the Natural Gas Pipeline Safety Act. On January 26, 2017, the court imposed a sentence on the Utility in connection with the conviction. The court sentenced the Utility to a five-year corporate probation period, oversight by the Monitor for a period of five years, with the ability to apply for early termination after three years, a fine of $3 million to be paid to the federal government, certain advertising requirements, and community service.

The probation includes a requirement that the Utility not commit any local, state, or federal crimes during the probation period. As part of the probation, the Utility has retained the Monitor at the Utility's expense. The goal of the Monitor is to help ensure that the Utility takes reasonable and appropriate steps to maintain the safety of its gas and electric operations, and to maintain effective ethics, compliance and safety related incentive programs on a Utility-wide basis.

Upon the court's request, on March 2, 2020, the Utility provided to the court its target number of contract tree trimmers for 2020, information regarding the Utility's 2019 inspections of Tower 009/081 on the Cresta-Rio Oso 230 kV Transmission Line (the "Cresta-Rio Oso Line"), information regarding the relationship between priority codes set forth in the Utility's Electric Transmission Preventive Maintenance Manual and the safety factors specified in General Order 95 promulgated by the CPUC, as well as the application of each to the C-hooks of interest on the Cresta-Rio Oso Line. In addition, on April 2, 2020, the Utility submitted a report to the court regarding the Utility's March 19, 2020 collection of equipment from the Cresta-Rio Oso Line. On April 10, 2020, the TCC in the Utility's Chapter 11 Cases and estimation proceedings filed a declaration from a TCC expert concerning Cresta-Rio Oso 230kV Transmission Line evidence collection and removal on March 19, 2020.

On April 29, 2020, the court issued an order imposing new conditions of probation.

On May 13, 2020, the Utility filed motions with the court asking that it reconsider the April 29, 2020 order and issue a stay on implementing the new conditions until it has had a chance to rule on the Utility's request for reconsideration.

On May 14, 2020, the court issued an order staying the April 29, 2020 order and ordering certain other procedural actions. On June 24, 2020, after a hearing on the Utility's motion for reconsideration, the Utility filed a joint brief with the Monitor overseeing its probation and the Department of Justice, outlining which actions, if any, the court should take regarding the conditions of the Utility's probation. On July 1, 2020, the court issued a notice inviting comments from "any interested party . . . on whether and the extent to which these joint proposed probation conditions should be accepted." One interested party filed comments on July 16, 2020, stating that the proposed probation conditions submitted by the joint parties were inadequate and should be rejected by the court. The CPUC also filed comments indicating it did not oppose the conditions agreed to by the Utility, the Monitor, and the Department of Justice.

On June 17, 2020, the court issued an order requiring the Utility to respond to each statement in the Butte County District Attorney's report filed in the criminal prosecution of the Utility in connection with the 2018 Camp Fire entitled "People's Statement of Factual Basis in Support of the Pleas and Sentencing Statement" that the Utility denies is true and provide the reason for the denial. The Utility filed its response on July 1, 2020.

On July 21, 2020, the court issued an order requiring the Utility, the Monitor, and the Department of Justice to clarify certain aspects of the proposed additional conditions of probation set forth in the June 24, 2020 joint submission. The Utility filed its response on July 28, 2020.

On July 24, 2020, the Utility submitted a report to the court to update the court on the condition of the Utility's Caribou-Palermo 115 kV Transmission Line (the "Caribou-Palermo Line"). The Utility indicated in its report that energized lines in the same vicinity as the Utility's de-energized Caribou-Palermo Line may have the potential to induce voltage and current onto the Caribou-Palermo line, despite the Caribou-Palermo line's de-energized state. The Utility further indicated in its report the steps it has taken to mitigate this risk and additional steps that it will be taking in the future. The Utility also has notified the Monitor, its probation officer, the CPUC and the Butte County District Attorney of the facts and mitigation efforts set forth in its report.

On August 7, 2020, the court entered an order withdrawing the conditions of probation proposed in its April 29, 2020 order and adopting the new conditions jointly proposed by the Utility, the Monitor, and the Department of Justice on June 24, 2020. Among other things, these conditions require the Utility to staff an in-house vegetation inspection manager and approximately 30 additional field inspectors to oversee vegetation management work. Further, the Utility is required to implement a program to assess the age and expected useful life of certain electrical components in high fire-threat areas, incorporate this information into its risk-based asset management programs, and provide monthly progress reports to the Monitor. The Utility must also hire additional inspectors to oversee inspections of its transmission assets and implement a 90-day replacement requirement for cold end hardware in high fire-threat areas with an observed material loss approaching 50 percent.

On October 12, 2020, the court entered an order requesting that the Utility explain its role in the ignition of the 2020 Zogg fire. Regarding the Utility's equipment removed by Cal Fire as part of Cal Fire's investigation into the 2020 Zogg fire, the court ordered the Utility to describe, among other things, the location of the equipment when it was in use; whether the equipment was transmission line equipment, distribution line equipment, or substation equipment; and the extent of trimmed and untrimmed vegetation in the area near where Cal Fire took possession of the equipment.

On October 21, 2020, the court entered an additional order related to the 2020 Zogg fire, requesting that the Utility: (1) supply all documents, emails, text messages, reports, voicemails and any other materials related to "the decision to leave energized the line or circuit in question that possibly led to the Zogg Fire"; (2) identify the officer or other employee who made the decision to leave such line energized; (3) identify all others with any role in the decision or recommendation to leave such line energized; (4) describe "the sequence of all events that possibly relate to PG&E's involvement in the ignition of the Zogg Fire" in chronological order; and (5) provide photographs or videos of the relevant scene. The Utility filed its response to both orders on October 26, 2020, including a detailed, chronologically ordered sequence of events potentially related to the 2020 Zogg fire.

On October 16, 2020, the federal Monitor overseeing the Utility's probation filed a letter with the court, responding to the court's "request for an update on the Monitor team's field inspections of [the Utility's] vegetation management and infrastructure inspection operations since last year." On October 20, 2020, the court entered an order noting that "[t]he Monitor has found more exceptions per mile this year than from September to December of last year" and that "as of August 31, 2020, [the Utility] failed to conduct any enhanced, ignition-based climbing inspections of the 967 applicable transmission structures selected for 2020 inspections in high-fire threat districts." The court requested that the Utility "explain these shortcomings and any other points in the Monitor's letter it wishes to address" by November 3, 2020.

On October 26, 2020, the court entered an additional order related to the 2020 Zogg fire, requesting that the Utility "state the extent to which the line in question had been cleared of vegetation within the last five years and the extent to which its records or its contractor records showed there was any vegetation that needed to be cut, but was not yet cut in the general area where equipment was seized by authorities." The Utility included information responsive to the October 26, 2020 order in its response submitted that day and plans to provide a supplemental response with additional information responsive to the October 26, 2020 order at a future date.

For more information on the Utility's probation, see the 2019 Form 10-K.

The Utility expects to receive additional orders from the court in the future.

REGULATORY MATTERS

The Utility is subject to substantial regulation by the CPUC, the FERC, the NRC and other federal and state regulatory agencies. The resolutions of the proceedings described below, and other proceedings may materially affect PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows. Discussed below are significant regulatory developments that have occurred since filing the 2019 Form 10-K.

Rate Cases

2020 Cost of Capital Proceeding

On December 19, 2019, the CPUC approved a final decision in the 2020 Cost of Capital proceeding, maintaining the Utility's return on common equity at the 2019 level of 10.25% for the three-year period beginning January 1, 2020, as compared to 12% requested by the Utility. The Utility's annual cost of capital adjustment mechanism also remains unchanged. The cost of capital adjustment mechanism can trigger changes in the Utility's authorized ROE and cost of debt, if the 12-month average Moody's Baa bond rate for the period ending September 30, 2020 were to be 100 basis points higher or lower than 4.5 percent (the benchmark). The adjustment to i) ROE would be one-half the basis point change in the bond rate from the benchmark, and ii) authorized cost of debt would be updated. The decision maintains the common equity component of the Utility's capital structure at 52%, as requested by the Utility, and reduces its preferred stock component from 1% to 0.5%, also as requested by the Utility. The decision also approves the cost of debt requested by the Utility.

On May 28, 2020, the CPUC issued a decision in the OII to Consider PG&E Corporation's and the Utility's Plan of Reorganization that directed the Utility to submit an Advice Letter to update its authorized cost of debt within 30 days of the Effective Date of the Plan. On July 22, 2020, the Utility submitted an Advice Letter requesting to update the authorized cost of long-term debt to implement the interest cost savings resulting from the Utility's exit financing. On August 20, 2020, the CPUC approved the Utility's request to update the authorized cost of long-term debt from 5.16%, as authorized in December 2019, to 4.17% effective July 1, 2020.

For additional information, see the 2019 Form 10-K.

2017 General Rate Case

As previously disclosed, on September 13, 2019 the Utility submitted an advice letter containing a revised computation of its revenue requirement due to the effects of the Tax Act, which indicated a $282 million net reduction to the 2018 revenue requirement and a $291 million net reduction to the 2019 revenue requirement. The revised gas revenue requirements increased by $21 million and $11 million for years 2018 and 2019, respectively, and the revised electric revenue requirements decreased by $304 million and $302 million for years 2018 and 2019, respectively. On October 17, 2019, the CPUC approved the Utility's advice letter. The Utility incorporated the gas revenue requirement increases into rates through its Annual Gas True-up advice letter beginning on January 1, 2020 and amortized over 12 months. The Utility incorporated the electric revenue requirement reductions into rates through its Annual Electric True-up advice letter beginning on May 1, 2020. The revenue requirement reduction of $175 million related to electric generation is amortized over 12 months and the 2018 revenue requirement reduction of $215 million related to electric distribution is amortized over 10 months. The Utility will incorporate the remaining 2019 revenue requirement reduction of $216 million related to electric distribution with other anticipated changes, such as the change in revenue requirement resulting from the 2020 GRC phase one decision. The IRS is expected to provide additional guidance on the average rate assumption method. This IRS guidance may impact the Utility's calculation of the related revenue requirement. It is uncertain when the IRS guidance may be issued.

For additional information, see the 2019 Form 10-K.

2020 General Rate Case

On October 23, 2020, the assigned ALJs issued a PD in the Utility's 2020 GRC proceeding. In this proceeding, the CPUC will determine the annual amount of base revenues (or "revenue requirements") that the Utility will be authorized to collect from customers for electric distribution, natural gas distribution, and electric generation operations from 2020 through 2022. In the 2020 GRC proceedings, the CPUC will also provide the Utility an opportunity to earn its authorized rate of return.

The PD proposes to adopt most of the provisions in the settlement agreement that the Utility, together with the Public Advocates Office of the California Public Utilities Commission, TURN, CUE, SED and certain other settling parties jointly submitted to the CPUC on December 20, 2019 (the "settlement agreement"). The PD also proposes several modifications, including reduction of the Community Wildfire Safety Program (the "CWSP") capital forecasts for 2021 and 2022. The PD includes less favorable procedural requirements for recovery of undercollections tracked by certain regulatory accounts and for closure of up to 10 customer service branch offices.

Revenue Requirements and Attrition Year Revenues

The PD proposes that the Utility's 2019 authorized revenue requirement of $8.5 billion be increased by $585 million, effective January 1, 2020, to $9.102 billion, as requested in the settlement agreement. The PD revises the revenue requirement for 2021 and 2022 by reducing the Utility's capital expenditure forecast for wildfire mitigation stated in the settlement agreement for 2021 and 2022. The PD provides for an additional increase of $339 million in 2021 to the authorized 2020 revenue requirement, or a 3.7% increase, and an additional increase of $344 million in 2022, or a 3.6% increase, as shown in the table below.

(in millions) Year Revenue Requirement	Increase Proposed in the Settlement [1]	Increase Recommended in the PD	Difference: Increase (Decrease) from the Settlement
2020	$ 585	$ 585	$ —
2021	316	339	23
2022	$ 364	$ 344	$ (20)

[1] The settlement and PD amounts reflect the requirement to exclude certain capital expenditures for wildfire mitigation from the Utility's rate base pursuant to Assembly Bill (AB) 1054 and reflect a $10 million increase in 2020 revenues over the $575 million included in the settlement agreement as a result of updating for 2018 recorded capital additions, as stipulated in the settlement agreement.

The PD proposes to adopt the revenue requirements for lines of business and cost categories proposed for 2020 in the settlement agreement. The following table shows the revenue requirements proposed in both the settlement agreement and the PD by line of business and cost category, as well as the differences between the 2019 authorized revenue requirements and the amounts in the settlement agreement adopted in the PD.

(in millions) Lines of Business:	Amounts Proposed in Settlement Agreement and in the PD	Increase / (Decrease) 2019 Amounts vs. Settlement Agreement and the PD	
Electric distribution	$ 4,800	$ 436	10.0 %
Gas distribution	2,013	51	2.6 %
Electric generation	$ 2,289	$ 98	2.5 %
Total revenue requirements	**$ 9,102**	**$ 585**	**6.9 %**
Cost Category:			
Operations and maintenance	$ 2,073	$ 128	
Customer services	277	(61)	
Administrative and general	1,203	250	
Less: Revenue credits	(195)	(43)	
Franchise fees, taxes other than income, and other adjustments	214	33	
Depreciation (including costs of asset removal), return, and income taxes	5,530	278	
Total revenue requirements	**$ 9,102**	**$ 585**	

While the PD would adopt most of the settlement agreement, it proposes changes to the cost recovery process proposed in the settlement agreement for liability insurance, vegetation management and wildfire mitigation that are less favorable, by requiring that the Utility file applications for recovery of costs above 130% of the authorized amounts instead of addressing such costs in an advice letter. In addition, the PD proposes reductions to wildfire mitigation capital in the CWSP to $603 million for each of 2021 and 2022, as compared to $931 million in 2021 and $1.15 billion in 2022 proposed in the settlement agreement.

Rate Base and Capital Additions

The PD proposes the 2019 weighted-average rate base of $27.7 billion to be increased by $1.7 billion, effective January 1, 2020, to $29.5 billion, or a 6.2% increase. The PD revises weighted average rate base amounts for 2021 and 2022, providing for a rate base of $30.9 billion in 2021, a 5.1% increase, and $32.7 billion in 2022, or a $5.5% increase, as shown in the table below. The rate base amounts for 2020 through 2022 proposed in the PD include $1.95 billion in total of forecast capital spend that will not earn an equity return, pursuant to AB 1054, or $147 million for August to December 2019, and $601 million for each of 2020, 2021 and 2022. (The rate base amounts proposed in the settlement agreement included $147 million for August to December 2019, $601 million for 2020, $930 million for 2021 and $1.15 billion for 2022, for a total of $2.83 billion in forecast capital spend without an equity return.)

(in millions) Year Rate Base	Increase Proposed in the Settlement	Increase Recommended in the PD	Difference: Increase (Decrease) from the Settlement
2020	$ 1,717	$ 1,717	$ —
2021	1,603	1,493	(110)
2022	$ 1,989	$ 1,716	$ (273)

Over the 2020-2022 GRC period, the PD provides average annual capital investments of approximately $4.3 billion in electric distribution, natural gas distribution and electric generation infrastructure, as compared to $4.5 billion in the settlement agreement. (While the settlement agreement proposed overall revenue requirement increases for 2021 and 2022, it did not specify capital expenditures for those years.)

Consistent with the Utility's GRC application, the settlement agreement did not propose funding for claims resulting from the 2017 Northern California wildfires or the 2018 Camp fire. Also, the Utility did not seek recovery of compensation of PG&E Corporation's and the Utility's officers.

The CPUC could vote on the PD no earlier than at its meeting scheduled for December 3, 2020. Settling parties' notice to accept the PD or motion protesting the changes to the settlement are due 15 days after the date the Commission formally issues its final decision.

On June 30, 2020, the Utility filed the 2020 Risk Assessment Mitigation Phase Report.

In accordance with a January 16, 2020 CPUC decision in its OIR to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the GRC Plan the decision, the Utility is required to file with the CPUC on June 30, 2021 a single "general rate case" application requesting integrated GRC and GT&S related revenue requirements for test year 2023 and three attrition years.

For additional information, see the 2019 Form 10-K.

2015 Gas Transmission and Storage Rate Case

As previously disclosed, in its final decisions in the Utility's 2015 GT&S rate case, the CPUC excluded from rate base $696 million of capital spending in 2011 through 2014. This was the amount forecast to be recorded in excess of the amount adopted in the 2011 GT&S rate case. The decision permanently disallowed $120 million of that amount and ordered that the remaining $576 million be subject to an audit overseen by the CPUC staff, with the possibility that the Utility may seek recovery in a future proceeding. The audit report was released June 2, 2020 and did not result in any additional disallowances. The 2015 GT&S decision authorized the Utility to seek recovery of costs not otherwise disallowed through a separate application upon completion of the audit. On July 31, 2020, the Utility filed an application seeking recovery of $512 million (on a recorded basis). On October 16, 2020, the assigned commissioner issued a scoping memo establishing the scope and schedule for the proceeding. The scoping memo requires the Utility to provide supplemental testimony on January 20, 2021 addressing the reasonableness of the capital expenditures. The scoping memo calls for the issuance of a proposed decision in the fourth quarter of 2021.

As previously disclosed, as a result of the Tax Act, on October 17, 2019, the CPUC approved the Utility's advice letter including a revised computation of the effects of the Tax Act on the revenue requirements, resulting in a $61 million reduction to the 2018 revenue requirement. The Utility incorporated the revenue requirement reduction into rates through its Annual Gas True-up advice letter beginning January 1, 2020 and amortized over 12 months. The IRS is expected to provide additional guidance on the average rate assumption method. This IRS guidance may impact the Utility's calculation of the related revenue requirement. It is uncertain when the IRS guidance may be issued.

For additional information, see the 2019 Form 10-K.

2019 Gas Transmission and Storage Rate Case

As previously disclosed, on September 12, 2019, the CPUC voted out the final decision in the 2019 GT&S rate case of the Utility. By approving the decision, the CPUC adopted a 2019 revenue requirement of $1.332 billion compared to the Utility's (revised) request of $1.485 billion. This corresponds to an increase of $31 million over the Utility's 2018 authorized revenue requirement of $1.301 billion, compared to the $184 million increase requested by the Utility. The CPUC also adopted revenue requirements of $1.432 billion for 2020, $1.516 billion for 2021, and $1.580 billion for 2022, compared to the Utility's request of $1.595 billion for 2020, $1.693 billion for 2021, and $1.679 billion for 2022.

As previously disclosed, on January 16, 2020, the CPUC approved a final decision in its OIR to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the GRC Plan, as a result of which the Utility will be required to combine the GRC and GT&S rate cases starting with the 2023 GRC. In accordance with the decision, on June 30, 2021, the Utility is required to file with the CPUC a single "general rate case" application requesting integrated GRC and GT&S related revenue requirements for test year 2023 and three attrition years.

For additional information, see the 2019 Form 10-K.

Transmission Owner Rate Cases

Transmission Owner Rate Cases for 2015 and 2016 (the "TO16" and "TO17" rate cases, respectively)

As previously disclosed, on January 8, 2018, the Ninth Circuit Court of Appeals issued an opinion granting an appeal of FERC's decisions in the TO16 and TO17 rate cases that had granted the Utility a 50-basis point ROE incentive adder for its continued participation in the CAISO. If FERC concluded on remand that the Utility should no longer be authorized to receive the 50 basis point ROE incentive adder, the Utility would incur a refund obligation of $1 million and $8.5 million for TO16 and TO17, respectively. Those rate case decisions were remanded to FERC for further proceedings consistent with the Court of Appeals' opinion.

On July 18, 2019, FERC issued its order on remand reaffirming its prior grant of the Utility's request for the 50-basis point ROE adder. On August 16, 2019, a number of parties filed for rehearing of that order.

On March 17, 2020, FERC issued its order denying the requests for rehearing. On May 11, 2020, the CPUC and a number of other parties filed a petition for review of FERC's orders in the Ninth Circuit Court of Appeals. Briefing on the appeal will be completed in December 2020. The Utility is unable to predict the timing and outcome of this proceeding.

For additional information, see the 2019 Form 10-K.

Transmission Owner Rate Case for 2017 (the "TO18" rate case)

As previously disclosed, on July 29, 2016, the Utility filed its TO18 rate case at the FERC requesting a 2017 retail electric transmission revenue requirement of $1.72 billion, a $387 million increase over the 2016 revenue requirement of $1.33 billion. The forecasted network transmission rate base for 2017 was $6.7 billion. The Utility sought a return on equity of 10.9%, which included an incentive component of 50 basis points for the Utility's continuing participation in the CAISO. In the filing, the Utility forecasted that it would make investments of $1.30 billion in 2017 in various capital projects.

Also, as previously disclosed, on October 1, 2018, the ALJ issued an initial decision in the TO18 rate case proposing a ROE of 9.13% compared to the Utility's request of 10.90%, and an estimated composite depreciation rate of 2.96% compared to the Utility's request of 3.25%. In addition, the ALJ proposed to reduce forecasted capital and expense spending to actual costs incurred for the rate case period. Further, the ALJ proposed to remove certain items from the Utility's rate base and revenue requirement. Finally, the ALJ rejected the Utility's direct assignment of common plant to FERC and required the allocation of all common plant between CPUC and FERC jurisdiction be based on operating and maintenance labor ratios. Application of the operating and maintenance labor rates would result in an allocation of 6.15% of common plant to FERC in comparison to 8.84% under the Utility's direct assignment method. The Utility and intervenors filed initial briefs on October 31, 2018, and reply briefs on November 20, 2018, in response to the ALJ's initial decision.

On October 15, 2020, FERC issued an order that affirmed in part and reversed in part the initial decision. The order reopens the record for the limited purpose of allowing the participants to the proceeding an opportunity to present written evidence concerning FERC's revised ROE methodology adopted in FERC Opinion No. 569-A, issued on May 21, 2020, which refined the methodology it established in Opinion No. 569 for setting the ROE that electric utilities are authorized to earn on electric transmission investments. Initial briefs are due 60 days from the date of this decision and responses are due 30 days later. In addition, the order approves depreciation rates that yield an estimated composite depreciation rate of 2.94% compared to the Utility's request of 3.25%. Further, the order reduces forecasted capital, operations and maintenance, and cost of debt expense to actual costs incurred for the rate case period. Finally, the order rejected the Utility's direct assignment of common plant to FERC and required the allocation of all common plant between CPUC and FERC jurisdiction be based on operating and maintenance labor ratios. Aside from the ultimate outcome of the common plant allocation and ROE methodology, which is subject to further briefing, FERC's October 15, 2020 order is not expected to result in a material impact on the Utility's financial condition, results of operations, liquidity, and cash flows. Some of the issues that will be decided in a final and unappealable TO18 decision, including the common plant allocation, will also be incorporated into the Utility's current formula rate, described below under the TO20 rate case.

In addition to the additional return on equity briefing, the order is subject to requests for rehearing and potential appellate review of any rehearing order. The Utility is unable to predict the timing and outcome of this proceeding.

For additional information, see the 2019 Form 10-K.

Transmission Owner Rate Case for 2018 (the "TO19" rate case)

As previously disclosed, on July 27, 2017, the Utility filed its TO19 rate case at the FERC requesting a 2018 retail electric transmission revenue requirement of $1.79 billion, a $74 million increase over the proposed 2017 revenue requirement of $1.72 billion. The forecasted network transmission rate base for 2018 was $6.9 billion. The Utility sought a ROE of 10.75%, which includes an incentive component of 50 basis points for the Utility's continuing participation in the CAISO. In the filing, the Utility forecasted capital expenditures of approximately $1.4 billion.

Also, as previously disclosed, on September 21, 2018, the Utility filed an all-party settlement with the FERC in connection with TO19. As part of the settlement, the TO19 revenue requirement will be set at 98.85% of the revenue requirement for TO18 that will be determined upon the issuance of a final, non-appealable TO18 decision. Additionally, if the Court of Appeals were to determine that the Utility was not entitled to the 50 basis point incentive adder for the Utility's continued CAISO participation, then the Utility would be obligated to make a refund to customers of approximately $25 million. See Transmission Owner Rate Cases for 2015 and 2016 above for a discussion of the incentive adder. On December 20, 2018, the FERC issued an order approving the all-party settlement.

For additional information, see the 2019 Form 10-K.

Transmission Owner Rate Case for 2019 (the "TO20" rate case)

As previously disclosed, on October 1, 2018, the Utility filed its TO20 rate case at FERC requesting approval of a formula rate for the costs associated with the Utility's electric transmission facilities. On November 30, 2018, the FERC issued an order accepting the Utility's October 2018 filing, subject to hearings and refund, and established May 1, 2019 as the Effective Date for rate changes. FERC also ordered that the hearings will be held in abeyance pending settlement discussions among the parties.

The formula rate replaces the "stated rate" methodology that the Utility used in its previous TO rate case filings. The formula rate methodology still includes an authorized revenue requirement and rate base for a given year, but it also provides for an annual update of the following year's revenue requirement and rates in accordance with the terms of the FERC-approved formula. Under the formula rate mechanism, transmission revenue requirements will be updated to the actual cost of service annually as part of the true-up process. Differences between amounts collected and determined under the formula rate will be either collected from or refunded to customers.

The parties conducted several settlement conferences throughout 2019. On March 31, 2020, the Utility filed a partial settlement with FERC that resolves issues regarding the inputs, and methods used in the formula rate consistent with FERC precedent. In addition, the partial settlement establishes a stakeholder transmission asset review process that allows the stakeholders to review transmission capital projects that are not subject to review under the CAISO Transmission Planning Process which would be included in TO rates; allows the Utility to resolve the issue of compliance to reconcile the rate base with the CAISO register data base.

On May 9, 2019, the Utility filed a request with the FERC to modify the formula rate determination of the Utility's capital structure to address certain non-cash charges related to wildfire liability. The filing was accepted by FERC, subject to hearing and refund, on July 8, 2019 and was consolidated with the TO20 rate case. In addition, on June 30, 2020, the Utility filed another request with the FERC to modify the formula rate determination of the Utility's capital structure to address certain financing issuances related to the Utility's emergence from Chapter 11 and requirements of AB 1054. The filing was accepted by FERC, subject to hearing and refund, on August 28, 2020 and was consolidated with the TO20 rate case (together, the "Formula Rate Proceedings").

On March 31, 2020, the Utility filed a partial settlement with FERC that resolves issues regarding the inputs, and methods used in the formula rate consistent with FERC precedent. In addition, the partial settlement establishes a stakeholder transmission asset review process that allows the stakeholders to review transmission capital projects that are not subject to review under the CAISO Transmission Planning Process which would be included in TO rates; allows the Utility to resolve the issue of compliance to reconcile the rate base with the CAISO register data base; and requires the Utility to seek FERC authorization before recovering claims related to 2017 Northern California wildfires and 2018 Camp fire. The partial settlement was approved by FERC on August 17, 2020.

On October 15, 2020, the Utility filed a settlement with FERC resolving all of the remaining issues in the Formula Rate Proceedings, including the Utility's ROE, capital structure, depreciation rates, as well as certain other aspects of the Utility's formula rate. Specifically, the settlement, if approved by FERC, establishes an all-in ROE of 10.45%; a fixed capital structure of 49.75% common stock, 49.75% debt, and 0.5% preferred stock; and fixed depreciation rates for various categories of transmission facilities (represented by individual FERC accounts). The term of the settlement continues until December 31, 2023 and the Utility will be required to file a replacement rate filing to be effective on January 1, 2024. The settlement also requires the Utility to concurrently file a motion for interim rates requesting that the settlement rates go into effect on January 1, 2021 while approval of the settlement is pending at FERC. The settlement also provides that the Utility will make supplemental filings in two FERC dockets addressing the calculation of the Utility's AFUDC to reflect the terms of the settlement. The two AFUDC dockets have not been consolidated with the Formula Rate Proceedings but include capital structure issues addressed by the settlement.

For additional information, see the 2019 Form 10-K.

Nuclear Decommissioning Cost Triennial Proceeding

The Utility expects that the decommissioning of Diablo Canyon will take many years after the expiration of its current operating licenses. Detailed studies of the cost to decommission the Utility's nuclear generation facilities are conducted every three years in conjunction with the NDCTP. Actual decommissioning costs may vary from these estimates as a result of changes in assumptions such as regulatory requirements; technology; and costs of labor, materials, and equipment. The Utility recovers its revenue requirements for decommissioning costs from customers through a non-bypassable charge that the Utility expects will continue until those costs are fully recovered.

As previously disclosed, on December 13, 2018, the Utility submitted its 2018 NDCTP application, which includes a Diablo Canyon site-specific decommissioning cost estimate of $4.8 billion to decommission the Diablo Canyon facilities.

Also, as previously disclosed, on January 10, 2020, the settlement agreement that the parties had reached in this proceeding was filed with the CPUC, along with a joint motion for adoption of the settlement agreement.

Under the proposed settlement agreement, the Utility would collect annual revenue requirements of $112.5 million and $3.9 million for the funding of the Diablo Canyon non-qualified trust and Humboldt Bay tax qualified trust, respectively, commencing January 1, 2020. Additionally, under the proposed settlement agreement, the $398.4 million spent for Humboldt Bay Power Plant decommissioning project costs completed to date would be deemed reasonable.

The Utility is unable to determine the timing and outcome of this proceeding.

For additional information, see the 2019 Form 10-K.

Application for Wildfire Mitigation and Catastrophic Events Interim Rates

On February 7, 2020, the Utility filed an interim relief application seeking $899 million in interim rates related to certain electric distribution costs recorded in the following memorandum accounts: WMPMA, FRMMA, FHPMA, and CEMA. The costs pertain mainly to the years 2017-2019. The application addresses costs recorded in: (i) the WMPMA and FRMMA to comply with the 2019 WMP and other wildfire mitigation costs not otherwise recoverable through rates, (ii) the FHPMA to comply with various fire safety rulemakings through 2019, and (iii) the CEMA for responding to, and restoring customer service after, certain storms and fires occurring in 2017-2019.

The Utility submitted a request on March 23, 2020, to reduce the interim rate relief by $8.4 million to the proposed revenue requirement. This reduction, which reduces the requested rate relief to $891 million, relates to the capital cost reduction required by Assembly Bill 1054.

On October 22, 2020, the CPUC voted out its final decision that approved interim relief in the amount of $447 million. The Utility will recover these costs over a 17-month period beginning in January 2021.

For additional information, see the 2019 Form 10-K.

Wildfire Mitigation and Catastrophic Events Costs Recovery Application

On September 30, 2020, the Utility filed an application with the CPUC requesting cost recovery of recorded expenditures related to wildfire mitigation, certain catastrophic events, and a number of other activities (the "WMCE application"). The recorded expenditures exclude amounts disallowed as a result of the CPUC's decision in the Order Instituting Investigation into the 2017 Northern California Wildfires and the 2018 Camp fire and consist of $1.18 billion in expense and $801 million in capital expenditures, which result in a revenue requirement of approximately $1.28 billion.

The costs addressed in the WMCE application cover activities mainly during the years 2017 to 2019 and are incremental to those previously authorized in the Utility's 2017 GRC and other proceedings. The majority of costs addressed in this application reflect work necessary to mitigate wildfire risk and to respond to catastrophic events occurring during the years 2017 to 2019. The Utility recorded these costs to the FHPMA of $293 million, the FRMMA of $112 million, the WMPMA of $608 million, and the CEMA of $251 million. The CEMA costs reflected in the application include the Utility's costs incurred responding to ten catastrophic events, including the 2017 Tubbs fire.

In its application, the Utility proposed the following ratemaking scenario: given the CPUC approval of $447 million in interim rate relief, the Utility proposes to recover the remaining $868 million revenue requirement over a one-year period (following the conclusion of interim rate relief recovery). Cost recovery requested in this application is subject to the CPUC's reasonableness review.

The Utility has proposed a schedule that would call for a final decision by the CPUC in September 2021.

The Utility is unable to predict the timing and outcome of this application. PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be materially affected if the Utility is unable to timely recover costs included in this application.

For more information regarding the FHPMA, the FRMMA, the WMPMA, and the CEMA memorandum accounts, see "Wildfire Mitigation Memorandum Accounts" and "Catastrophic Event Memorandum Accounts and Applications" below.

Application for Recovery of Costs Recorded in the Wildfire Expense Memorandum Account

On February 7, 2020, the Utility filed an application seeking recovery of certain costs recorded in the WEMA. In the application, the Utility seeks recovery of $498.7 million for the cost of insurance premiums paid by the Utility between July 26, 2017 through December 31, 2019 that is incremental to the insurance costs already authorized in the 2017 GRC or sought to be authorized in rates in the 2020 GRC. These incremental costs are not associated with any specific wildfire event. The application does not seek recovery of wildfire claims or associated legal costs eligible for recording to WEMA. The Utility has proposed a schedule for the proceeding that requests a final decision by the end of 2020 and costs to be recovered in 2021.

On April 2, 2020, the CPUC held a prehearing conference in this matter. The CPUC has yet to issue a scoping memo that would establish the scope and schedule for the proceeding.

Catastrophic Event Memorandum Accounts and Applications

The CPUC allows utilities to recover the reasonable, incremental costs of responding to catastrophic events that have been declared a disaster or state of emergency by competent federal or state authorities through a CEMA. In 2014, the CPUC directed the Utility to perform additional fire prevention and vegetation management work in response to the severe drought in California. The costs associated with this work are tracked in the CEMA. The Utility's CEMA applications are subject to CPUC review and approval. For more information see Note 4 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

2019 CEMA Application

On September 13, 2019, the Utility submitted to the CPUC its 2019 CEMA application requesting cost recovery of $159.3 million in connection with 13 catastrophic events that included 12 wildfires and one storm for declared emergencies from mid-2017 through 2018. The 2019 CEMA application does not include costs related to the 2015 Butte fire, the 2017 Northern California wildfires, or the 2018 Camp fire.

On June 30, 2020, the Utility reported that it reached a settlement in principle with TURN and the PAO, and asked the ALJ to suspend the scheduled evidentiary hearings and give the parties time to finalize a settlement.

On August 31, 2020 the Utility filed a joint motion on behalf of the settling parties seeking approval and adoption of the settlement agreement. A final decision is expected by the end of 2020.

PG&E Corporation and the Utility are unable to predict the outcome of this proceeding.

2018 CEMA Application

On March 30, 2018, the Utility submitted to the CPUC its 2018 CEMA application requesting cost recovery of $183 million in connection with seven catastrophic events that included fire and storm declared emergencies from mid-2016 through early 2017, as well as $405 million related to work performed in 2016 and 2017 to cut back or remove dead or dying trees that were exposed to years of drought conditions and bark beetle infestation.

On April 25, 2019, the CPUC approved the Utility's request for interim rate relief, allowing for recovery of $373 million of costs (63% of the total costs incurred in 2016 and 2017), compared to $588 million requested by the Utility. The interim rate relief was implemented on October 1, 2019. Costs included in the interim rate relief are subject to audit and refund. On August 7, 2019, the Utility filed a Revised Application, Revised Testimony and Revised Workpapers, reflecting a new revenue requirement request of $669 million, pursuant to CPUC ruling allowing these changes.

The 2018 CEMA application does not include costs related to the 2015 Butte fire, the 2017 Northern California wildfires, or the 2018 Camp fire.

On March 9, 2020, the CPUC issued a modified scoping memo and ruling, requiring the Utility to file by June 30, 2020 a revised application that would include actual 2019 tree mortality costs and an independent auditor to be hired for audit of all vegetation management costs and related interest calculations.

On May 4, 2020, the Utility filed a revised application, which included 2019 tree mortality costs, reflecting a new revenue requirement request of $757 million.

The Utility is unable to predict the timing and outcome of this proceeding.

The Utility requested recovery of costs recorded in the 2018 CEMA in its Wildfire Mitigation and Catastrophic Events Interim Rates Application described above. (See "Wildfire Mitigation and Catastrophic Events Interim Rates Application.")

For additional information, see the 2019 Form 10-K.

Wildfire Mitigation Memorandum Accounts

Fire Hazard Prevention Memorandum Account

The CPUC allows utilities to track and record costs associated with implementing regulations and requirements adopted to protect the public from potential fire hazards associated with overhead power line facilities and nearby aerial communication facilities that have not been previously authorized in another proceeding. The Utility tracked such costs in the FHPMA through the end of 2019.

On December 17, 2019, the Utility, the SED of the CPUC, the CPUC's Office of the Safety Advocate, and CUE jointly submitted to the CPUC a proposed settlement agreement in connection with the OII into the 2017 Northern California Wildfires and the 2018 Camp Fire. Pursuant to the settlement agreement, the Utility agrees, among other things, to not seek recovery of $36 million of wildfire-related expenses recorded in the FHPMA. For more information on the settlement agreement, see Note 11 of the Notes to the Condensed Consolidated Financial Statements.

Other than the amounts subject to the settlement agreement, as modified by the Decision Different approved on May 7, 2020, in connection with the OII into the 2017 Northern California Wildfires and the 2018 Camp Fire, the Utility believes such costs are recoverable but rate recovery requires CPUC reasonableness review.

The Utility requested recovery of costs recorded in the FHPMA in its Wildfire Mitigation and Catastrophic Events Costs Recovery Application described above. (See "Wildfire Mitigation and Catastrophic Events Costs Recovery Application" above.)

The amount reflected in this memorandum account as of September 30, 2020 was $259 million, see Note 4 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

For additional information, see the 2019 Form 10-K.

Fire Risk Mitigation Memorandum Account

On March 12, 2019, the CPUC approved the Utility's FRMMA to track costs incurred beginning January 1, 2019, for fire risk mitigation activities that are not otherwise covered in revenue requirements. The FRMMA was authorized by SB 901 and AB 1054 to capture mitigation costs of activities not included in a CPUC approved Wildfire Mitigation Plan. The Utility has proposed that the FRMMA continue after the approval of its 2019 Wildfire Mitigation Plan to record costs of wildfire mitigation activities that were beyond the initial identified scope of work or are not included in the subsequent wildfire mitigation plans.

On December 17, 2019, the Utility, the SED of the CPUC, the CPUC's Office of the Safety Advocate, and CUE jointly submitted to the CPUC a proposed settlement agreement in connection with the OII into the 2017 Northern California wildfires and the 2018 Camp fire. Pursuant to the settlement agreement, the Utility agrees, among other things, not to seek recovery of $236 million of wildfire-related expenses recorded in the FRMMA and the WMPMA. For more information on the settlement agreement, see Note 11 of the Notes to the Condensed Consolidated Financial Statements.

The Utility requested recovery of costs recorded in the FRMMA in its Wildfire Mitigation and Catastrophic Events Costs Recovery Application, except for the amounts subject to the settlement agreement, as modified by the Decision Different approved on May 7, 2020, in connection with the OII into the 2017 Northern California wildfires and the 2018 Camp fire. (See "Wildfire Mitigation and Catastrophic Events Costs Recovery Application" above.) PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be materially affected if the Utility is unable to timely recover costs in connection with the 2019 WMP recorded in the FRMMA.

The amount reflected in this memorandum account as of September 30, 2020 was $99 million, see Note 4 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

For additional information, see the 2019 Form 10-K.

Wildfire Mitigation Plan Memorandum Account

As previously disclosed, on June 5, 2019, the Utility submitted an advice letter to establish the WMPMA (also called the Wildfire Plan Memorandum Account) effective May 30, 2019. The purpose of the WMPMA is to track costs incurred to implement the Utility's Wildfire Mitigation Plans, as required by Public Utilities Code Sections 8386 et seq., as modified by SB 901 and subsequent bills including AB 1054, AB 111, SB 70, SB 167, SB 247, and SB 560. The WMPMA is required to be established upon approval of a utility's wildfire mitigation plan to track costs incurred to implement the plan. The CPUC approved the memorandum account on August 5, 2019, so the Utility has recorded costs incurred in implementing the Wildfire Mitigation Plan, which was approved May 30, 2019, as of the WMPMA Effective Date, June 5, 2019.

The Utility requested recovery of costs recorded in the WMPMA in its Wildfire Mitigation and Catastrophic Events Costs Recovery Application, except for the amounts subject to the settlement agreement, as modified by the Decision Different approved on May 7, 2020, in connection with the OII into the 2017 Northern California wildfires and the 2018 Camp fire. (See "Wildfire Mitigation and Catastrophic Events Costs Recovery Application" above.) PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be materially affected if the Utility is unable to timely recover costs in connection with the 2019 Wildfire Mitigation Plan recorded in the WMPMA.

The amount reflected in this memorandum account as of September 30, 2020 was $1.08 billion, see Note 4 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

For additional information, see the 2019 Form 10-K.

Emergency Authorization and Order Directing Utilities to Implement Emergency Customer COVID-19 Protections

In response to the COVID-19 pandemic, on April 16, 2020, the CPUC adopted a Resolution ordering utilities to implement a number of emergency customer protections for one year beginning on March 4, 2020 through April 16, 2021, including:

- waive deposit requirements for residential customers seeking to reestablish service for one;
- implement payment plan options for residential customers;
- suspend disconnection for nonpayment and associated fees, waive deposit and late fee requirements for residential and small business customers;
- support low-income residential customers by:
    - freezing all standard and high-usage reviews for the CARE program eligibility for 12 months and potentially longer, as warranted;
    - contacting all community outreach contractors, the community-based organizations that assist in enrolling hard-to-reach low-income customers into CARE, to help better inform customers of these eligibility changes;
    - partnering with the program administrator of the customer funded emergency assistance program for low-income customers and increasing the assistance limit amount for the next 12 months; and
    - indicate how the energy savings assistance program can be deployed to assist customers;
- suspend all CARE and Federal Emergency Relief Administration program removals to avoid unintentional loss of the discounted rate during the period for which the customer is protected under these customer protections;
- discontinue generating all recertification and verification requests that require customers to provide their current income information;
- offer repair processing and timing assistance and timely access to utility customers;

- include these customer protections as part of their larger community outreach and public awareness plans;

- meet and confer with the Community Choice Aggregators as early as possible to discuss their roles and responsibilities for each emergency customer protection.

The Resolution also authorizes utilities to establish memorandum accounts to track incremental costs associated with complying with the Resolution.

COVID-19 Pandemic Protections Memorandum Account

On May 1, 2020, the Utility submitted an advice letter to establish the CPPMA. The purpose of the CPPMA is to track costs incurred to implement the CPUC's Emergency Authorization and Order Directing Utilities to Implement Emergency Customer Protections to Support California Customers During the COVID-19 Pandemic. Costs included in the CPPMA will include incremental uncollectibles expense for residential and small business customers, incremental accounts receivable financing costs for residential and small business customers, and the costs of complying with various customer protections described in "Emergency Authorization and Order Directing Utilities to Implement Emergency Customer COVID-19 Protections," above. The Utility intends to seek recovery of the CPPMA balance in a future application, recovery of which will require CPUC reasonableness review.

On June 2, 2020 and July 15, 2020, the Utility submitted updated advice letters to modify and clarify prior proposals based on CPUC guidance. On July 27, 2020, the CPUC approved the Utility's advice letter.

The amount reflected in this memorandum account as of September 30, 2020 was $53 million, see Note 4 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

Other Regulatory Proceedings

Application to Sell General Office Complex

On September 30, 2020, the Utility filed an application with the CPUC to authorize it to sell its San Francisco General Office headquarters complex (the "SFGO") located at 215 Market Street, 245 Market Street, 77 Beale Street, 50 Main Street, 25 Beale Street, and 45 Beale Street in downtown San Francisco, and relocate and consolidate this site and certain East Bay office locations into a single Bay Area corporate headquarters located at 300 Lakeside Drive in Oakland (the "Lakeside Building"), and for appropriate ratemaking treatment of those transactions.

According to this application, the Utility proposes the SFGO sale and headquarters transition proceed in several interrelated steps: the Utility will enter into the lease, with an option to purchase, the Lakeside Building; the Utility will initiate the sale process for, and ultimately sell, the SFGO, subject to CPUC approval; the Utility will enter into an agreement with the buyer of the SFGO to lease back space during the multi-year relocation period; and as space in the Lakeside Building becomes available following the expiration of existing tenants' leases and completion of the redevelopment of the property to the Utility's specifications, the Utility will relocate employees and operations from the SFGO and certain East Bay office locations to the Lakeside Building in phases over several years, beginning in 2022 (collectively, the "Transactions").

In this application, the Utility requests that the CPUC: (i) authorize the Utility to sell the SFGO; (ii) approve the Utility's proposal to distribute all of the gain on sale of the SFGO to customers on an annual basis over a period of five years, beginning in 2022; (iii) determine that the Transactions are reasonable, and authorize the Utility to recover (a) the costs of exercising the option to purchase the Lakeside Building and include the costs in rate base; (b) the costs of leasing necessary space in both the SFGO and in the Lakeside Building during the transition period (with the SFGO leased space decreasing as the Lakeside Building space increases); and (c) other transition and/or transaction-related costs, in accordance with the ratemaking treatment requested; and (iv) establish a balancing account to record lease payments, net savings or costs on operating expense and capital expense, gain on sale, moving costs and related costs for inclusion in electric and gas rates.

PG&E Corporation and the Utility are unable to predict the timing and outcome of this proceeding.

Application for Post-Emergence Securitization Transaction

On April 30, 2020, the Utility filed an application with the CPUC seeking authorization for a post-emergence transaction to securitize $7.5 billion of 2017 wildfire claims costs that is designed to be rate neutral to customers, with the proceeds used to pay or reimburse the Utility for the payment of wildfire claims costs associated with 2017 Northern California wildfires. As a result of the proposed transaction, the Utility would retire $6.0 billion of Utility debt and accelerate a $700 million payment due to the Fire Victim Trust post-Effective Date. Specifically, the application requests administration of the Stress Test Methodology approved in the CHT OIR and a determination that $7.5 billion in 2017 catastrophic wildfire costs and expenses are Stress Test Costs and eligible for securitization. In this context, a securitization refers to a financing transaction where a special purpose financing vehicle issues new debt that is secured by the proceeds of a new recovery charge to Utility customers. The application also contemplates a customer credit designed to insulate customers from the charge on customer bills associated with the bonds. The Utility proposes to fund the customer credit through a trust that consists of shareholder assets including: (1) an initial contribution of $1.8 billion; (2) up to $7.59 billion of additional contributions funded by certain shareholder tax benefits; and (3) investment returns on the assets in the trust. The Utility anticipates that this will be sufficient to ensure that the customer credits equal the bond charges over the life of the bonds. The Utility also proposes to share with customers 25% of any surplus of shareholder assets in the customer credit trust at the end of the life of the trust.

Protests and response to the application were due June 4, 2020 and the Utility filed a reply on June 12, 2020. A prehearing conference was held on June 18, 2020. The Assigned Commissioner issued the scoping memorandum on July 28, 2020 and directed the Utility to file updated testimony, if any, based on its post-emergence financial status by August 7, 2020. The Utility served its updated testimony on August 7, 2020, in which it discussed , among other things, PG&E Corporation's and Utility's exit financings from Chapter 11 and related equity issuances, including to the Fire Victim Trust, in connection with consummating the Plan on July 1, 2020, issuance of revised credit ratings, updated financial forecasts for the Utility and their impacts on the securitization application, including on the Stress Test Costs and the Customer Credit Trust, as well as certain expected tax impacts.

Intervenor testimony was served on October 14, 2020, and the Utility's rebuttal testimony is due on November 11, 2020. An evidentiary hearing is scheduled to commence on December 7, 2020. Opening briefs are due on January 7, 2021, and reply briefs are due on January 22, 2021.

2019 Wildfire Mitigation Plan

As previously disclosed, on October 25, 2018, the CPUC opened an OIR to implement the provisions of SB 901 related to electric utility wildfire mitigation plans. This OIR provided guidance on the form and content of the initial wildfire mitigation plans, provided a venue for review of the initial plans, and developed and refined the content of and process for review and implementation of wildfire mitigation plans to be filed in future years. In this proceeding the CPUC determined, among other things, how to interpret and apply SB 901's list of required plan elements, as well as what additional elements beyond those required in SB 901 should be included in the wildfire mitigation plans. SB 901 also requires, among other things, that such plans include a description of the preventive strategies and programs to be adopted by an electrical corporation to minimize the risk of its electrical lines and equipment causing catastrophic wildfires, including the consideration of dynamic climate change risks, plans for vegetation management, and plans for inspections of the electrical corporation's electrical infrastructure. The scope of this proceeding does not include utility recovery of costs related to wildfire mitigation plans, which SB 901 requires to be addressed in separate rate recovery applications.

On February 6, 2019, the Utility filed its wildfire mitigation plan (the "2019 WMP") with the CPUC, and amended it subsequently on February 12 and February 14. On May 30, 2019, the CPUC approved the 2019 WMP. (The Utility also filed an amendment to the plan on April 25, 2019, but CPUC approval did not extend to that amendment.)

For additional information, see the 2019 Form 10-K.

2020-2022 Wildfire Mitigation Plan

As previously disclosed, on February 7, 2020, the Utility publicly posted its 2020 Wildfire Mitigation Plan (the "2020 WMP") and utility survey. The Utility's 2020 WMP describes the Utility's wildfire safety programs, which are focused on three key areas: reducing the potential for fires to be started by electrical equipment, reducing the potential for fires to spread, and minimizing the frequency, scope and duration of Public Safety Power Shut-off events, as well as providing historical data requested by the guidelines.

On March 18, 2020, the CPUC issued a decision in this proceeding, clarifying that the CPUC's newly created Wildfire Safety Division will review 2020 wildfire mitigation plans, present resolutions for CPUC consideration on the 2020 Plans, and oversee independent evaluation and other compliance activity with regard to both 2019 and 2020 Plans.

On June 11, 2020, the CPUC voted to adopt two resolutions which conditionally approved PG&E's 2020-2022 WMP. The resolutions indicate that while the Utility's 2020-2022 WMP met the minimum requirements for its submission, the deficiencies found, classified as Conditions A, B, or C, will require significant oversight to ensure they appropriately prioritize and remedy the deficiencies. The Utility received 41 Conditions in total with the first set classified as Conditions A, which were completed on July 27, 2020. The second set, Conditions B were completed on September 9, 2020 and the third, Conditions C are due as part of the 2021 WMP update in February 2021.

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be materially affected if the Utility is unable to timely recover costs in connection with the 2019 WMP, and the 2020-2022 WMP recorded in the FRMMA and WMPMA, which the Utility expects will be substantial.

For additional information, see the 2019 Form 10-K.

OIR Regarding Microgrids

As previously disclosed, on September 19, 2019, the CPUC initiated a rulemaking proceeding to examine microgrid implementation issues and resiliency strategies pursuant to SB 1339. In the first track of that proceeding, the CPUC sought to deploy resiliency planning in areas that are prone to outage events and wildfires, with the stated goal of putting some microgrid and other resiliency strategies in place by Spring or Summer 2020, if not sooner. At the CPUC's direction, the Utility submitted a proposal for immediate implementation of resiliency strategies on January 21, 2020. The Utility's proposal contained three components for which it is sought scope and cost recovery authorization of up to approximately $379 million in both expense and capital. On April 1, 2020, the Utility filed a motion seeking to supplement its original proposal and to reduce the total cost recovery authorization it was seeking to approximately $257 million. The Utility described in its supplemental testimony that it was focusing in 2020 on the use of temporary, mobile generation solutions to power microgrids in 2020 and that the Utility had suspended its solicitation for permanent generation located at substations with online dates in 2020. On April 13, 2020, the ALJ presiding over the rulemaking issued a ruling denying on procedural grounds the Utility's motion to supplement its proposal.

The CPUC adopted a decision in the first track of the proceeding on June 11, 2020, which approved with conditions each of the Utility's three proposed components and requires the Utility to track costs in a new memorandum account. The decision requires the Utility to seek recovery of the recorded costs for the temporary, mobile generation and associated substation facility equipment in a future track of the proceeding. The decision requires the Utility to seek recovery of the costs of the community microgrid enablement program through reasonableness review in a future separate application or a general rate case.

The CPUC initiated the second track of the proceeding on July 3, 2020, which will focus on further implementation of SB 1339, as well as activity to shape the transition from diesel mobile generation to alternative, clean backup power generation. As part of the second track, the CPUC issued a staff proposal on September 4, 2020, describing an interim approach for providing temporary power at substations during the 2021 wildfire season, and a process for completing the transition to clean technologies and fuels in future years. The Utility expects the CPUC to issue a decision on temporary generation policy for the 2021 wildfire season and beyond by the end of 2020.

Failure to obtain a substantial or full recovery of costs could have a material effect on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows.

The Utility has approximately 450 megawatts of temporary generation reserved for use in 2020.

For additional information, see the 2019 Form 10-K.

OIR Regarding Criteria and Methodology for Wildfire Cost Recovery Pursuant to Senate Bill 901

As previously disclosed, on July 8, 2019, the CPUC issued a decision in the CHT proceeding, which adopts a methodology to determine the CHT based on (1) the maximum additional debt that a utility can take on and maintain a minimum investment grade credit rating; (2) excess cash available to the utility; (3) a potential regulatory adjustment of 20% of the CHT or 5% of the total disallowed wildfire liabilities; and (4) an adjustment to preserve for ratepayers any tax benefits associated with the CHT. The decision also requires a utility to include proposed ratepayer protection measures to mitigate harm to ratepayers as part of an application under Section 451.2(b).

Pursuant to SB 901 and the CPUC's methodology adopted in the CHT OIR, on April 30, 2020, the Utility filed an application with the CPUC seeking authorization for a post-emergence transaction to securitize $7.5 billion of 2017 wildfire claims costs that is designed to be rate-neutral to customers, with the proceeds used to pay or reimburse the Utility for the payment of wildfire claims costs associated with the 2017 Northern California wildfires. As a result of the proposed transaction, the Utility would retire $6.0 billion of Utility debt and accelerate a $700 million payment due to the Fire Victim Trust post-Effective Date.

For additional information, see "Application for Post-Emergence Securitization Transaction" above and the 2019 Form 10-K.

OII to Consider PG&E Corporation's and the Utility's Plan of Reorganization

As previously disclosed, on October 4, 2019, the CPUC issued an OII to consider the ratemaking and other implications "that will result from the confirmation of a plan of reorganization and other regulatory approvals necessary to resolve" the Chapter 11 Cases (the "Chapter 11 Proceedings OII").

On May 28, 2020, the CPUC approved a final decision in this proceeding. As previously disclosed, the decision approved PG&E Corporation's and the Utility's Plan with certain conditions and modifications related to certain topics, including but not limited to, governance, operational structure, safety performance, executive competition, and financial condition. On September 17, 2020, the CPUC issued a proposed decision that would close the proceeding. On October 22, 2020, the CPUC approved the decision.

Regionalization Proposal

On June 30, 2020, the Utility filed its application for approval of its Regionalization Proposal with the CPUC. The Utility's proposal would divide its service area into five new regions to further improve safety and reliability, core operations, and be more responsive to the needs of its customers. The Utility's Regionalization Proposal describes the development of these regions, plans to hire new regional leadership, and a new regional organization structure that moves certain work to local regions for both scheduling and execution. The Utility's application requests the CPUC to approve a memorandum account to record any incremental costs the Utility incurs in connection with the development and implementation of regionalization.

The Utility is unable to predict the timing and outcome of this application.

Enhanced Enforcement Process

In the Chapter 11 Proceedings OII final decision, the CPUC adopted an Enhanced Oversight and Enforcement Process (the "Process") designed to provide a roadmap for how the CPUC will monitor the Utility's performance on an ongoing basis. The Process contains six steps that are triggered by specific events and includes enhanced reporting requirements and additional monitoring and oversight. The Process also contains provisions for the Utility to cure and permanently exit the Process if it can satisfy specific criteria. If the Utility is placed into the Process, actions taken would occur in coordination with the CPUC's existing formal and informal reporting requirements and procedures. The Process does not replace or limit the CPUC's regulatory authority, including the authority to issue Orders to Show Cause and Orders Instituting Investigations and to impose fines and penalties. The Process requires the Utility to report the occurrence of a triggering event to the CPUC's Executive Director no later than five business day after the date on which any member of senior management of the Utility becomes aware of the occurrence of a triggering event.

For more information about this OII, see PG&E Corporation's and the Utility's joint 2019 Form 10-K.

Wildfire Fund Non-Bypassable Charge

In response to directives in AB 1054, on July 26, 2019, the CPUC opened a new rulemaking to consider the authorization of an NBC to support the Wildfire Fund. On October 24, 2019, the CPUC issued a final decision finding that the imposition of the NBC is just and reasonable. In addition, the decision affirmed that the Utility and its customers will not pay an allocated share of the adopted wildfire charge revenue requirement unless and until the Utility participates in the Wildfire Fund. The decision also continues the same allocation of the wildfire charge revenue requirement among the investor-owned utilities as previously adopted for the Department of Water Resources power and bond charge revenue requirements. The decision proposes revenue requirements for the Utility of $404.6 million, which is based on average annual collections and shall expire at the end of the year 2035.

On November 25, 2019, an individual intervenor filed an application for rehearing of the decision arguing that the decision constitutes a constitutional violation of procedural due process and an unjust and unreasonable rate increase. On March 2, 2020, the CPUC issued a decision denying the application for rehearing.

On July 16, 2020, the CPUC approved the Wildfire Fund NBC servicing orders between the California Department of Water Resources and the Large Electrical Corporations to impose the Wildfire Fund NBC. On September 10, 2020, the CPUC ordered the Utility to cease collection of the DWR Bond Charge related revenue requirement from electric customers in their respective territories. The final month in which a Bond Charge related revenue requirement will be imposed to collect revenue from electric customers of the Utilities will be September 2020.

On September 24, 2020, the CPUC ordered the Utility to collect the Wildfire Fund NBC from eligible customers from October 1, 2020 through December 31, 2020 in the amount of $0.00580 per kilowatt-hour.

On September 29, 2020, the Utility submitted an advice letter to submit tariffs incorporating final rates effective October 1, 2020. In addition to submitting tariff revisions that include final rates as outlined the letter included the tariff revisions needed to cease the imposition of the DWR Bond Charge and implement the Wildfire Fund Charge, submitted on September 25, 2020.

For additional information, see the 2019 Form 10-K.

Transportation Electrification

SB 350 (the Clean Energy and Pollution Reduction Act), requires the CPUC, in consultation with the CARB and the California Energy Resources Conservation and Development Commission, to direct electrical corporations to file applications for programs and investments to accelerate widespread transportation electrification. In September 2016, the CPUC directed the Utility and the other large IOUs to file transportation electrification applications that include both short-term projects (of up to $20 million in total) and two-to-five year programs with a requested revenue requirement determined by the Utility.

As previously disclosed, on May 31, 2018, the CPUC issued a final decision approving the Utility's two-to-five year program proposals for actual expenditures up to approximately $269 million (including $198 million of capital expenditures), to support utility-owned make-ready infrastructure supporting public fast charging and medium to heavy-duty fleets.

On December 19, 2018, the CPUC initiated a new Rulemaking for vehicle electrification matters. This new proceeding will include issues related to utility rate designs supporting transportation electrification and hydrogen fueling stations, a framework for IOUs' transportation electrification investments, and vehicle-grid integration. A prehearing conference for this rulemaking was held on March 1, 2019. On May 2, 2019, the assigned commissioner issued a scoping memo and ruling for the proceeding, which sets forth the category, issues to be addressed, and schedule of the proceeding. On February 3, 2020 the CPUC issued a draft Transportation Electrification Framework for review and comment. The CPUC has held workshops in 2020. Approval of the framework is expected by early 2021.

For additional information, see the 2019 Form 10-K.

OIR to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas Planning

On January 16, 2020, the CPUC opened an OIR to address reliability and standards for gas public utilities, the regulatory changes necessary to improve the coordination between gas utilities and gas-fired electric generators, and impacts due to legislative mandates to address the greenhouse gas reduction emissions which will result in the replacement of gas-fuel technologies and forecast reduced demand for natural gas. This proceeding will examine whether recent industry related events will require the CPUC to change the rules, processes and regulations governing gas utilities, including but not limited to, gas reliability standards, long-term contracting, regulatory accounting, reporting and tariff changes for operational flow orders.

The Utility filed opening comments on the preliminary scope on February 26, 2020 and reply comments on March 12, 2020. The assigned ALJ and assigned commissioner held a prehearing conference on March 24, 2020. The Utility filed a post-prehearing conference Statement on April 1, 2020. On April 23, 2020, the assigned commissioner issued a ruling setting the final scope, schedule and categorization for phase 1 (Tracks 1A and 1B). On July 7, the CPUC held a workshop to address natural gas reliability standards (Track 1A) and on July 21, 2020 a second workshop was held to address market structure and regulations (Track 1B). On September 14, 2020, the assigned ALJ issued a Ruling modifying the procedural schedule to allow additional time for CPUC staff to issue a workshop report including recommendations. In accordance with the revised procedural schedule for Phase I, the CPUC staff is expected to issue its Report on October 2, 2020. Parties may then submit opening and reply comments in November 2020 on the Report.

For additional information, see the 2019 Form 10-K.

OIR to Consider Strategies and Guidance for Climate Change Adaptation

On April 26, 2018, the CPUC opened an OIR to consider strategies for integrating climate change adaptation matters into relevant CPUC proceedings.

On October 24, 2019, the CPUC adopted a final decision on a portion of phase one (Topic 1 and 2), defining climate change adaptation for California's energy utilities as "adjustment in natural and human systems to a new or changing environment. Adaptation to climate change for energy utilities regulated by the CPUC refers to adjustment in utility systems using strategic and data-driven consideration of actual or expected climatic impacts and stimuli or their effects on utility planning, facilities maintenance and construction, and communications, to maintain safe, reliable, affordable and resilient operations." In addition, this decision provides guidance on what data should be used by the investor-owned utilities to perform all climate impact, climate risk, and climate vulnerability analyses undertaken with respect to their infrastructure assets, operations, and customer impacts. Finally, this decision requires the energy utilities to adhere to the same climate scenarios and projections used in the most recent California Statewide Climate Change Assessment when analyzing climate impacts, climate risk, and climate vulnerability of utility systems, operations, and customers.

On October 22, 2019, the CPUC issued a staff proposal for a framework for climate-related decision-making and accountability. In the staff proposal, the CPUC instructed each of the large IOUs to research and develop a new form of risk assessment, a CVA. CVAs instruct utilities to "examine the risks posed by climate change to their core lines of business, including generation, transmission, distribution, and storage, irrespective of who owns the assets." In addition, the staff proposal provides guidance regarding the data sources to be used in the CVA, outreach and coordination with the community, and incorporation of CVA findings into RAMP and GRC filings. The Utility provided opening and reply comments on February 18 and March 3, 2020, respectively.

On August 27, 2020, the CPUC adopted a final decision on Topics 4 and 5, regarding adaptation outreach to disadvantaged communities and detailed requirements for each IOU's CVA. The CPUC instructed IOUs to establish "climate change teams," with cross-departmental responsibilities, which will report directly to a designated executive at the SVP level or above. Each IOU must disclose to the CPUC such changes in organizational structure, listing the individual names and department titles of all internal participants. Board members should oversee and prioritize climate adaptation planning, as informed by senior leadership. Each IOU is required to consider climate risks to assets, operations, and services over which IOUs have direct control. Additionally, the decision directs the IOUs seek to obtain and acknowledgement in new contracts with third party providers that the operator has considered long-term climate risk. Each IOUs' completed CVA will coincide with its RAMP filing during its four-year GRC cycle, and IOUs must detail resulting climate adaptation measures in a new chapter in future GRC applications. Each IOU must file a Community Engagement Plan detailing community outreach on climate adaptation, covering every disadvantaged vulnerable community and leveraging existing IOU community outreach on other matters. The IOUs' climate adaptation CEP proposals must be filed one year prior to their CVA, with the Utility's first CEP due in June 2023, as PG&E's first CVA under this decision will be due in June 2024. A new memorandum account, the Climate Adaptation Vulnerability Assessment Memorandum Account, was authorized, to cover CVA costs and incremental costs of outreach.

OIR to Examine Electric Utility De-energization of Power Lines in Dangerous Conditions

On December 13, 2018, the CPUC opened an OIR to examine the notification, mitigation, and reporting requirements on electric utilities when de-energizing power lines in case of dangerous conditions that threaten life or property in California.

On May 30, 2019, the CPUC approved a decision for phase one of this proceeding, which adopted de-energization communication and notification guidelines for the electric IOUs along with updates to requirements established in Resolution ESRB-8.

On January 30, 2020, the CPUC proposed new guidelines. Parties submitted opening and reply comments on the guidelines on February 19, 2020 and February 26, 2020, respectively.

As discussed above, on April 13, 2020, a group of local governments and associations filed a Joint Motion for Emergency Order Regarding De-Energization Protocols During the COVID-19 Pandemic, requesting that the CPUC issue an emergency order setting forth de-energization protocols for the Utility and other investor-owned utilities that will remain in place for as long as a State of Emergency or shelter-in-place order remains in effect due to the COVID-19 pandemic. The requested requirements included providing back-up generation to essential services and allowing local governments to veto PSPS events for their areas. The Utility and other entities (including the other IOUs) filed responses on April 20, 2020, requesting that the CPUC deny the motion, and the moving parties and other entities filed responses on April 24, 2020. On August 24, 2020, the ALJ issued a decision holding the April 13, 2020 joint motion in abeyance, finding that the May 28, 2020 decision dealt with many of the issues raised. If the motion were reinstated in the future, a CPUC decision could restrict or impose additional requirements on the Utility in implementing PSPS events.

On May 28, 2020 the CPUC adopted PSPS Phase 2 Guidelines, which requires utilities to restore energy within 24 hours after the end of a PSPS event where possible; to consult with critical facilities on back-up power for PSPS events; and to support access and functional needs populations during PSPS events, including powering medical equipment at customer resource centers. The CPUC's May 28, 2020 decision did not act on the joint motion.

On June 15, 2020, 14 parties (including telecommunications providers, CCAs, and 10 cities and counties) filed a joint motion requesting that the CPUC perform a reasonableness review of past IOU PSPS events to determine whether each was reasonable. In its August 24, 2020 decision, the CPUC denied the June 15, 2020 motion, finding that the CPUC already performed reasonableness reviews of IOU PSPS events.

For additional information, see the 2019 Form 10-K.

Order to Show Cause Against the Utility Related to Implementation of the October 2019 PSPS Events

On November 12, 2019, the assigned commissioner and ALJ in the OIR to Examine Electric Utility De-energization of Power Lines in Dangerous Conditions issued an order to show cause directing the Utility to show cause why it should not be sanctioned for violations of law or CPUC decisions related to the PSPS events of October 9-12, 2019, October 23-25, 2019, and October 26-November 1, 2019.

The Utility filed its testimony with the CPUC on February 5, 2020. Parties filed testimony on February 28, 2020; concurrent rebuttal was filed on April 7, 2020. On April 16, 2020, proceedings in the order to show cause phase of this proceeding were suspended indefinitely pending the COVID-19-related restrictions. On July 7, 2020, in response to an email ruling from the ALJ, parties in the order to show cause submitted a joint response that discussed, among other things, the need for evidentiary hearings in the proceeding and a proposed schedule for the remainder of the proceedings. On July 9, 2020 and August 27, 2020, the ALJ held status conferences at which parties discussed those issues. On September 21, 2020, the assigned commissioner and the ALJ issued an order that required the Utility to provide responses to certain factual questions regarding the issues in the proceeding, concluded that with the provision of responsive answers to those questions evidentiary hearings would not be needed in the proceeding, and established a schedule for the remainder of the proceeding. The schedule provides for concurrent opening briefs to be filed on October 30, 2020; concurrent reply briefs on November 17, 2020; a presiding officer decision no later than 60 days following submission; and a final decision no sooner than 30 days after the presiding officer decision if no appeal or request for review is submitted.

The Utility is unable to predict the outcome of this proceeding.

For additional information, see the 2019 Form 10-K.

OII to Examine the Late 2019 Public Safety Power Shutoff Events

On November 13, 2019, the CPUC issued an OII to determine "whether California's investor-owned utilities prioritized safety and complied with the CPUC's regulations and requirements with respect to their Public Safety Power Shutoff (PSPS) events in late 2019." The first phase of this proceeding will assess for each utility, among other things, (1) the effectiveness of the utility's procedures to notify the public of the PSPS events, (2) the utility's communication and coordination with first responders, local jurisdictions and state agencies, and (3) the utility's management of its resources to ensure public safety. In later phases of this proceeding, the CPUC may consider taking action if it finds violations of statutes or its decisions or general orders have been committed and to enforce compliance, if necessary.

On June 8, 2020, the SED issued a Public Report on the Late 2019 Public Safety Power Shutoff Events. The Report indicated that it described the manner and extent to which each electric investor-owned utility implemented the CPUC's PSPS Guidelines during their late 2019 PSPS events. The Report stated that it was intended to be advisory in nature, subject to modification, and not intended to serve as an adjudicatory-staff investigatory pre-enforcement report. On June 19, 2020, parties to the OII submitted prehearing statements that provided, among other things, views on the appropriate next steps in the proceeding. On June 22, 2020, the ALJ held a prehearing conference that discussed appropriate next steps in the proceeding. On August 3, 2020, the ALJ issued a ruling finding that a hearing was not necessary and setting the schedule for the proceeding, and on September 18, 2020, the ALJ granted a motion to extend time for intervenor and reply comments. IOU comments were submitted September 2, 2020, intervenor comments were submitted October 16, 2020, and reply comments are due November 16, 2020. The proposed decision is anticipated 90 days after submission of reply briefs, and the CPUC decision is anticipated no sooner than 30 days after issuance of the proposed decision.

Also on August 3, 2020, the assigned commissioner issued a ruling and scoping memo directing parties to file comments on SED's report and the following two issues: (1) whether the Utility and other IOUs in October and November 2019 complied with the criteria set forth in applicable laws and regulations when pro-actively deenergizing and re-energizing their power lines, and (2) what corrective actions should the CPUC should require of the Utility and other IOUs for any failure in late 2019 to comply with the then-existing PSPS guidelines

For additional information, see the 2019 Form 10-K.

Power Charge Indifference Adjustment OIR

In 2017, the CPUC initiated the PCIA Rulemaking to make refinements to the PCIA, a cost recovery mechanism to ensure that customers that leave the Utility's bundled service for a non-Utility provider, such as a DA or CCA provider, pay their fair share of the above market costs associated with long-term power purchase commitments and Utility-owned generation made on their behalf. The above market costs of the Utility's generation portfolio are calculated using benchmarks for energy, resource adequacy (RA) and RPS attributes.

As previously disclosed, on October 11, 2018, the CPUC approved a phase one decision to modify the PCIA methodology. The Utility implemented a revised PCIA reflecting this decision in rates as of July 1, 2019.

Also, as previously disclosed, on October 10, 2019, the CPUC approved a final decision that finalized the true-up for the new PCIA methodology.

On March 26, 2020, the CPUC approved a final decision on departing load forecasting and PCIA bill presentation issues, establishing that the IOUs shall show a PCIA line item in their tariffs and bill summary tables on all customer bills, which shall be implemented by the last business day of 2021.

On June 30, 2020, the CPUC issued a PD that would provide a non-Utility provider an option to prepay their entire PCIA obligation. On August 6, 2020 the CPUC issued a final decision adopting a framework for prepayment agreements for PCIA obligations.

The proceeding is now examining structures and rules governing how the Utility addresses excess resources in its portfolio due to load loss to CCA and DA, including standards for active management of the Utility's portfolios. A PD is expected in the fourth quarter of 2020.

For additional information, see the 2019 Form 10-K.

Central Procurement of the Resource Adequacy Program

On June 17, 2020, the CPUC issued a decision on the Central Procurement of the RA Program. The decision adopted implementation details for the central procurement of multi-year local RA procurement, ordered the Utility and another IOU to serve as the central procurement entities for their respective distribution service areas, and adopted a hybrid central procurement framework for the multi-year local RA program beginning for the 2023 RA compliance year.

The decision requires the Utility, as the central procurement entity for its distribution service area, to conduct a competitive, all-source solicitation for local RA procurement, with any existing local resource that does not have a contract, any new local resource that can be brought online in time to meet solicitation requirements, or any load serving entity or third-party with an existing local RA contract eligible to bid into the solicitation.

The Cost Allocation Mechanism methodology is adopted as the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function. The administrative costs incurred in serving the central procurement entity function shall also be recoverable under the Cost Allocation Mechanism.

LEGISLATIVE AND REGULATORY INITIATIVES

Senate Bill 350

On June 30, 2020, the California governor signed into law SB 350 (the Golden State Energy Act), a bill which authorizes the creation by the governor of a new entity "Golden State Energy," a nonprofit public benefit corporation, for the purpose of acquiring the Utility's assets and serving electric and gas in the Utility's service territory only in the event that the CPUC determines that the Utility's Certificate of Public Convenience and Necessity should be revoked pursuant to any process or procedures adopted by the CPUC in its decision approving PG&E Corporation's and the Utility's Plan of Reorganization.

Senate Bill 901

SB 901, signed into law on September 21, 2018, requires the CPUC to establish a CHT, directing the CPUC to limit certain disallowances in the aggregate, so that they do not exceed the CHT. SB 901 also authorizes the CPUC to issue a financing order that permits recovery, through the issuance of recovery bonds (also referred to as "securitization"), of wildfire-related costs found to be just and reasonable by the CPUC and, only for the 2017 Northern California wildfires, any amounts in excess of the CHT.

For additional information, see the 2019 Form 10-K.

Assembly Bill 1054

On July 12, 2019, the California governor signed into law AB 1054, a bill which provides for the establishment of a statewide fund that will be available for eligible electric utility companies to pay eligible claims for liabilities arising from wildfires occurring after July 12, 2019 that are caused by the applicable electric utility company's equipment, subject to the terms and conditions of AB 1054. Eligible claims are claims for third party damages resulting from any such wildfires, limited to the portion of such claims that exceeds the greater of (i) $1.0 billion in the aggregate in any calendar year and (ii) the amount of insurance coverage required to be in place for the electric utility company pursuant to section 3293 of the Public Utilities Code, added by AB 1054.

AB 1054 also provides that the first $5.0 billion expended in the aggregate by California's three investor-owned electric utility companies on fire risk mitigation capital expenditures included in their respective approved wildfire mitigation plans will be excluded from their respective equity rate bases. The $5.0 billion of capital expenditures will be allocated among the investor-owned electric utility companies in accordance with their Wildfire Fund allocation metrics (described above). AB 1054 contemplates that such capital expenditures may be securitized through a customer charge.

Each of California's large investor owned utilities have elected to participate in the Wildfire Fund. On July 1, 2020, having satisfied the conditions for the Utility's participation in the Wildfire Fund, the Utility deposited approximately $5 billion in the Wildfire Fund, which represents PG&E's initial and first annual contributions.

For additional information, see the 2019 Form 10-K.

Senate Bill 378

In addition to other requirements, SB 378 would impose on an electric utility company a civil penalty of at least $250,000 per 50,000 affected customers for every hour that a PSPS event is in place, would require the CPUC to establish a procedure for customers, local governments and others to recover costs accrued during a PSPS event from the electric utility company, which cost recovery would be borne by shareholders, and would prohibit an electric utility company from billing customers for any nonfixed costs during a PSPS event.

Assembly Bill 1941

AB 1941 proposes to suspend RPS requirements, determine the savings to electric utility companies from the suspension and direct those savings towards system hardening to mitigate wildfire risks and PSPS impacts, and would prohibit salary increases or bonuses to executive officers during the suspension of RPS requirements.

ENVIRONMENTAL MATTERS

The Utility's operations are subject to extensive federal, state, and local laws and permits relating to the protection of the environment and the safety and health of the Utility's personnel and the public. These laws and requirements relate to a broad range of the Utility's activities, including the remediation of hazardous wastes; the reporting and reduction of carbon dioxide and other greenhouse gas emissions; the discharge of pollutants into the air, water, and soil; the reporting of safety and reliability measures for natural gas storage facilities; and the transportation, handling, storage, and disposal of spent nuclear fuel. (See Note 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q, as well as "Item 1A. Risk Factors" and Note 15 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K.)

CONTRACTUAL COMMITMENTS

PG&E Corporation and the Utility enter into contractual commitments in connection with future obligations that relate to purchases of electricity and natural gas for customers, purchases of transportation capacity, purchases of renewable energy, and purchases of fuel and transportation to support the Utility's generation activities. (See "Purchase Commitments" in Note 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1). Contractual commitments that relate to financing arrangements include long-term debt, preferred stock, and certain forms of regulatory financing. For more in-depth discussion about PG&E Corporation's and the Utility's contractual commitments, see "Liquidity and Financial Resources" above and MD&A "Contractual Commitments" in Item 7 of the 2019 Form 10-K.

Off-Balance Sheet Arrangements

PG&E Corporation and the Utility do not have any off-balance sheet arrangements that have had, or are reasonably likely to have, a current or future material effect on their financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources, other than those discussed in Note 15 of the Notes to the Consolidated Financial Statements in Item 8 of the 2019 Form 10-K (the Utility's commodity purchase agreements).

RISK MANAGEMENT ACTIVITIES

PG&E Corporation, mainly through its ownership of the Utility, and the Utility are exposed to risks associated with adverse changes in commodity prices, interest rates, and counterparty credit.

The Utility actively manages market risk through risk management programs designed to support business objectives, discourage unauthorized risk-taking, reduce commodity cost volatility, and manage cash flows. The Utility uses derivative instruments only for risk mitigation purposes and not for speculative purposes. The Utility's risk management activities include the use of physical and financial instruments such as forward contracts, futures, swaps, options, and other instruments and agreements, most of which are accounted for as derivative instruments. Some contracts are accounted for as leases. The Utility manages credit risk associated with its counterparties by assigning credit limits based on evaluations of their financial conditions, net worth, credit ratings, and other credit criteria as deemed appropriate. Credit limits and credit quality are monitored periodically. These activities are discussed in detail in the 2019 Form 10-K. There were no significant developments to the Utility's and PG&E Corporation's risk management activities during the nine months ended September 30, 2020.

CRITICAL ACCOUNTING POLICIES

The preparation of the Condensed Consolidated Financial Statements in accordance with GAAP involves the use of estimates and assumptions that affect the recorded amounts of assets and liabilities as of the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. PG&E Corporation and the Utility consider their accounting policies for regulatory assets and liabilities, loss contingencies associated with environmental remediation liabilities and legal and regulatory matters, AROs, and pension and other post-retirement benefit plans to be critical accounting policies. These policies are considered critical accounting policies due, in part, to their complexity and because their application is relevant and material to the financial position and results of operations of PG&E Corporation and the Utility, and because these policies require the use of material judgments and estimates. Actual results may differ materially from these estimates and assumptions. These accounting policies and their key characteristics are discussed in detail in the 2019 Form 10-K.

Contributions to the Wildfire Fund

On the Effective Date, PG&E Corporation and the Utility contributed, in accordance with AB 1054, an initial contribution of approximately $4.8 billion and first annual contribution of approximately $193 million to the Wildfire Fund to secure participation of the Utility therein. As of September 30, 2020, PG&E Corporation and the Utility have nine remaining annual contributions of $193 million. PG&E Corporation and the Utility account for the contributions to the Wildfire Fund similarly to prepaid insurance with expense being allocated to periods ratably based on an estimated period of coverage. The Wildfire Fund is available to pay for eligible claims arising as of July 12, 2019, the effective date of AB 1054, subject to a limit of 40% of the amount of such claims arising between the effective date of AB 1054 and the Utility's emergence from Chapter 11. The 40% limit does not apply to eligible claims that arise after the Utility's emergence from Chapter 11. The Wildfire Fund is additionally limited to the portion of such claims that exceeds the greater of (i) $1.0 billion in the aggregate in any calendar year and (ii) the amount of insurance coverage required to be in place for the electric utility company pursuant to Section 3293 of the Public Utilities Code, added by AB 1054.

In the second quarter of 2020, PG&E Corporation and the Utility recorded a current liability of $5.2 billion in "Wildfire fund liability" and $1.5 billion in Other noncurrent liabilities for the present value of unpaid contribution amounts, as well as $6.5 billion in assets for its commitment to make contributions, reduced by amortization, of which $6.0 billion were non-current, called "Wildfire fund asset" in the Condensed Consolidated Balance Sheets. The initial contribution and first annual contribution were paid in the third quarter of 2020. During the three and nine months ended September 30, 2020, the Utility recorded amortization and accretion expense of $120 million and $293 million, respectively. The amortization of the asset, accretion of the liability, and if applicable, impairment of the asset is reflected in "Wildfire fund expense" in the Condensed Consolidated Statements of Income. Expected contributions are discounted to the present value using the 10-year US treasury rate at the date PG&E Corporation and the Utility satisfied all the eligibility requirements to participate in the Wildfire Fund. A useful life of 15 years is being used to amortize the Wildfire Fund asset.

AB 1054 did not specify a period of coverage; therefore, this accounting treatment is subject to significant accounting judgments and estimates. In estimating the period of coverage, PG&E Corporation and the Utility use a Monte Carlo simulation starting with 12 years of historical, publicly available fire-loss data from wildfires caused by electrical equipment. The period of historic fire-loss data and the effectiveness of mitigation efforts by the California electric utility companies are significant assumptions used to estimate the useful life. These assumptions along with the other assumptions below create a high degree of uncertainty related to the estimated useful life of the Wildfire Fund. The simulation results in the estimated number and severity of catastrophic fires that could occur in California within the participating electric utilities' service territories during the term of the Wildfire Fund. Using a 5 year period of historical data, with average annual statewide claims or settlements of approximately $6.5 billion, compared to approximately $2.9 billion for the 12-year historical data, would decrease the amortization period to 6 years. Similarly, a ten percent change to the assumption around current and future mitigation effort effectiveness would increase the amortization period to 17 years assuming greater effectiveness and would decrease the amortization period to 12 years assuming less effectiveness.

Other assumptions used to estimate the useful life include the estimated cost of wildfires caused by other electric utilities, the amount at which wildfire claims would be settled, the likely adjudication of the CPUC in cases of electric utility-caused wildfires, the impacts of climate change, the level of future insurance coverage held by the electric utilities, the FERC-allocable portion of loss recovery, and the future transmission and distribution equity rate base growth of other electric utilities. Significant changes in any of these estimates could materially impact the amortization period.

PG&E Corporation and the Utility evaluate all assumptions quarterly, or upon claims being made from the Wildfire Fund for catastrophic wildfires, and the expected life of the Wildfire Fund will be adjusted as required. The Wildfire Fund is available to other participating utilities in California and the amount of claims that a participating utility incurs is not limited to their individual contribution amounts. PG&E Corporation and the Utility will assess the Wildfire Fund asset for impairment in the event that a participating utility's electrical equipment is found to be the substantial cause of a catastrophic wildfire. Timing of any such impairment could lag as the emergence of sufficient cause and claims information can take many quarters and could be limited to public disclosure of the participating electric utility, if ignition were to occur outside the Utility's service territory. At September 30, 2020, there were no such known events requiring a reduction of the Wildfire Fund asset nor have there been any claims or withdrawals by the participating utilities against the Wildfire Fund.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

See the discussion above in Note 3 of the Notes to the Condensed Consolidated Financial Statements in Item 1.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

PG&E Corporation's and the Utility's primary market risk results from changes in energy commodity prices. PG&E Corporation and the Utility engage in price risk management activities for non-trading purposes only. Both PG&E Corporation and the Utility may engage in these price risk management activities using forward contracts, futures, options, and swaps to hedge the impact of market fluctuations on energy commodity prices and interest rates. (See the section above entitled "Risk Management Activities" in MD&A and in Note 8 and Note 9 of the Notes to the Condensed Consolidated Financial Statements in Item 1.)

ITEM 4. CONTROLS AND PROCEDURES

Based on an evaluation of PG&E Corporation's and the Utility's disclosure controls and procedures as of September 30, 2020, PG&E Corporation's and the Utility's respective principal executive officers and principal financial officers have concluded that such controls and procedures are effective to ensure that information required to be disclosed by PG&E Corporation and the Utility in reports that the companies file or submit under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (ii) accumulated and communicated to PG&E Corporation's and the Utility's management, including PG&E Corporation's and the Utility's respective principal executive officers and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect, PG&E Corporation's or the Utility's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In addition to the following proceedings, PG&E Corporation and the Utility are parties to various lawsuits and regulatory proceedings in the ordinary course of their business. For more information regarding PG&E Corporation's and the Utility's legal proceedings and contingencies, see Notes 2, 10, and 11 of the Notes to the Condensed Consolidated Financial Statements in Item 1 and Part I, MD&A: "Enforcement and Litigation Matters."

U.S. District Court Matters and Probation

On August 9, 2016, the jury in the federal criminal trial against the Utility in the United States District Court for the Northern District of California, in San Francisco, found the Utility guilty on one count of obstructing a federal agency proceeding and five counts of violations of pipeline integrity management regulations of the Natural Gas Pipeline Safety Act. On January 26, 2017, the court imposed a sentence on the Utility in connection with the conviction. The court sentenced the Utility to a five-year corporate probation period, oversight by the Monitor for a period of five years, with the ability to apply for early termination after three years, a fine of $3 million to be paid to the federal government, certain advertising requirements, and community service.

The probation includes a requirement that the Utility not commit any local, state, or federal crimes during the probation period. As part of the probation, the Utility has retained the Monitor at the Utility's expense. The goal of the Monitor is to help ensure that the Utility takes reasonable and appropriate steps to maintain the safety of its gas and electric operations, and to maintain effective ethics, compliance and safety related incentive programs on a Utility-wide basis.

Upon the court's request, on March 2, 2020, the Utility provided to the court its target number of contract tree trimmers for 2020, information regarding the Utility's 2019 inspections of Tower 009/081 on the Cresta-Rio Oso 230 kV Transmission Line (the "Cresta-Rio Oso Line"), information regarding the relationship between priority codes set forth in the Utility's Electric Transmission Preventive Maintenance Manual and the safety factors specified in General Order 95 promulgated by the CPUC, as well as the application of each to the C-hooks of interest on the Cresta-Rio Oso Line. In addition, on April 2, 2020, the Utility submitted a report to the court regarding the Utility's March 19, 2020 collection of equipment from the Cresta-Rio Oso Line. On April 10, 2020, the TCC in the Utility's Chapter 11 Cases and estimation proceedings filed a declaration from a TCC expert concerning Cresta-Rio Oso 230kV Transmission Line evidence collection and removal on March 19, 2020.

On April 29, 2020, the court issued an order imposing new conditions of probation.

On May 13, 2020, the Utility filed motions with the court asking that it reconsider the April 29, 2020 order and issue a stay on implementing the new conditions until it has had a chance to rule on the Utility's request for reconsideration.

On May 14, 2020, the court issued an order staying the April 29, 2020 order and ordering certain other procedural actions. On June 24, 2020, after a hearing on the Utility's motion for reconsideration, the Utility filed a joint brief with the Monitor overseeing its probation and the Department of Justice, outlining which actions, if any, the court should take regarding the conditions of the Utility's probation. On July 1, 2020, the court issued a notice inviting comments from "any interested party . . . on whether and the extent to which these joint proposed probation conditions should be accepted." One interested party filed comments on July 16, 2020, stating that the proposed probation conditions submitted by the joint parties were inadequate and should be rejected by the court. The CPUC also filed comments indicating it did not oppose the conditions agreed to by the Utility, the Monitor, and the Department of Justice.

On June 17, 2020, the court issued an order requiring the Utility to respond to each statement in the Butte County District Attorney's report filed in the criminal prosecution of the Utility in connection with the 2018 Camp Fire entitled "People's Statement of Factual Basis in Support of the Pleas and Sentencing Statement" that the Utility denies is true and provide the reason for the denial. The Utility filed its response on July 1, 2020.

On July 21, 2020, the court issued an order requiring the Utility, the Monitor, and the Department of Justice to clarify certain aspects of the proposed additional conditions of probation set forth in the June 24, 2020 joint submission. The Utility filed its response on July 28, 2020.

On July 24, 2020, the Utility submitted a report to the court to update the court on the condition of the Utility's Caribou-Palermo 115 kV Transmission Line (the "Caribou-Palermo Line"). The Utility indicated in its report that energized lines in the same vicinity as the Utility's de-energized Caribou-Palermo Line may have the potential to induce voltage and current onto the Caribou-Palermo line, despite the Caribou-Palermo line's de-energized state. The Utility further indicated in its report the steps it has taken to mitigate this risk and additional steps that it will be taking in the future. The Utility also has notified the Monitor, its probation officer, the CPUC and the Butte County District Attorney of the facts and mitigation efforts set forth in its report.

On August 7, 2020, the court entered an order withdrawing the conditions of probation proposed in its April 29, 2020 order and adopting the new conditions jointly proposed by the Utility, the Monitor, and the Department of Justice on June 24, 2020. Among other things, these conditions require the Utility to staff an in-house vegetation inspection manager and approximately 30 additional field inspectors to oversee vegetation management work. Further, the Utility is required to implement a program to assess the age and expected useful life of certain electrical components in high fire-threat areas, incorporate this information into its risk-based asset management programs, and provide monthly progress reports to the Monitor. The Utility must also hire additional inspectors to oversee inspections of its transmission assets and implement a 90-day replacement requirement for cold end hardware in high fire-threat areas with an observed material loss approaching 50 percent.

On October 12, 2020, the court entered an order requesting that the Utility explain its role in the ignition of the 2020 Zogg fire. Regarding the Utility's equipment removed by Cal Fire as part of Cal Fire's investigation into the 2020 Zogg fire, the court ordered the Utility to describe, among other things, the location of the equipment when it was in use; whether the equipment was transmission line equipment, distribution line equipment, or substation equipment; and the extent of trimmed and untrimmed vegetation in the area near where Cal Fire took possession of the equipment.

On October 21, 2020, the court entered an additional order related to the 2020 Zogg fire, requesting that the Utility: (1) supply all documents, emails, text messages, reports, voicemails and any other materials related to "the decision to leave energized the line or circuit in question that possibly led to the Zogg Fire"; (2) identify the officer or other employee who made the decision to leave such line energized; (3) identify all others with any role in the decision or recommendation to leave such line energized; (4) describe "the sequence of all events that possibly relate to PG&E's involvement in the ignition of the Zogg Fire" in chronological order; and (5) provide photographs or videos of the relevant scene. The Utility filed its response to both orders on October 26, 2020, including a detailed, chronologically ordered sequence of events potentially related to the 2020 Zogg fire.

On October 16, 2020, the federal Monitor overseeing the Utility's probation filed a letter with the court, responding to the court's "request for an update on the Monitor team's field inspections of [the Utility's] vegetation management and infrastructure inspection operations since last year." On October 20, 2020, the court entered an order noting that "[t]he Monitor has found more exceptions per mile this year than from September to December of last year" and that "as of August 31, 2020, [the Utility] failed to conduct any enhanced, ignition-based climbing inspections of the 967 applicable transmission structures selected for 2020 inspections in high-fire threat districts." The court requested that the Utility "explain these shortcomings and any other points in the Monitor's letter it wishes to address" by November 3, 2020.

On October 26, 2020, the court entered an additional order related to the 2020 Zogg fire, requesting that the Utility "state the extent to which the line in question had been cleared of vegetation within the last five years and the extent to which its records or its contractor records showed there was any vegetation that needed to be cut, but was not yet cut in the general area where equipment was seized by authorities." The Utility included information responsive to the October 26, 2020 order in its response submitted that day and plans to provide a supplemental response with additional information responsive to the October 26, 2020 order at a future date.

For more information on the Utility's probation, see the 2019 Form 10-K.

The Utility expects to receive additional orders from the court in the future.

Order Instituting an Investigation into PG&E Corporation's and the Utility's Safety Culture

On August 27, 2015, the CPUC began a formal investigation into whether the organizational culture and governance of PG&E Corporation and the Utility prioritize safety and adequately direct resources to promote accountability and achieve safety goals and standards (the "Safety Culture OII"). The CPUC directed the SED to evaluate the Utility's and PG&E Corporation's organizational culture, governance, policies, practices, and accountability metrics in relation to the Utility's record of operations, including its record of safety incidents. The SED engaged a consultant to assist in the SED's investigation and the preparation of a report containing the SED's assessment, and subsequently, to report on the implementation by the Utility of the consultant's recommendations.

On June 18, 2019, the CPUC issued a ruling requesting comments from parties on four proposals that it stated may improve the safety culture of PG&E Corporation and the Utility. The four proposals are: separating the Utility into gas and electric utilities (including, as one possibility, sale of the gas assets to a third party); establishing periodic review of the Utility's certificate of convenience and necessity; modifying or eliminating PG&E Corporation's holding company structure; and linking the Utility's rate of return or return on equity to safety performance metrics. Opening comments on the ruling were filed on July 19, 2019 and reply comments were filed on August 2, 2019.

On September 4, 2020, the ALJ issued a ruling updating case status, which states that the proceeding will remain open as a vehicle to monitor the progress of the Utility in improving its safety culture, and to address any relevant issues that arise, with the CPUC's consultant NorthStar Consulting Group, Inc. continuing in a monitoring role. The ruling states that additional issues may be raised in the proceedings by parties or the CPUC.

For more information, see the 2019 Form 10-K.

Diablo Canyon Power Plant

For more information regarding the status of the 2003 settlement agreement between the Central Coast Regional Water Quality Control Board, the Utility, and the California Attorney General's Office, see Part I, Item 3. "Legal Proceedings" in the 2019 Form 10-K.

ITEM 1A. RISK FACTORS

For information about the significant risks that could affect PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows, see the section of the 2019 Form 10-K and in PG&E Corporation's and the Utility's joint quarterly reports for the periods ended March 31, 2020 and June 30, 2020 entitled "Risk Factors," as supplemented below, and the section of this quarterly report entitled "Forward-Looking Statements."

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows could be materially affected as a result of the 2019 Kincade fire, the 2020 Zogg fire or future wildfires.

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows could be materially affected as a result of the 2019 Kincade fire, the 2020 Zogg fire or future wildfires.

On July 16, 2020, Cal Fire issued a press release addressing the cause of the 2019 Kincade fire. Cal Fire stated that it had "determined that the Kincade Fire was caused by electrical transmission lines owned and operated by Pacific Gas and Electric (PG&E) located northeast of Geyserville. Tinder dry vegetation and strong winds combined with low humidity and warm temperatures contributed to extreme rates of fire spread." Cal Fire also indicated that its investigative report has been forwarded to the Sonoma County District Attorney's Office, which is investigating the matter.

On October 9, 2020, Cal Fire informed the Utility that it had taken possession of the Utility's equipment as part of its ongoing investigation into the cause of the 2020 Zogg fire. Cal Fire has not issued a determination of cause. The Shasta County District Attorney's Office is also investigating the fire.

Although there are a number of unknown facts surrounding Cal Fire's causation determination of the 2019 Kincade fire and their investigation of the 2020 Zogg fire, the Utility could be subject to significant liability in excess of insurance coverage that would be expected to have a material impact on PG&E Corporation's and the Utility's financial condition, results of operations, liquidity, and cash flows. PG&E Corporation and the Utility have also received and are responding to data requests from the CPUC's SED relating to the 2019 Kincade fire and the 2020 Zogg fire. PG&E Corporation and the Utility could be the subject of additional investigations, lawsuits, or enforcement actions in connection with the 2019 Kincade fire, the 2020 Zogg fire or future wildfires.

In addition, the 2019 Kincade fire, the 2020 Zogg fire or future wildfires could have adverse consequences on the Utility's probation proceeding, the Utility's proceedings with the CPUC and FERC (including the Safety Culture OII), and future regulatory proceedings, including future applications for the safety certification required by AB 1054. PG&E Corporation and the Utility may also suffer additional reputational harm and face an even more challenging operating, political, and regulatory environment. For more information about the 2019 Kincade fire and the 2020 Zogg fire, see Note 10 "Wildfire-Related Contingencies" in Part I, Item 1.

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows could be significantly affected by the outbreak of the COVID-19 pandemic.

PG&E Corporation's and the Utility's financial condition, results of operations, liquidity and cash flows have been (beginning in March 2020) and could continue to be significantly affected by the outbreak of COVID-19, but the extent of such impact is uncertain. In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in Wuhan, China, resulting in significant disruptions to manufacturing, supply chain, markets, and travel world-wide. On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak a public health emergency of international concern and on March 12, 2020, announced the outbreak was a pandemic. On March 16, 2020, the California governor issued an Executive Order requiring the CPUC to direct electric utility companies to follow customer protection measures including a moratorium on service disconnections for residential and small business customers, retroactive to March 4, 2020. After a statewide shelter in place order instituted on March 19, 2020, on April 28, 2020, the California governor announced four different stages for easing the California shelter-in-place measures. California currently has a blueprint for reducing COVID-19 in the state with revised criteria for loosening and tightening restrictions on activities. It is uncertain when further modifications and restrictions will be implemented.

While the extent of the impact of the current COVID-19 outbreak on PG&E Corporation's and the Utility's business and financial results is uncertain, the consequences of a continued and prolonged outbreak and resulting government and regulatory orders could have a further negative impact on the Utility's financial condition, results of operations, liquidity and cash flows.

The outbreak of COVID-19 and the resulting economic conditions, including but not limited to the shelter-in-place order and resulting decrease in economic and industrial activity in the Utility's service territory have and will continue to have a significant adverse impact on the Utility's customers; these circumstances have impacted and will continue to impact the Utility for a period of time that PG&E Corporation and the Utility are unable to predict. For example, the economic downturn has already resulted in a reduction in customer receipts and collection delays in the second and third quarters of 2020.

The Utility's customer energy accounts receivable balances over 30 days outstanding as of September 30, 2020 were approximately $696 million, or $310 million higher as compared to the corresponding month in 2019. The Utility is unable to estimate the portion of the increase directly attributable to the COVID-19 pandemic. The Utility expects to continue experiencing an impact on monthly cash collections in 2020 and for as long as current COVID-19 circumstances persist.

On April 16, 2020, the CPUC passed a resolution requiring COVID-19 related emergency customer protection measures starting from the March 4, 2020 Emergency Proclamation and consistent with the March 16, 2020 Executive Order. The Resolution allows associated costs to be tracked in a memorandum account, the COVID-19 Pandemic Protections Memorandum Account (CPPMA). The CPPMA allows tracking of residential and small business customers' incremental uncollectible costs. In addition, the Utility's proposed 2020 GRC settlement would continue the Utility's existing mechanism to address uncollectibles, which allows the Utility to readjust its uncollectibles rate on an annual basis based on the most recent 10-year average of uncollectibles. In addition, the June 11, 2020 decision in the *OIR to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs* (Disconnections OIR) provides for a two-way balancing account for residential uncollectibles and memorandum account for OIR implementation costs. The Utility is unable to predict whether these measures will allow for future recovery of these amounts.

In addition, the Utility has experienced average reductions of approximately 3% in electric load and approximately 3% in core gas load on a weather-adjusted basis from mid-March to early October, resulting in an estimated $350 million reduction in billed revenues for the mid-March to early October period. PG&E Corporation and the Utility are currently unable to quantify the long-term potential impact of the changes in customer collections or changes in energy demand on earnings and cash flows due, in part, to uncertainties regarding the timing, duration and intensity of the COVID-19 outbreak and the resulting economic downturn. Although the CPUC authorized the establishment of memorandum and balancing accounts to track costs associated with customer protection measures, the timing of regulatory relief, if any, and ultimately cost recovery from such accounts or otherwise, are uncertain.

The COVID-19 pandemic and resulting economic downturn have resulted and will continue to result in workforce disruptions, both in personnel availability (including a reduction in contract labor resources) and deployment. In preparation for the return of a few teams to their offices, the Utility has issued a "Return to PG&E Playbook" that explains the safety-related steps the company is taking, as well as the steps that PG&E Corporation's and the Utility's employees should take. The guidance includes important reminders of policies on personal hygiene, travel, reporting exposure or illness, and other topics.

Although the Utility continues to prioritize customer and community safety, these disruptions necessitate changes to the Utility's operating and capital expenditure plans, which could lead to project delays or service disruptions in certain programs. Delays in production and shipping of materials used in the Utility's operations may also impact operations.

In addition, COVID-19 has the potential to cause delays and disruptions in various regulatory proceedings in which the Utility is involved. Following Department of Health guidance concerning restrictions on public gatherings, the CPUC has cancelled all public forums and has been conducting remote meetings for events it deems essential. A disruption in CPUC operations could impact the timing of PG&E Corporation's and the Utility's rate cases and other regulatory proceedings.

In addition, as discussed above, a group of local government entities and organizations filed a Joint Motion asking the CPUC to require utilities to comply with additional requirements when implementing PSPS events while local areas are sheltering-in-place due to COVID-19. The requested requirements included providing back-up generation to essential services and allowing local governments to veto PSPS events for their areas. The Utility and other entities (including the other IOUs) filed responses on April 20, 2020, requesting that the CPUC deny the motion, and the moving parties and other entities filed responses on April 24, 2020. On August 24, 2020, the ALJ issued a decision holding the April 13, 2020 joint motion in abeyance, finding that the May 28, 2020 decision dealt with many of the issues raised. If the motion were reinstated in the future, a CPUC decision could restrict or impose additional requirements on the Utility in implementing PSPS events.

PG&E Corporation and the Utility expect additional financial impacts in the future as a result of COVID-19. Potential longer-term impacts of COVID-19 on PG&E Corporation or the Utility include the potential for higher credit spreads and borrowing costs and incremental financing needs. PG&E Corporation's and the Utility's analysis of the potential impact of COVID-19 is preliminary and subject to change. PG&E Corporation and the Utility are unable to predict the timing, duration or intensity of the COVID-19 situation and its effects on the business and general economic conditions in the State of California and the United States of America.

PG&E Corporation's and the Utility's substantial indebtedness following the Reorganization may adversely affect their financial health and operating flexibility.

PG&E Corporation and the Utility have a substantial amount of indebtedness as a result of the reorganization transactions in connection with implementation of the Plan, most of which is secured by liens on the assets of PG&E Corporation and the Utility. As of September 30, 2020, PG&E Corporation had approximately $4.75 billion of outstanding indebtedness (such indebtedness consisting of the 2028 Notes, the 2030 Notes and borrowings under the Term Loan), and the Utility had approximately $31.8 billion of outstanding indebtedness (such indebtedness including the Utility Reinstated Senior Notes, the Mortgage Bonds and the Utility Term Loan Credit Agreement). In addition, PG&E Corporation and the Utility had $500 million of additional borrowing capacity under the Corporation Revolving Credit Agreement, and the Utility had $1.71 billion of additional borrowing capacity under the Utility Revolving Credit Agreement. In addition, the Utility had outstanding preferred stock with an aggregate liquidation preference of $252 million.

Since PG&E Corporation and the Utility have a historically high level of debt, a substantial portion of cash flow from operations will be used to make payments on this debt. Furthermore, since a significant percentage of the Utility's assets are used to secure its debt, this reduces the amount of collateral available for future secured debt or credit support and reduces its flexibility in operating these secured assets. This relatively high level of debt and related security could have other important consequences for PG&E Corporation and the Utility, including:

- limiting their ability or increasing the costs to refinance their indebtedness;
- limiting their ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of their business strategy or other purposes;
- limiting their ability to use operating cash flow in other areas of their business because they must dedicate a substantial portion of these funds to service debt;
- increasing their vulnerability to general adverse economic and industry conditions, including increases in interest rates, particularly given their substantial indebtedness that bears interest at variable rates, as well as to catastrophic events; and
- limiting their ability to capitalize on business opportunities.

Under the terms of the agreements and indentures governing their respective indebtedness, PG&E Corporation and the Utility are permitted to incur additional indebtedness, some of which could be secured (subject to compliance with certain tests) and which could further accentuate these risks. As a result of the high level of indebtedness, PG&E Corporation and the Utility may be unable to generate sufficient cash through operations to service such debt, and may need to refinance such indebtedness at or prior to maturity and be unable to obtain financing on suitable terms or at all, any of which could have a material adverse effect on PG&E Corporation's and the Utility's business, financial condition and results of operations.

Parties have appealed the Confirmation Order.

Following entry of the Confirmation Order confirming the Plan, certain parties filed notices of appeal with respect to the Confirmation Order. There can be no assurance that any such appeal will not be successful and, if successful, that any such appeal would not have a material adverse effect on PG&E Corporation and the Utility.

PG&E Corporation may be required to issue shares with respect to HoldCo Rescission or Damage Claims, which would result in dilution to holders of PG&E Corporation common stock.

On the Effective Date, PG&E Corporation issued to the Fire Victim Trust a number of shares of common stock equal to 22.19% of the outstanding common stock on such date. As further described in "Satisfaction of HoldCo Rescission or Damage Claims and Subordinated Debt Claims" in Note 10 of the Notes to the Condensed Consolidated Financial Statements in Item 1, PG&E Corporation may be required to issue shares of its common stock in respect of allowed HoldCo Rescission or Damage Claims. If such issuance is required, it may be determined that, under the Plan, the Fire Victim Trust should receive additional shares of PG&E Corporation common stock such that it would have owned 22.19% of the outstanding common stock of reorganized PG&E Corporation on the Effective Date, assuming that such issuance of shares in respect of the HoldCo Rescission or Damage Claims had occurred on the Effective Date. Any such issuances will result in dilution to anyone who holds shares of PG&E Corporation common stock prior to such issuance and may cause the trading price of PG&E Corporation shares to decline.

Any substantial sale of stock by existing stockholders could depress the market value of PG&E Corporation's common stock, thereby devaluing the market price and causing investors to risk losing all or part of their investment.

Certain existing stockholders, including the Fire Victim Trust, the investors party to the Investment Agreement and the Backstop Parties, hold a large number of the outstanding shares of PG&E Corporation. PG&E Corporation can make no prediction as to the effect, if any, that sales of shares, or the availability of shares for future sale, will have on the prevailing market price of shares of PG&E Corporation common stock. Sales of substantial amounts of shares common stock in the public market, or the perception that such sales could occur, could depress prevailing market prices for such shares. Such sales may also make it more difficult for PG&E Corporation to sell equity securities or equity-linked securities in the future at a time and price which it deems appropriate.

The ability of PG&E Corporation to use some or all of its net operating loss carryforwards and other tax attributes to offset future income may be limited.

As of December 31, 2019, PG&E Corporation had net operating loss carryforwards for PG&E Corporation's consolidated group for U.S. federal and California income tax purposes of approximately $5.9 billion and $1.9 billion, respectively, and PG&E Corporation incurred and will incur in connection with the Plan significant net operating loss carryforwards and other tax attributes. The ability of PG&E Corporation to use some or all of these net operating loss carryforwards and certain other tax attributes may be subject to certain limitations. Under Section 382 of the Internal Revenue Code (which also applies for California state income tax purposes), if a corporation (or a consolidated group) undergoes an "ownership change," such net operating loss carryforwards and other tax attributes may be subject to certain limitations. In general, an ownership change occurs if the aggregate stock ownership of certain shareholders (generally 5% shareholders, applying certain look-through and aggregation rules) increases by more than 50% over such shareholders' lowest percentage ownership during the testing period (generally three years). Losses incurred in the same taxable year as an ownership change generally can be pro-rated between the pre- and post-change portions of the taxable year, even if a disproportionate amount of such losses were actually incurred on or prior to the date of the ownership change. Only the portion of such losses allocated to the pre-change portion of the year would be subject to the annual limitation.

As of the date of this report, PG&E Corporation does not believe that it has undergone an ownership change and its net operating loss carryforwards and other tax attributes are not limited by Section 382 of the Internal Revenue Code. However, whether PG&E Corporation underwent or will undergo an ownership change as a result of the transactions in PG&E Corporation's equity that occurred pursuant to the Plan depends on several factors outside PG&E Corporation's control and the application of certain laws that are uncertain in several respects. Accordingly, there can be no assurance that the IRS would not successfully assert that PG&E Corporation has undergone or will undergo an ownership change pursuant to the Plan. In addition, even if these transactions did not cause an ownership change, they may increase the likelihood that PG&E Corporation may undergo an ownership change in the future. If the IRS successfully asserts that PG&E Corporation did undergo, or PG&E Corporation otherwise does undergo, an ownership change, the limitation on its net operating loss carryforwards and other tax attributes under Section 382 of the Internal Revenue Code could be material to its operations.

In particular, limitations imposed on PG&E Corporation's ability to utilize net operating loss carryforwards or other tax attributes could cause U.S. federal and California income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such net operating loss carryforwards or other tax attributes to expire unused, in each case reducing or eliminating the benefit of such net operating loss carryforwards and other tax attributes. Specifically, PG&E Corporation's ability to utilize its net operating loss carryforwards is critical to a successful rate-neutral securitization transaction after the Effective Date, the proceeds of which are expected to be used to satisfy PG&E Corporation's and the Utility's obligations to the Fire Victim Trust, and to PG&E Corporation's and the Utility's commitment to make certain operating and capital expenditures. Failure to consummate a securitization transaction or obtain alternative sources of capital could have a material adverse effect on PG&E Corporation and the Utility and the value of PG&E Corporation common stock.

The ability of PG&E Corporation to pay dividends on shares of PG&E Corporation common stock is subject to restrictions.

In response to concerns raised by California governor Gavin Newsom, PG&E Corporation and the Utility filed the Case Resolution Contingency Process Motion with the Bankruptcy Court setting forth certain commitments in connection with the confirmation process and implementation of the Plan, including, among other things, limitations on the ability of PG&E Corporation to pay dividends on shares of its common stock (the "Dividend Restriction"). The Dividend Restriction provides that PG&E Corporation may not pay dividends on shares of its common stock until it recognizes $6.2 billion in Non-GAAP Core Earnings following the Effective Date. "Non-GAAP Core Earnings" means GAAP earnings adjusted for certain non-core items. Additionally, the ruling of the court overseeing the Utility's probation dated April 3, 2019 places further restrictions on the ability of PG&E Corporation and the Utility to issue dividends. Under the ruling, no dividends may be issued until the Utility is fully in compliance with all applicable laws concerning vegetation management and clearance requirements, as well as the vegetation management and enhanced vegetation management targets and metrics in the Utility's wildfire mitigation plan.

Subject to the foregoing restrictions, any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, PG&E Corporation's results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. Certain of the Utility's debt instruments contain covenants that restrict the ability of the Utility to pay dividends to PG&E Corporation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On the Effective Date, PG&E Corporation made an equity contribution of $12.9 billion in cash, along with the Fire Victim Trust Shares, to the Utility, which used the funds to satisfy and discharge certain liabilities of PG&E Corporation and the Utility under the Plan and transferred the Fire Victim Trust Shares to the Fire Victim Trust. PG&E Corporation's cash equity contribution was funded by proceeds from the financing transactions. This equity issuance to the Utility by PG&E Corporation was exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

On June 7, 2020, PG&E Corporation entered into an Investment Agreement as described in Note 6 of the Notes to the Condensed Consolidated Financial Statements in Item 1. Pursuant to the terms of the Investment Agreement, on the Effective Date, PG&E Corporation issued 342.1 million shares of common stock to the Investors. This issuance and sale were exempt from registration pursuant to Section 4(a)(2) of the Securities Act. The Investors represented to PG&E Corporation that they were "accredited investors" as defined in Rule 501 under the Securities Act and that the common stock was being acquired for investment purposes and not with a view to, or for sale in connection with, any distribution thereof, and acknowledged that the common stock acquired in connection with the Investment Agreement, or any transaction statement evidencing ownership of such common stock, would bear a restrictive legend until such shares were registered on a shelf registration statement pursuant to the Investment Agreement.

On June 19, 2020, PG&E Corporation entered into the Forward Stock Purchase Agreements with the Backstop Parties as described in Note 2 and Note 6 of the Notes to the Condensed Consolidated Financial Statements in Item 1. The Forward Stock Purchase Agreement required PG&E Corporation to issue a number of shares of common stock equal to the unredeemed portion of such Backstop Party's Greenshoe Backstop Purchase Amount divided by the Settlement Price (such shares of common stock, each Backstop Party's "Greenshoe Backstop Shares") to the Backstop Parties subject to the terms and conditions thereof. On August 3, 2020, PG&E Corporation redeemed $120.5 million of the Forward Stock Purchase Agreements as a result of the exercise by the underwriters of their option to purchase Equity Units pursuant to the Equity Units Underwriting Agreement. On August 3 2020, PG&E Corporation delivered 42.3 million shares of PG&E Corporation common stock to the Backstop Parties to settle the portion of the Forward Stock Purchase Agreements that had not been redeemed. This issuance and sale was exempt from registration pursuant to Section 4(a)(2) of the Securities Act. The Backstop Parties represented to PG&E Corporation that they are "accredited investors" and that the Greenshoe Backstop Shares are being acquired for investment purposes and not with a view to, or for sale in connection with, any distribution thereof, and the Greenshoe Backstop Shares acquired in connection with the Forward Stock Purchase Agreements, or any transaction statement evidencing ownership of such shares, held an appropriate restrictive legend until such shares were registered on a shelf registration statement pursuant to the Forward Stock Purchase Agreements.

Also, pursuant to the Forward Stock Purchase Agreement, PG&E Corporation agreed to issue the Additional Backstop Premium shares as described in Note 2 of the Notes to the Condensed Consolidated Financial Statements in Item 1. Pursuant to the terms of the Forward Stock Purchase Agreements and the Backstop Commitment Letters, on the Effective Date, PG&E Corporation issued to the Backstop Parties 169.0 million shares of common stock. This issuance and sale were exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code, as approved by the Bankruptcy Court in the Confirmation Order dated June 20, 2020.

On the Effective Date, pursuant to the Plan, the Utility entered into an assignment agreement with the Fire Victim Trust, pursuant to which the Utility agreed to transfer to the Fire Victim Trust on the Effective Date 477.0 million shares (such shares, the "Fire Victim Trust Shares") of common stock of PG&E Corporation, no par value. The transfer of shares of common stock to the Fire Victim Trust was exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code, as approved by the Bankruptcy Court in the Confirmation Order dated June 20, 2020.

On August 3, 2020, PG&E Corporation made an equity contribution of 748,415 shares to the Utility which delivered such additional shares of common stock to the Fire Victim Trust pursuant to an anti-dilution provision in the assignment agreement with the Fire Victim Trust. This equity issuance to the Utility by PG&E Corporation was exempt from registration pursuant to Section 4(a)(2) of the Securities Act. The transfer of shares of common stock to the Fire Victim Trust was exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code, as approved by the Bankruptcy Court in the Confirmation Order dated June 20, 2020.

Issuer Purchases of Equity Securities

During the quarter ended September 30, 2020, PG&E Corporation did not redeem or repurchase any shares of common stock outstanding. PG&E Corporation does not have any preferred stock outstanding. During the quarter ended September 30, 2020, the Utility did not redeem or repurchase any shares of its various series of preferred stock outstanding.

ITEM 5. OTHER INFORMATION

PG&E Corporation and the Utility currently expect to hold their 2021 joint annual meeting of shareholders (the "2021 Annual Meeting") in the second quarter of 2021. Due to PG&E Corporation's and the Utility's Chapter 11 bankruptcy proceedings in 2020, the 2021 Annual Meeting will be PG&E Corporation's and the Utility's first annual meeting of shareholders since their 2019 joint annual meeting of shareholders held on June 21, 2019.

ITEM 6. EXHIBITS

EXHIBIT INDEX

2.1	Confirmation Order, dated June 20, 2020 (incorporated by reference to PG&E Corporation's Form 8-K dated June 20, 2020 (File No. 1-12609), Exhibit 2.1)
3.1	Amended and Restated Articles of Incorporation of PG&E Corporation, effective as of May 29, 2002, as amended by the Amendment dated June 22, 2020 (incorporated by reference to PG&E Corporation's Form 8 K dated June 20, 2020 (File No. 1-12609), Exhibit 3.1)
3.2	Certificate of Determination for PG&E Corporation Series A Preferred Stock, filed December 22, 2000 (incorporated by reference to PG&E Corporation's Form 10-K for the year ended December 31, 2000 (File No. 1-12609), Exhibit 3.2)
3.3	Bylaws of PG&E Corporation, Amended and Restated as of June 22, 2020 (incorporated by reference to PG&E Corporation's Form 8-K dated June 20, 2020 (File No. 1-12609), Exhibit 3.3)
3.4	Amended and Restated Articles of Incorporation of Pacific Gas and Electric Company, effective as of June 22, 2020 (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 20, 2020 (File No. 1-2348), Exhibit 3.2)
3.5	Bylaws of Pacific Gas and Electric Company, Amended and Restated as of June 22, 2020 (incorporated by reference in Form 8-K dated June 20, 2020 (File No. 1-2348), Exhibit 3.4)
4.1	Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 19, 2020 (File No. 1-2348), Exhibit 4.1)
4.2	First Supplemental Indenture, dated as of June 19, 2020, relating to the Mortgage Bonds between Pacific Gas and Electric Company and the Trustee (including the form of Mortgage Bonds of each series) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 19, 2020 (File No. 1-2348), Exhibit 4.2)
4.3	Indenture, dated as of June 23, 2020, between PG&E Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-12609), Exhibit 4.1)

4.4	First Supplemental Indenture, dated as of June 23, 2020, relating to the Notes among PG&E Corporation, the Trustee and JP Morgan Chase Bank N.A., as collateral agent (including the form of Notes for each series) (incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-2609), Exhibit 4.2)
4.5	Escrow Deposit and Disbursement Agreement, dated as of June 23, 2020, by and among PG&E Corporation, The Bank of New York Mellon Trust Company, N.A., as escrow agent, and the Trustee (incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-2609), Exhibit 4.3)
4.6	Calculation Agency Agreement, dated as June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A, as calculation agent (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 19, 2020 (File No. 1-2348), Exhibit 4.3)
4.7	Escrow Deposit and Disbursement Agreement, dated as of June 19, 2020, by and among Pacific Gas and Electric Company, The Bank of New York Mellon Trust Company, N.A., as escrow agent, and the Trustee (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 19, 2020 (File No. 1-2348), Exhibit 4.4)
4.8	Third Supplemental Indenture, dated as of July 1, 2020, to the Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee (including forms of the New Short-Term Bonds and the New Long-Term Bonds) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.1)
4.9	Fourth Supplemental Indenture, dated as of July 1, 2020, to the Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee (including forms of the Funded Debt Exchange Bonds) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.2)
4.10	Thirtieth Supplemental Indenture, dated as of July 1, 2020, to the Amended and Restated Indenture, dated as of April 22, 2005, between Pacific Gas and Electric Company and BOKF, N.A., as trustee (including forms of certain series of Reinstated Senior Notes) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.3)
4.11	First Supplemental Indenture, dated as of July 1, 2020, to the Indenture, dated as of November 29, 2017, between Pacific Gas and Electric Company and BOKF, N.A., as trustee (including forms of certain series of Reinstated Senior Notes) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.4)
4.12	Second Supplemental Indenture, dated as of July 1, 2020, to the Indenture, dated as of August 6, 2018, between Pacific Gas and Electric Company and BOKF, N.A., as trustee (including forms of certain series of Reinstated Senior Notes) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated July 2, 2020 (File No. 1-2348), Exhibit 4.5)
4.13	Second Supplemental Indenture, dated as of July 1, 2020, to the Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee (including forms of the Senior Notes Collateral Bonds) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.6)
4.14	Fifth Supplemental Indenture, dated as of July 1, 2020, to the Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee (including forms of the Credit Agreement Collateral Bonds) (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 4.7)
4.15	Sixth Supplemental Indenture, dated as of August 1, 2020, to the Indenture of Mortgage, dated as of June 19, 2020, between Pacific Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as trustee
4.16	Pledge Agreement, dated as of October 5, 2020, by and between Pacific Gas and Electric Company and MUFG (incorporated by reference to PG&E Corporation's Form 8-K dated October 5, 2020 (File No. 1-12609), Exhibit 4.1)
10.1	Settlement Agreement, dated April 21, 2020, by and among the TCC, PG&E Corporation, Pacific Gas and Electric Company, FEMA, the SBA, the Department of Agriculture, the Department of the Interior, the United States Department of Housing and Urban Development and the General Services Administration (incorporated by reference to PG&E Corporation's Form 10-Q dated May 1, 2020 (File No. 1-12609), Exhibit 10.7)

10.2		Settlement Agreement, dated April 21, 2020, by and among the TCC, PG&E Corporation, Pacific Gas and Electric Company, Cal DDS, Cal DTSC, Cal Fire, Cal OES, Cal Parks, CSU, Caltrans and Cal Vet (incorporated by reference to PG&E Corporation's Form 10-Q dated May 1, 2020 (File No. 1 12609), Exhibit 10.8)
10.3		Utility RCF Commitment Letter, dated May 26, 2020, by and among Pacific Gas and Electric Company, J.P. Morgan Chase Bank, N.A., and Citibank, N.A., as co-administrative agents, and the commitment party thereto (incorporated by reference to Pacific Gas and Electric Company's Form 8 K dated May 26, 2020 (File No. 1-2348), Exhibit 10.1)
10.4		Utility Term Loan Commitment Letter, dated May 26, 2020, by and among Pacific Gas and Electric Company, J.P. Morgan Chase Bank, N.A., as administrative agent, and the commitment party thereto (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated May 26, 2020 (File No. 1-2348), Exhibit 10.2)
10.5		Corporation RCF Commitment Letter, dated May 26, 2020, by and among PG&E Corporation, J.P. Morgan Chase Bank, N.A., as administrative agent and collateral agent, and the commitment parties party thereto. (incorporated by reference to PG&E Corporation's Form 8-K dated May 26, 2020 (File No. 1-12609), Exhibit 10.3)
10.6	*	Form of Consent Form (incorporated by reference to PG&E Corporation's Form 8-K dated June 7, 2020 (File No. 1-12609), Exhibit 10.1)
10.7		Schedule Relating to Form of Consent Form (incorporated by reference to PG&E Corporation's Form 8-K dated June 9, 2020 (File No. 1-12609), Exhibit 10.1)
10.8		Exhibit A to Consent Form– Form of Amended and Restated Chapter 11 Plan Backstop Commitment Letter (incorporated by reference to PG&E Corporation's Form 8-K dated June 7, 2020 (File No. 1 12609), Exhibit 10.2)
10.9		Exhibit B to Consent Form – Redeemable Forward Stock Purchase Contract Term Sheet (incorporated by reference to PG&E Corporation's Form 8-K dated June 7, 2020 (File No. 1-12609), Exhibit 10.2)
10.10		Investment Agreement among PG&E Corporation and the Investors listed in Schedule A thereto (incorporated by reference to PG&E Corporation's Form 8-K dated June 7, 2020 (File No. 1-12609), Exhibit 10.4)
10.11	**	Agreement to Enter Into Lease and Purchase Option, dated June 5, 2020, between Pacific Gas and Electric Company and TMG Bay Area Investments II, LLC (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 5, 2020 (File No. 1-2348), Exhibit 10.1)
10.12	**	Office Lease, dated as of October 23, 2020, by and between Pacific Gas and Electric Company and BA2 300 Lakeside LLC
10.13		Underwriting Agreement, dated June 16, 2020, by and among Pacific Gas and Electric Company, J.P. Morgan Securities LLC, Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets and Goldman Sachs & Co. LLC (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 19, 2020 (File No. 1-2348), Exhibit 1.1)
10.14		Underwriting Agreement, dated June 18, 2020, by and among PG&E Corporation, J.P. Morgan Securities LLC, Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets and Goldman Sachs & Co. LLC (incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-2609), Exhibit 1.1)
10.15		Term Loan Agreement, dated June 23, 2020, by and among Company, J.P. Morgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-12609), Exhibit 10.1)
10.16	***	Form of Forward Stock Purchase Agreement (incorporated by reference to PG&E Corporation's Form 8-K dated June 19, 2020 (File No. 1-12609), Exhibit 10.1)
10.17		Underwriting Agreement, dated June 25, 2020, by and among PG&E Corporation, Goldman Sachs & Co., LLC and J.P. Morgan Securities, LLC, as representatives of the several underwriters named in Schedule I thereto, in respect of the Common Stock Offering (incorporated by reference to PG&E Corporation's Form 8-K dated June 25, 2020 (File No. 1-12609), Exhibit 10.1)
10.18		Underwriting Agreement, dated June 25, 2020, by and among PG&E Corporation, Goldman Sachs & Co., LLC and J.P. Morgan Securities, LLC, as representatives of the several underwriters named in Schedule I thereto, in respect of the Equity Units Offering (incorporated by reference to PG&E Corporation's Form 8-K dated June 25, 2020 (File No. 1-12609), Exhibit 10.2)

10.19		Pledge Agreement, dated as of July 1, 2020, by and among PG&E Corporation, J.P. Morgan Chase Bank, N.A., as collateral agent, revolving administrative agent and term administrative agent, The Bank of New York Mellon Trust Company, N.A., and the secured representatives party thereto from time to time (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 4.8)
10.20		Purchase Contract and Unit Agreement, dated July 1, 2020, between PG&E Corporation and The Bank of New York Mellon Trust Company, N.A., as purchase contract agent and attorney-in-fact for the holders from time to time as provided therein (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 4.9)
10.21		Custodial Agreement, dated July 1, 2020, between The Bank of New York Mellon Trust Company, N.A., as purchase contract agent and The Bank of New York Mellon Trust Company, N.A., as custodian (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 4.12)
10.22		Tax Benefits Payment Agreement, dated July 1, 2020, between PG&E Corporation and the Fire Victim Trust (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 10.1)
10.23		Registration Rights Agreement, dated July 1, 2020, between the Fire Victim Trust and PG&E Corporation (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 10.2)
10.24		Credit Agreement, dated as of July 1, 2020, by and among PG&E Corporation, the several lenders from time to time party thereto, J.P. Morgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Chase Bank, N.A., as collateral agent (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 10.3)
10.25		Term Loan Credit Agreement, dated as of July 1, 2020, by and among Pacific Gas and Electric Company, the several lenders from time to time party thereto and J.P. Morgan Chase Bank, N.A., as administrative agent (incorporated by reference to Pacific Gas and Electric Company's Form 8-K dated June 30, 2020 (File No. 1-2348), Exhibit 10.4)
10.26		Credit Agreement, dated as of July 1, 2020, by and among Pacific Gas and Electric Company, the several lenders from time to time party thereto, J.P. Morgan Chase Bank, N.A. and Citibank, N.A., as co-administrative agents, and Citibank, N.A., as designated agent (incorporated by reference to PG&E Corporation's Form 8-K dated June 30, 2020 (File No. 1-12609), Exhibit 10.5)
10.27		Purchase and Sale Agreement, dated as of October 5, 2020, by and between PG&E AR Facility, LLC, as buyer, and Pacific Gas and Electric Company in its capacity as initial Servicer and in its capacity as Originator (incorporated by reference to PG&E Corporation's Form 8-K dated October 5, 2020 (File No. 1-12609), Exhibit 10.1)
10.28		Receivables Financing Agreement, dated as of October 5, 2020, by and among PG&E AR Facility, LLC, as borrower, Pacific Gas and Electric Company, in its individual capacity and as initial Servicer, the Persons from time to time party thereto as Lenders and Group Agents and MUFG Bank, Ltd., as Administrative Agent on behalf of the Credit Parties (incorporated by reference to PG&E Corporation's Form 8-K dated October 5, 2020 (File No. 1-12609), Exhibit 10.2)
10.29		Collection Account Intercreditor Agreement, dated as of October 5, 2020, by and among Pacific Gas and Electric Company, MUFG and each trustee, indenture trustee, lender administrative agent, collateral agent, purchaser or other party described in Exhibit A therein (incorporated by reference to PG&E Corporation's Form 8-K dated October 5, 2020 (File No. 1-12609), Exhibit 10.3)
10.30		Amendment to the 2014 Long-Term Incentive Plan, effective as of July 1, 2020 (incorporated by reference to PG&E Corporation's Form 8-K dated July 1, 2020 (File No. 1-12609), Exhibit 10.1)
10.31	*****	Restricted Stock Unit Award Agreement between PG&E Corporation and William L. Smith, dated August 3, 2020
10.32	*****	Non-Annual Restricted Stock Unit Award Agreement between PG&E Corporation and John Simon, dated August 14, 2020
10.33	*****	Non-Annual Restricted Stock Unit Award Agreement between PG&E Corporation and Jason Wells, dated August 14, 2020
10.34	*****	Performance Share Award Agreement between PG&E Corporation and James Welsch, dated March 2, 2020

10.35	*****	Performance Share Award Agreement between PG&E Corporation and Michael Lewis, dated March 2, 2020
10.36	*****	Performance Share Award Agreement between PG&E Corporation and William L. Smith, dated August 3, 2020
10.37	*****	Performance Share Award Agreement PG&E Corporation and David Thomason, dated March 2, 2020
10.38	*****	Separation Agreement between Andy Vesey and Pacific Gas and Electric Company dated, September 21, 2020
10.39	*****	Separation Agreement between Pacific Gas and Electric Company and Janet Loduca, dated July 17, 2020 (last amended effective July 23, 2020)
10.40	*****	PG&E Corporation 2014 Long-Term Incentive Plan (as adopted effective May 12, 2014 and as last amended effective July 1, 2020)
10.41	*****	Form of Performance Share Award Agreement under the PG&E Corporation 2014 Long-Term Incentive Plan
10.42	*****	PG&E Corporation 2012 Officer Severance Policy, as amended effective as of September 24, 2020
31.1		Certifications of Principal Executive Officer and Principal Financial Officer of PG&E Corporation required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2		Certifications of Principal Executive Officer and Principal Financial Officer of Pacific Gas and Electric Company required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1	****	Certifications of Principal Executive Officer and Principal Financial Officer of PG&E Corporation required by Section 906 of the Sarbanes-Oxley Act of 2002
32.2	****	Certifications of Principal Executive Officers and Principal Financial Officer of Pacific Gas and Electric Company required by Section 906 of the Sarbanes-Oxley Act of 2002
101.INS		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SC		XBRL Taxonomy Extension Schema Document
101.CA		XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB		XBRL Taxonomy Extension Labels Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document
101.DE		XBRL Taxonomy Extension Definition Linkbase Document
104		Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

*The Form of Consent Form is substantially identical in all material respects to each Consent Form that is otherwise required to be filed as an exhibit, except as to the Backstop Party, the amount of such Backstop Party's Backstop Commitment Amount (as defined in the Backstop Commitment Letter) and the amount of such Backstop Party's Forward Contract Purchase Commitment (as defined in the Consent Form). In accordance with instruction no. 2 to Item 601 of Regulation S-K, the registrant has filed the form of such Consent Form, with a schedule dated as of June 9, 2020 identifying the Consent Forms omitted and setting forth the material details in which each Consent Form differs from the form that was filed. The registrant acknowledges that the Securities and Exchange Commission may at any time in its discretion require filing of copies of any agreement so omitted.

**In accordance with Item 601(a)(5) of Regulation S-K, certain schedules (or similar attachments) to this exhibit have been omitted from this filing. Such omitted schedules (or similar attachments) include information relating to the Property. The registrants will provide a copy of any omitted schedule to the Securities and Exchange Commission or its staff upon request. In accordance with Item 601(b)(10)(iv) of Regulation S-K, certain provisions or terms of the Lease Agreement attached as an exhibit to the Agreement have been redacted. Such redacted information includes proprietary information about the Property. The registrants will provide an unredacted copy of the exhibit on a supplemental basis to the Securities and Exchange Commission or its staff upon request.

***The Form of Forward Stock Purchase Agreement is substantially identical in all material respects to each Forward Stock Purchase Agreement that is otherwise required to be filed as an exhibit, except as to the Purchaser (as defined in the Forward Stock Purchase Agreement), the amount of such Purchaser's Greenshoe Backstop Purchase Amount and the amount of such Purchaser's Additional Backstop Premium Shares. In accordance with instruction no. 2 to Item 601 of Regulation S-K, the registrant has filed the form of such Forward Stock Purchase Agreement, with a schedule identifying the Forward Stock

Purchase Agreements omitted and setting forth the material details in which each Forward Stock Purchase Agreement differs from the form that was filed. The registrant acknowledges that the Securities and Exchange Commission may at any time in its discretion require filing of copies of any agreement so omitted.

****Pursuant to Item 601(b)(32) of SEC Regulation S-K, these exhibits are furnished rather than filed with this report.

*****Management contract or compensatory agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this Quarterly Report on Form 10-Q to be signed on their behalf by the undersigned thereunto duly authorized.

PG&E CORPORATION

/s/ CHRISTOPHER A. FOSTER

Christopher A. Foster
Interim Chief Financial Officer
(duly authorized officer and principal financial officer)

PACIFIC GAS AND ELECTRIC COMPANY

/s/ DAVID S. THOMASON

David S. Thomason
Vice President, Chief Financial Officer and Controller
(duly authorized officer and principal financial officer)

Dated: October 29, 2020

EXHIBIT 4.15

TO BE RECORDED AND WHEN
RECORDED RETURN TO:

Hunton Andrews Kurth LLP
550 South Hope Street, Suite 2000
Los Angeles, CA 90071
Attention: Robert M. Johnson, Esq.

SIXTH SUPPLEMENTAL INDENTURE

DATED AS OF AUGUST 1, 2020

SUPPLEMENT TO INDENTURE OF MORTGAGE
DATED AS OF JUNE 19, 2020

PACIFIC GAS AND ELECTRIC COMPANY
ISSUER (MORTGAGOR)

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
TRUSTEE (MORTGAGEE)

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SIXTH SUPPLEMENTAL INDENTURE, dated as of August 1, 2020 (this "SUPPLEMENTAL INDENTURE"), by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation (the "COMPANY"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized under the laws of the United States of America, as Trustee under the Mortgage Indenture (as hereinafter defined) (the "TRUSTEE").

RECITALS OF THE COMPANY

A. The Company and the Trustee are parties to that certain Indenture of Mortgage, dated as of June 19, 2020 (together with all indentures supplemental thereto, the "MORTGAGE INDENTURE"), providing for the issuance by the Company of Bonds (as defined in the Mortgage Indenture) from time to time.

B. The Company desires to amend the Mortgage Indenture as provided herein.

C. This Supplemental Indenture is being entered into pursuant to Section 14.01(j) of the Mortgage Indenture.

D. The execution and delivery of this Supplemental Indenture has been authorized by a Board Resolution (as defined in the Mortgage Indenture).

E. Concurrent with the execution hereof, the Company has caused its counsel to deliver to the Trustee an Officer's Certificate and Opinion of Counsel (as defined in the Mortgage Indenture) pursuant to Section 14.03 of the Mortgage Indenture.

F. The Company has done all things necessary to make this Supplemental Indenture a valid agreement of the Company in accordance with its terms.

NOW, **THEREFORE**, the Company and the Trustee agree as follows:

ARTICLE I.

Modification to Indenture

Section 1. The reference to "Exhibit B-4" in subsection (l) of the "Excepted Property" clause on page 4 of the Mortgage Indenture is hereby amended to "Exhibit B-3."

ARTICLE I.

Trustee

SECTION 1. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Mortgage Indenture; and this Supplemental Indenture is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Mortgage Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE II.

MISCELLANEOUS

SECTION 1. Except insofar as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Mortgage Indenture, as amended, shall be deemed to be incorporated in, and made a part of, this Supplemental Indenture; and the Mortgage Indenture as supplemented and amended by this Supplemental Indenture is in all respects ratified and confirmed; and the Mortgage Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

SECTION 2. All covenants, stipulations and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind and (subject to the provisions of the Mortgage Indenture) inure to the benefit of its successors and assigns, whether so expressed or not.

SECTION 3 The headings of the several Articles of this Supplemental Indenture are inserted for convenience of reference, and shall not be deemed to be any part hereof.

SECTION 4. This Supplemental Indenture shall be effective upon the execution and delivery hereof by each of the parties hereto.

SECTION 5. This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall together constitute but one and the same instrument. Delivery of an executed Supplemental Indenture by one party to the other may be made by facsimile, electronic mail (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) or other transmission method, and the parties hereto agree that any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 6. The laws of the State of New York shall govern this Supplemental Indenture, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 7. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

PACIFIC GAS AND ELECTRIC COMPANY,
as Issuer (Mortgagor)

By: /s/ Margaret K. Becker
Name: Margaret K. Becker
Title: Senior Director and Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee (Mortgagee)

By: /s/ Nathan Turner
Name: Nathan Turner
Title: Vice President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
}
COUNTY OF San Francisco }

On June 4, 2020, before me, Jolie F. Ocampo, personally appeared Margaret K. Becker, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

/s/ Jolie F. Ocampo
Signature

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF Florida }
}
COUNTY OF Duval }

On August 13, 2020, before me, Joshua P. Kakareka, personally appeared Nathan Turner, a Vice President of The Bank of New York Mellon Trust Company, N.A., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Joshua P. Kakareka
Signature

(Seal)

EXHIBIT 10.12

[●]: THE IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

OFFICE LEASE

LAKESIDE TOWER

OAKLAND, CALIFORNIA
LANDLORD:

BA2 300 LAKESIDE LLC,

a Delaware limited liability company
AND

TENANT:

PACIFIC GAS AND ELECTRIC COMPANY,

a California corporation

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OFFICE LEASE

LAKESIDE TOWER

OAKLAND, CALIFORNIA

This Basic Lease Information is incorporated into and made a part of this Lease. Each reference in this Lease to the Basic Lease Information shall mean the applicable information set forth in the Basic Lease Information, except that in the event of any conflict between an item in the Basic Lease Information and any other provision of this Lease, this Lease shall control.

Lease Date:	October 23, 2020
Landlord:	**BA2 300 LAKESIDE LLC**, a Delaware limited liability company
Tenant:	**PACIFIC GAS AND ELECTRIC COMPANY,** a California corporation

Tenant's Address for Notices:	Corporate Real Estate Transactions Dept. Pacific Gas and Electric Company P.O. Box 770000, Mail Code N131 San Francisco, CA 94177 OR 245 Market Street, Room 1377 San Francisco, CA 94105 With a copy to: Law Department Pacific Gas and Electric Company P.O. Box 7442 San Francisco, CA 94120 Attn: Sr. Director & Counsel, Contracts Section (Real Estate) OR 77 Beale Street, Mail Code B30A San Francisco, CA 94105 Attn: Sr. Director & Counsel, Contracts Section (Real Estate) With a copy to: Pillsbury Winthrop Shaw Pittman LLP Four Embarcadero Center, Suite 2200 San Francisco, California 94111 Attention: Rachel B. Horsch, Esq. Telephone: (415) 983-1193 Facsimile: (415) 983-1200 Email: rachel.horsch@pillsburylaw.com
Landlord's Address for Notices:	BA2 300 LAKESIDE LLC c/o TMG Partners 100 Bush Street, 26th Floor San Francisco, California 94104 Attn: Lynn Tolin With a copy to: BA2 300 LAKESIDE LLC c/o TMG Partners 100 Bush Street, 26th Floor San Francisco, California 94104 Attn: Scott Verges, General Counsel
Landlord's Address for Payments:	To be provided by Landlord via written notice prior to the date on which the first rent payment is due.

Project:	The office project located in the City of Oakland, County of Alameda, State of California, which is an approximately 7 acre site containing a full city block bounded by Webster Street to the west, 21st Street to the north, Harrison Street to the east, and 20th Street to the south, and including (i) the Building (as defined below), (ii) the buildings known as the 20th Street Mall and the Webster Street Mall, respectively (each, including the Building, being sometimes referred to herein as a "**Project Building**"), and (iii) a 5-story Parking Facility currently containing approximately 1,405 parking stalls (the "**Parking Facility**") that is topped with a landscaped roof garden (the "**Roof Garden**"), and the land (improved with landscaping and other improvements) upon which the foregoing are located, all of which is depicted on the Site Plan attached hereto as Exhibit A; *provided, however*, Landlord reserves the right to make changes to the Project as described in Article 19 of this Lease, subject to the restrictions stated therein, and as otherwise permitted by this Lease or any other written agreement approved by Tenant.
Building:	The existing 28-story office building, containing approximately 910,000 rentable square feet of office space and commonly referred to as 300 Lakeside Tower, Oakland, CA.

Premises:	Approximately 902,098 rentable square feet of space comprising the entire rentable square footage of the Building (excluding Suites 120, 130 and A21) as further described in Exhibit B attached hereto and incorporated herein by reference, which shall be delivered to Tenant as set forth in this Lease, generally in two phases ("**Phase A**" and "**Phase B**", respectively, and each a "**Phase**"), with each of Phase A and Phase B consisting of subdivided spaces, each as set forth in Schedule 1, as Schedule 1 may be modified from time to time by Landlord as described in Section 3.2 of the Lease (a "**Sub-Phase**"), as follows: (a) Phase A shall consist of approximately 714,811 rentable square feet of space in the Building as further described in Exhibit B attached hereto and shall be delivered by Landlord to Tenant in the Sub-Phases as described in Schedule 1, as Schedule 1 may be adjusted by Landlord as described in Section 3.2 of this Lease; and (b) Phase B shall consist of the approximately 187,287 rentable square feet of space in the Building as further described in Exhibit B attached hereto and shall be delivered by Landlord to Tenant in the Sub-Phases as described in Schedule 1, as Schedule 1 may be adjusted by Landlord as described in Section 3.2 of this Lease. The term "**Premises**" shall initially mean the rentable square footage of the first Sub-Phase of Phase A delivered to Tenant in the condition required under this Lease. As of each subsequent Delivery Date, the term "Premises" shall be modified to mean (i) the Phases and Sub-Phases previously delivered to Tenant, and (ii) the additional Phases and Sub-Phases delivered to Tenant on such Delivery Date, so that, ultimately, as of the last Delivery Date, the term "Premises" shall include each Phase, and shall be comprised of all of the leasable area of the Building other than the following: (a) Suite 130, which contains approximately 1,900 rentable square feet of space in the Building to be used by Landlord as a property management office or for other Project-related uses, (b) Suite A21, which contains approximately 903 rentable square feet and used by Building ownership as the Building vault and archives, and (c) Suite 120, which contains approximately 5,155 rentable square feet of space in the Building for retail space. The portions of each Sub-Phase of the Premises that are to be improved as office space are identified on Schedule 1 and are referred to herein as "**Office Space**".

Delivery Date:	The date determined pursuant to Section 3.2 for any Sub-Phase of Phase A or Phase B.
Commencement Date:	The first Delivery Date of any Sub-Phase of Phase A.
Term:	The period commencing on the Commencement Date and ending on the Expiration Date (or any earlier date on which this Lease is terminated as provided herein).
Expiration Date:	As of the Commencement Date, the Expiration Date shall be the last day of the four hundred nineteenth (419th) full calendar month after the Commencement Date.
Base Rent (Industrial Gross):	Starting on the Commencement Date and continuing through the last day of the 12th full calendar month of the Term, Base Rent (on an annual basis) shall be $57.00 per rentable square foot of the Premises, subject to adjustment as set forth in the Work Letters. Effective as of the first day of the first calendar month following the first anniversary of the Commencement Date and on each subsequent anniversary thereafter until the Expiration Date, the Base Rent then in effect shall be increased by three percent (3%) of the Base Rent then in effect.
Tenant's Proportionate Share:	A fraction, the numerator of which is initially the total rentable square footage of the portion of the Premises delivered to Tenant on the Commencement Date and the denominator of which is the rentable square footage of the Building. As of each subsequent Delivery Date, the numerator of such fraction shall be increased to include the additional rentable square footage added to the Premises on such date, so that, ultimately, as of the date on which all of the Phases of the Premises have been delivered to Tenant, Tenant's Proportionate Share shall be 99.1%.
Base Year:	Calendar year 2022
Security Deposit:	Seventy Five Million Dollars ($75,000,000.00) in the form of an irrevocable and unconditional negotiable standby letter of credit as further described in this Lease.
Permitted Use:	General office use and such associated ancillary legal uses to the extent permitted in the applicable zoning ordinance of the City of Oakland, and for no other uses or purposes.
Parking:	425 parking spaces within the Parking Facility as set forth in Article 29.
Brokers:	None

Exhibits:

Exhibit A: Site Plan of the Project
Exhibit B: Description of Premises
Exhibit C: Confirmation of Commencement Date and Delivery Dates (for Each Sub-Phase)
Exhibit D: Work Letter(s)
Exhibit D-1: Landlord Work/Tenant Improvements Work Letter
Exhibit D-2: Base Building Work Letter
Exhibit D-3: Seismic Work Letter
Exhibit E: [Intentionally Omitted]
Exhibit F: Rules and Regulations
Exhibit G: SNDA
Exhibit H: Subdivision – Boundary of Property Line
Exhibit I Purchase Agreement
Exhibit J: Reciprocal Easement Agreement Terms
Exhibit K: Disclosure Notice Regarding Hazardous Materials and List of Environmental Documents
Exhibit L: Memorandum of Lease and Option
Exhibit M: Form of Estoppel Certificate
Exhibit N: Landlord Certificate
Exhibit O: Landlord Budget
Exhibit P: Form of Option Payment Letter of Credit
Exhibit Q Letter of Credit Terms
Exhibit R: Form of Security Deposit Letter of Credit

Schedule 1: Phases and Sub-Phases; Office Space

OFFICE LEASE

THIS LEASE is made and entered into by and between Landlord and Tenant as of the Lease Date.

Landlord and Tenant hereby agree as follows:

1. Definitions.

1.1. Terms Defined. The following terms have the meanings set forth below. Certain other terms have the meanings set forth elsewhere in this Lease.

Accessibility Laws: the Americans With Disabilities Act (42 U.S.C. § 12101 et seq.) and Title 24 of the California Code of Regulations and all regulations and guidelines promulgated thereunder.

Alterations: Alterations, additions or other improvements to the Premises made by or on behalf of Tenant (other than the initial leasehold improvements, if any, made by or on behalf of Tenant pursuant to the Work Letter, if any).

Anti-Terrorism Law: Any Requirements relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act, and any regulations promulgated under any of them.

Applicable Laws: All applicable laws, statutes, ordinances, orders, judgments, decrees, regulations, permit conditions, and requirements of all courts and all federal, state, county, municipal or other governmental or quasi-governmental authorities, departments, commissions, agencies and boards now or hereafter in effect, including, but not limited to, Accessibility Laws.

Bankruptcy Code: The United States Bankruptcy Code.

Base Operating Expenses: The Operating Expenses allocable to the Base Year. In the event any portion of the Project is covered by a warranty or service agreement at any time during the Base Year and to the extent the Project is not covered by such warranty or service agreement during a subsequent calendar year, then Operating Expenses for the Base Year shall be deemed increased by such amount as Landlord would have included in Operating Expenses if such expenses were incurred during the Base Year with respect to the items or matters covered by the subject warranty, but such warranty or service agreement had not been in effect at the time. If Landlord does not maintain earthquake insurance during the Base Year but maintains earthquake insurance subsequent to the Base Year, the insurance component for the Base Year shall be grossed up to reflect the amount of the insurance premiums that would have been incurred if Landlord had carried the same earthquake insurance coverage during the Base Year.

Base Real Property Taxes: The Real Property Taxes allocable to the Base Year. If Landlord receives a reduction in Real Property Taxes allocable to the Base Year as a result of a commonly called Proposition 8 application for such year, then Base Real Property Taxes shall reflect such reduction; and if Landlord subsequently receives a reduction in Real Property Taxes allocable to any subsequent year as a result of a Proposition 8 application, then Real Property Taxes for such subsequent year shall reflect such reduction.

Base Year: The term "Base Year" shall have the meaning set forth in the Basic Lease Information.

Building: The term "Building" shall have the meaning set forth in the Basic Lease Information.

Bridge/Tunnel Agreements: The certain Ordinance No. 8005 C.M.S. granting a franchise to Kaiser Center Properties and Kaiser Center, Inc., to construct, maintain and operate a tunnel and bridge for the transportation of people and material under and over certain designated areas in 21st Street, dated July 24, 1969 as the same may be amended from time to time and that certain Tunnel and Bridge Agreement dated as of December __ 1983 [sic] by and among Ordway Associates, Kaiser Center, Inc., Kaiser Center Properties and Kaiser Aluminum & Chemical Corporation as the same may be amended from time to time.

Building Common Areas: Those portions of the Building that are provided, from time to time, for use by Landlord, Tenant and any other tenants of the Building and are designated as such by Landlord from time to time.

Building Holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Day and any other holidays generally recognized in the State of California.

Building Standard Hours: 7 a.m. to 7 p.m. on weekdays (except Building Holidays).

Building Systems: The life-safety, electrical, lighting, mechanical, heating, ventilation, air-conditioning, plumbing, fire-protection, telecommunications, or other utility systems serving the Building, in general, but excluding the following which are not part of Building Systems and are referred to in this Lease as "Tenant Systems": (i) any equipment that is separately installed by or on behalf of Tenant or for Tenant's over-standard uses; and (ii) any distribution systems or equipment existing within the Premises and serving only the Premises, including, without limitation, electrical and lighting systems, pipes and plumbing, HVAC systems, chilled and heating water and fan coil units within the Premises.

Casualty: Fire, earthquake, or any other event of a sudden, unexpected, or unusual nature.

Casualty Discovery Date: The term "Casualty Discovery Date" shall have the meaning set forth in Section 12.1.

Claims: Any and all obligations, losses, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, suits, orders or judgments), causes of action, liabilities, penalties, damages (including consequential and punitive damages), costs and expenses (including reasonable attorneys' and consultants' fees and expenses).

Common Areas: Project Common Areas and Building Common Areas, as designated by Landlord from time to time.

Comparable Buildings: Other Class A high-rise office buildings comparable to the Building in the Lake Merritt and Downtown Oakland submarkets of Oakland, California

Control: Ownership of more than fifty percent (50%) of all of the voting stock of a corporation or more than fifty percent (50%) of all of the legal and equitable interest in any other business entity.

Delivery Date: The term "Delivery Date" is defined in the Basic Lease Information.

Developer Lease: A lease of Suite 120 to an affiliate of Landlord that satisfies the following requirements: (i) the sole purposes of the Lease shall be to sublease to [●]; (ii) the term of the Lease (after taking into account any extension rights) shall not go beyond the date that is ten (10) years after the Lease Date and (iii) the form of lease shall be subject to reasonable review and approval of Tenant and shall include significant holdover penalty provisions.

Encumbrance: Any ground lease or underlying lease, or the lien of any mortgage, deed of trust, or any other security instrument now or hereafter affecting or encumbering the Building, or any part thereof or interest therein.

Encumbrancer: The holder of the beneficial interest under an Encumbrance.

Environmental Laws: All Requirements relating to the environment, health and safety, or the use, generation, handling, emission, release, discharge, storage or disposal of Hazardous Materials.

Escalation Rent: Tenant's Proportionate Share of the total dollar increase for the applicable calendar year, if any, in (a) Operating Expenses allocable to such calendar year, or part thereof, after the Base Year, over the amount of Base Operating Expenses, and (b) except as provided in Section 5.8 of this Lease, Real Property Taxes allocable to the tax year or years occurring in each such calendar year, or part thereof, after the Base Year, over the Base Real Property Taxes. If the Building or Project is less than one hundred percent (100%) occupied during any part of any year (including the Base Year), Landlord shall make an appropriate adjustment of the variable components of Operating Expenses for that year, as reasonably

determined by Landlord using sound commercial real estate accounting and management principles, to determine the amount of Operating Expenses that would have been incurred during such year if the Building or the Project had been one hundred percent (100%) occupied during the entire year. This amount shall be considered to have been the amount of Operating Expenses for that year. For purposes hereof, "variable components" include only those component expenses that are affected by variations in occupancy levels.

Event of Default: Event of Default shall have the meaning set forth in Section 20.1.

Excess Rent: Excess Rent shall have the meaning set forth in Section 17.5.1.

Executive Order No. 13224: The term "Executive Order No. 13224" means Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as may be amended from time to time.

Floor: The entire rentable area of any floor in the Building.

Force Majeure: Force Majeure shall have the meaning set forth in Section 35.12.

Hazardous Materials: Petroleum, asbestos, polychlorinated biphenyls, radioactive materials, radon gas, or any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," "extremely hazardous waste," "restricted hazardous waste" or "toxic substances," or words of similar import, under any Environmental Laws.

Impositions: Taxes, assessments, charges, excises and levies, business taxes, license, permit, inspection and other authorization fees, transit development fees, assessments or charges for housing funds, service payments in lieu of taxes and any other fees or charges of any kind at any time levied, assessed, charged or imposed by any Federal, State or local entity, (i) upon, measured by or reasonably attributable to the cost or value of Tenant's equipment, furniture, fixtures or other personal property located in the Premises, or the cost or value of any Alterations; (ii) any rent tax, gross receipts tax, sales or use tax, service tax, value added tax, or any other applicable tax based upon, or measured by, Tenant's payment of, or Landlord's receipt of, any Rent payable hereunder; (iii) upon, with respect to or by reason of the development, possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; or (iv) upon this Lease transaction, or any document to which Tenant is a party creating or transferring any interest or estate in the Premises. Impositions do not include franchise, transfer, inheritance or capital stock taxes, or income taxes measured by the net income of Landlord from all sources, unless any such taxes are levied or assessed against Landlord as a substitute for, in whole or in part, any Imposition.

Indemnitees: Indemnitees shall have the meaning set forth in Section 16.1.

Interest Rate: The lesser of (i) ten percent (10%) per annum, or (ii) the Prime Rate plus five percent (5%); provided, however, that if such rate of interest shall exceed the maximum rate allowed by law, the Interest Rate shall be automatically reduced to the maximum rate of interest permitted by applicable law.

Investment Grade: Investment Grade shall mean that at the time of such analysis the Tenant satisfies at least two of the following: (i) has received an Issuer Rating from Moody's of at least Baa3; (ii) has received an Issuer Default Rating from Fitch of at least BBB-; and (iii) has received an Issuer Credit Rating from Standard and Poor's of at least BBB-.

Land: The land underlying the Project.

Minor Alterations: Alterations (i) that do not require the issuance of a building or other governmental permit, authorization or approval, (ii) that do not require work to be performed outside the Premises in order to comply with Requirements, (iii) that do not affect the Building Systems or structure of the Building, and (iv) the cost of which does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any one instance; provided, from and after the date on which Tenant occupies the entire Premises, Minor Alterations shall include all Alterations provided that they do not adversely affect the Building Systems or structure of the Building.

Net Worth: The excess of total assets over total liabilities, determined in accordance with generally accepted accounting principles, excluding, however, from the determination of total assets, goodwill and other intangibles.

Office Space: The term "Office Space" shall have the meaning set forth in the Basic Lease Information.

Operating Expenses: All costs of management, operation, ownership, maintenance and repair of the Project, including, without limitation: (i) salaries, wages, bonuses, other compensation and all payroll burden of employees, payroll, social security, worker's compensation, unemployment and similar taxes and impositions with respect to such employees, and the cost of providing disability or other benefits imposed by law or otherwise with respect to such employees (prorated, in the case of employees performing services for one or more properties, on the basis of the estimated number of hours spent performing services for the Project); (ii) property management fees and expenses, including Landlord's fees and expenses for any management performed by it; (iii) rental (or rental value) and other costs and expenses for the property management office in the Project, if any; (iv) insurance premiums and costs (including earthquake and/or flood if so elected by Landlord in its sole discretion), and the deductible portion of any insured loss under Landlord's insurance or the amount that would be the deductible portion of such loss but for self-insurance thereof by Landlord; (v) maintenance, security, life safety and other services, such as alarm service, window cleaning, elevator maintenance, landscaping and uniforms (and the cleaning and/or replacement thereof) for personnel providing services; (vi) materials, supplies, tools and rental equipment; (vii) license, permit and inspection fees and costs; (viii) costs, fees and other expenses incurred by Landlord in connection with providing programs required by the City of Oakland or the County of Alameda

with respect to the Project (for example, a transportation management program); (ix) sales, use and excise taxes, and gross receipts taxes (other than those payable by Tenant or other tenants as Impositions or otherwise pursuant to the applicable lease); (x) legal, accounting and other professional services for the Project, including costs, fees and expenses of contesting the validity or applicability of any law, ordinance, rule, regulation or order relating to the Project; (xi) the cost of supplies and services such as telephone, courier services, postage and stationery supplies; (xii) normal repair and replacement of worn-out equipment, facilities and installations; (xiii) Roof Garden Expenses; (xiv) all charges under any Recorded Documents from time to time; and (xv) expenditures for capital improvements made at any time to the Project (A) that are intended in Landlord's judgment as labor saving devices, or to reduce or eliminate other Operating Expenses, or to effect other economies in the operation, maintenance, or management of the Project, (B) that are necessary or appropriate in Landlord's judgment for the health and safety of occupants of the Project, (C) that are necessary under any Requirements that were not applicable to the Project as of the Commencement Date, or (D) that are replacements of items which Landlord is obligated to maintain, with all such capital costs to be amortized over the useful life of the improvements determined in accordance with generally accepted accounting principles or as otherwise reasonably determined by Landlord (or the applicable payback period, as reasonably determined by Landlord), provided that in the case of any capital improvement made to reduce other Operating Expenses, the amortization included in any year shall not exceed Landlord's reasonable estimate of the actual savings achieved during the same period as a result of the making of such capital improvement, and except that Landlord may treat as costs chargeable in the calendar year incurred, and not as capital expenditures, any item that is less than Twenty-Five Thousand Dollars ($25,000) for the calendar year in question.

Notwithstanding anything to the contrary in the foregoing, Operating Expenses do not include: (1) Real Property Taxes; (2) legal fees, brokers' commissions or other costs incurred in the negotiation, termination, or extension of leases or in proceedings involving a specific tenant; (3) depreciation or amortization on the building or the Project or components, systems or equipment therein except as set forth above; (4) interest or other payments (including payments of principal, points, and or other costs, fees or expenses) on account of any debt, including mortgages, deeds of trust or other security interests encumbering the building and/or the Project or incurred in connection with the acquisition, ownership or operation of the Building and/or the Project; (5) except as expressly permitted above, costs of items considered capital repairs, replacements, improvements and equipment; (6) costs for which Landlord is reimbursed, receives a credit or is otherwise compensated (other than tenant reimbursements for Operating Expenses); (7) reserves for anticipated future expenses beyond the current year, including reserves for capital items, bad debts, or rental losses; (8) advertising, marketing or promotional expenses; (9) interest or penalties incurred as a result of Landlord's failure to pay any bill as it shall become due unless non-payment is due to Tenant's default hereunder; (10) costs related to the operation of Landlord as an entity rather than the operation of the Project (including, without limitation, costs of formation of the entity, internal accounting unrelated to operation or management of the Project, legal matters related solely to the maintenance of Landlord as an entity and/or preparation of tax returns) or costs associated with marketing or selling the Project or any interest therein, or converting the Project to a different form of ownership; (11) costs and disbursements, and other expenses incurred in connection with leasing, renovating, or improving

leasable space for tenants or other occupants or prospective tenants or occupants of the Project or costs (including, without limitation, permit, license, architectural, engineering, and inspection fees, and similar expenses); (12) costs of any services sold to tenants or other occupants for which Landlord reimbursed or is entitled to be reimbursed by such tenants or other occupants as an additional charge or rental over and above the base rent and escalation rent payable under the lease with such tenant or other occupant; (13) any costs of charitable or political contributions; (14) salaries, wages, bonuses, and other compensation paid to officers, directors, and executives of Landlord or its property manager above the rank of senior property manager; (15) any amount paid to any corporation or other entity related to Landlord or to the managing agent of Landlord which is in excess of the amount which would have been paid in the absence of such relationship; (16) Utilities and Janitorial Costs; (17) Parking Facility Expenses; (18) accountants' fees, attorneys' fees and other professional fees and costs incurred in connection with proposals, negotiations or disputes with tenants or other occupants or prospective tenants or occupants of the Project, the enforcement of any leases (including unlawful detainer proceedings or the collection of rents), requests to assign or sublet, and the sale, transfer, financing or refinancing of the Project; (19) costs incurred in connection with services or other benefits which are provided to tenants or occupants other than Tenant, but not to Tenant, whether or not Landlord is entitled to reimbursement therefor; (20) ground lease rental payments; (21) costs for which Landlord has been compensated by a management fee, and any management fees in excess of those management fees which are normally and customarily charged by comparable landlords of comparable buildings for comparable services; (22) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Building and/or the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis for comparable buildings; (23) costs incurred as the result of the negligence or willful misconduct of other tenants or of Landlord or Landlord's employees, agents or contractors; (24) costs of repairs or improvements resulting from any faulty workmanship or defect in the design or construction of the Project, Building Systems, or any improvements installed by Landlord (as opposed to the cost of normal repair, maintenance and replacement expected in light of the specifications of the applicable construction materials and equipment); (25) costs incurred to cause the Building to comply with Applicable Laws that were in effect as of the Lease Date or otherwise necessitated as a result of the Subdivision (based on the current interpretation thereof by applicable governmental entity(ies)); (26) costs incurred in the event any portion of the Project is made untenantable by fire, earthquake, or other casualty or by exercise of rights of eminent domain or other cause, or to perform repairs or other work occasioned by loss or damage due to casualty or exercise of rights of eminent domain, whether or not paid for by insurance or condemnation proceeds; (27) Landlord's general overhead and general and administrative expenses; (28) any rental and any associated costs for Landlord's or Landlord's agents' management office, to the extent that such office is not utilized solely for the management operations of the Project, it being expressly agreed that marketing activity relative to space in the Building is not considered a management function, and any area of such office devoted to such marketing activity shall be excluded from the square footage of the management office which is allowed to be charged as an Operating Expense, (29) travel or entertainment expenses of Landlord for any purpose; (30) costs and expenses, including taxes and compensation paid to attendants or other persons, in connection with the operation of commercial concessions by Landlord, its subsidiaries or affiliates and/or all

fees paid to any parking facility operator; (31) costs for sculpture, paintings or other objects of art installed as part of the future development of the Project; (32) costs of traffic studies, environmental impact reports, transportation system management plans, and traffic mitigation measures undertaken as part of the future development of the Project; (33) costs, taxes, and fees assessed by or payable to public authorities in connection with the future development of the Project (including, without limitation, costs, taxes and fees for infrastructure, transit, housing, schools, open space, child care and art work); (34) utility costs for which any tenant or occupant contracts directly with the utility provider, or resulting from excess or after-hours usage by other tenants or occupants of the Project, or for which Landlord is reimbursed directly by a tenant; (35) costs arising from the presence of any Hazardous Materials in or about the Building or the Land, including, without limitation, the presence of Hazardous Materials in the soil or ground water; provided, however, that Operating Expenses may include costs incurred in connection with the prudent operation and maintenance of the Project, such as monitoring air quality; (36) costs of any disputes between Landlord and any employee or agent of Landlord or any mortgagee or ground lessor of Landlord; (37) rentals for items which if purchased, rather than rented, would constitute a capital item that may not be included in Operating Expenses (other than office equipment for the property management office); (38) costs incurred due to violation by Landlord or its managing agent or any tenant of the terms and conditions of any lease; (39) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless such wages and benefits are prorated on a reasonable basis to reflect time spent on the operation and management of the Project vis-à-vis time spent on matters unrelated to the operation and management of the Project; and (40) capital costs of Renovations.

In addition, Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, such as boycotts and strikes, and shall not include utility rate increases due to extraordinary circumstances, including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages.

Original Tenant: Pacific Gas and Electric Company; provided, should Tenant conduct a name change or should Tenant, which is now a California corporation, undertake a mere change in its entity form (such as conversion to an LLC), such resulting entity shall be deemed to be the Original Tenant hereunder.

Premises: The Premises is identified in the Basic Lease Information. Landlord and Tenant acknowledge and agree that the rentable area of the Premises stated in the Basic Lease Information shall be final and conclusive for all purposes of this Lease, and shall not be subject to remeasurement, except as provided in Section 1.2 of this Lease.

Prime Rate: The prime rate (or base rate) reported in the Money Rates column or section of The Wall Street Journal as being the base rate on corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by any such bank) on the first day on which The Wall Street Journal is published in the month in which the subject sums are payable or incurred.

Project: The term “Project” shall have the meaning set forth in the Basic Lease Information.

Project Common Areas: Those portions of the Project (excluding the Building) that are provided, from time to time, for use by Landlord, Tenant and any other tenants of the Project and are designated as such by Landlord from time to time.

Property: The term "Property" shall mean the legal parcel that contains the Building following the subdivision as described in Section 31.

Real Property Taxes: All taxes, assessments and charges now or hereafter levied or assessed upon, or with respect to, the Project, or any personal property of Landlord used in the operation thereof or located therein, or Landlord's interest in the Project or such personal property, by any Federal, State or local entity, including: (i) all real property taxes and general, special, supplemental and escape assessments; (ii) charges, fees or assessments for transit, public improvements, employment, job training, housing, day care, open space, art, police, fire or other governmental services or benefits; (iii) service payments in lieu of taxes; (iv) any tax, fee or excise on the use or occupancy of any part of the Project; (v) any tax, assessment, charge, levy or fee for environmental matters, or as a result of the imposition of mitigation measures, such as parking taxes, employer parking regulations or fees, charges or assessments due to the treatment of the Project, or any portion thereof or interest therein, as a source of pollution or stormwater runoff; (vi) any other tax, fee or excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Property Taxes; and (vii) consultants' and attorneys' fees and expenses incurred in connection with proceedings to contest, determine or reduce Real Property Taxes. Notwithstanding anything to the contrary in the foregoing, Real Property Taxes do not include: (A) all excess profits, gift, franchise, transfer, inheritance and succession, estate, capital stock, and federal and state income taxes measured by the net income of Landlord from all sources, unless any such taxes are levied or assessed against Landlord as a substitute for, in whole or in part, any Real Property Taxes (excluding gross receipts taxes payable with respect to Rent and other amounts payable by tenants as Impositions or otherwise pursuant to individual leases at the Project, which gross receipts taxes and Impositions shall not be included in Real Property Taxes); and (B) penalties, fines, interest or charges due for late payment of Real Property Taxes by Landlord and/or failure to file any tax or informational returns when due. If any Real Property Taxes are payable, or may at the option of the taxpayer be paid, in installments, such Real Property Taxes shall, together with any interest that would otherwise be payable with such installment, be deemed to have been paid in installments, amortized over the maximum time period allowed by applicable law. In addition, Tenant shall have no obligation to pay Real Property Taxes for any buildings or parking structures that are newly constructed after the Lease Date.

Reciprocal Easement Agreement: The term "Reciprocal Easement Agreement" shall mean one or more reciprocal easement agreement(s) granting to the owner of the Building the non-exclusive right to use the Roof Garden, the Parking Facility, and other common areas necessary for the operation of the Building in such form consistent with the material terms set forth on Exhibit J, and as executed by Landlord after the Lease Date, subject to Tenant's reasonable approval thereof.

Recorded Documents: All easement agreements, cost-sharing agreements, covenants, conditions, and restrictions and all similar agreements affecting the Project, whether now or hereafter recorded against the Building or the Project, provided that any such Recorded Documents executed by Landlord after the Lease Date do not violate the terms of this Lease.

Renovations: The term "Renovations" shall have the meaning set forth in Section 19.2.

Rent: Base Rent, Escalation Rent and all other additional rent, additional charges and amounts payable by Tenant in accordance with this Lease.

Requirements: All Applicable Laws, including Environmental Laws; the provisions of any insurance policy carried by Landlord or Tenant on any portion of the Project, or any property therein; the requirements of any independent board of fire underwriters; any directive or certificate of occupancy issued pursuant to any law by any public officer or officers applicable to the Project; the provisions of all Recorded Documents affecting any portion of the Project; and all life safety programs, procedures and rules from time to time or at any time implemented or promulgated by Landlord.

Roof Garden Expenses: All operating expenses and taxes allocable to the Roof Garden as Landlord reasonably determines using sound commercial practice, but excluding all costs and expenses incurred pursuant to the Franchise Agreement. Roof Garden Expenses allocable to each calendar year shall be included in Operating Expenses, but the portion included in Operating Expenses shall be based on a fraction, the numerator of which is the rentable square footage of the Building and the denominator of which is the total rentable square footage of the Project from time to time.

Permitted Transferee: Shall have the meaning set forth in Section 17.9.

Sustainable Practices: Any and all sustainable building practices adopted by Landlord in connection with the use and occupancy of the Project and/or as may apply to the Project as a result of all or any part of the Project achieving a specified rating or certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, or similar rating systems or accreditations, or as required to complete energy consumption data reporting for the Energy Star Portfolio Manager website, or as otherwise required by law.

Tenant Delay: Tenant Delay shall have the meaning set forth in the applicable Work Letter.

Tenant Improvements: The design and construction of the initial alterations, additions and improvements to the Building, as such are more particularly described in the Work Letter.

Tenant Parties: Tenant, all persons or entities claiming by, through or under Tenant, and its and their respective employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members.

Tenant's Proportionate Share: The percentage stated in the Basic Lease Information as Tenant's Proportionate Share.

Transaction Expenses: Collectively, to the extent actually paid by Tenant, the following costs and expenses: (A) the reasonable out-of-pocket costs and expenses of Tenant in entering into the sublease or assignment, such as customary real estate brokerage commissions in the Lake Merritt/Downtown Oakland sub-market, legal and architectural fees, and advertising fees paid to unrelated third parties; (B) the out-of-pocket cost to Tenant of improvements, construction contributions or Alterations made by Tenant expressly and solely for the purpose of preparing the space for such tenancy; (C) any work allowance or other monetary concession actually paid to, or for the benefit of, the assignee or subtenant, as the case may be; and (D) the amount of all other concessions paid by Tenant in connection with such sublease or assignment (e.g., takeover expenses and/or payment of moving expenses).

USA Patriot Act: The "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

Utilities and Janitorial Costs: All costs of electricity, natural gas, water, sewer, and trash disposal service to the Building (including the Premises) during the Term, including any sales, use, excise and other taxes and assessments assessed by governmental authorities on such utility services, and all other costs of providing utility services to the Building (including the Premises), together with janitorial services and supplies for the Building (including the Premises) during the Term.

Work Letter or Work Letters: The term "Work Letter" or "Work Letters" means any or all of those certain Work Letters attached hereto as Exhibit D-1 ("**Landlord Work/Tenant Improvements Work Letter**"), Exhibit D-2 ("**Base Building Work Letter**"), and Exhibit D-3 ("**Seismic Work Letter**") and incorporated herein by reference.

1.2. Certain Defined Terms. The parties acknowledge that the rentable square footage of the Premises and the Building have been measured by Landlord pursuant to "Standard Methods of Measurement ANSI/BOMA Z65.1-2017 For Office Buildings" and accompanying guidelines prior to execution of this Lease, and have been finally determined for all purposes of this Lease until the date that is the final Delivery Date for the last Sub-Phase of the Premises, at which time the parties acknowledge and agree that Tenant will occupy the entire Building, and that Landlord shall remeasure the rentable square footage of the Premises and the Building using then applicable "Standard Methods of Measurement ANSI/BOMA Z65.3-2018 Gross Area" and accompanying guidelines, and such updated remeasurement shall be used for all purposes of this Lease after such date, subject to Tenant's review of such updated remeasurement to confirm that such then applicable standard has been appropriately and consistently applied.

2. Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, together with the non-exclusive right to use, in common with others, the Common Areas, for the Term and subject to the terms, covenants and conditions set forth in this Lease. Landlord reserves from the leasehold estate granted hereunder (i) all exterior walls and windows bounding the Premises and the rooftop of the Building; (ii) all space located within the Premises for common shafts, stacks, pipes, conduits, ducts, utilities, telecommunications systems, and other installations for Building Systems, the use thereof and access thereto, and (iii) the right to install, remove or relocate any of the foregoing for service to any part of the Building, including the premises of other tenants of the Building so long as such installation, removal or relocation does not materially interfere with the use, occupancy or operations of Tenant in the Premises. The parties acknowledge that the Premises does not include (a) Suite 130, which contains approximately 1,900 rentable square feet of space in the Building to be used by Landlord as a property management office or for other Project-related uses, (b) Suite A21, which contains approximately 903 rentable square feet and used by Building ownership as the Building vault and archives, and (c) Suite 120, which contains approximately 5,155 rentable square feet of space in the Building for retail space.

3. Term; Delivery of Each Phase; Condition and Acceptance of Premises.

3.1. Term. This Lease shall be effective as of the Lease Date. The Term of this Lease shall commence on the Commencement Date and end on the Expiration Date (as may be extended pursuant to the terms herein), unless sooner terminated pursuant to the provisions of this Lease.

3.2. Delivery of the Premises. Schedule 1 attached hereto indicates the Sub-Phases and the delivery dates by which Landlord currently estimates that such Sub-Phases will be delivered to Tenant; provided, however, notwithstanding anything to the contrary in this Lease (including any exhibits hereto), the parties acknowledge and agree that all delivery dates included in Schedule 1 attached hereto or any subsequent version of Schedule 1 provided for herein shall automatically be extended by (i) any existing tenant's exercise of its existing renewal or extension rights, (ii) periods of Tenant Delay, and (iii) periods of Force Majeure, and all references in this Lease (including any exhibits hereto) to delivery dates or to any version of Schedule 1 shall be deemed to refer to such dates as they may be extended as described in this Section 3.2.

3.2.1 On or before the date that is one hundred sixty five (165) days after the Lease Date, Landlord shall update Schedule 1, to reflect revised projected Delivery Dates for each Sub-Phase included in Phase A (including any adjustments to the identity of each Sub-Phase) (the "**Committed Schedule 1**"). For avoidance of doubt, the updated Schedule 1 shall continue to provide that Phase A excluding [●]is to be delivered to Tenant on or before the later of (a) March 31, 2023, and (b) the date that is one thousand (1,000) days after the Lease Date, subject to (i) any existing tenant's exercise of its existing renewal or extension rights, (ii) periods of Tenant Delay, and (iii) periods of Force Majeure. The updated Schedule 1 shall be deemed to replace Schedule 1 attached to the Lease as it pertains to Phase A provided that it meets the following requirements, unless agreed otherwise by Tenant: (a) as to the approximately [●]: each Sub-

Phase is required to have a minimum of three (3) floors, except that the latest delivered Sub-Phase of such space can consist of a minimum of two floors; and (b) as to the [●]: each Sub-Phase is required to have a minimum of three (3) floors, except that the latest delivered Sub-Phase of this space can consist of a minimum of one (1) floor. Landlord and Tenant may mutually agree to update Schedule 1 at any time and from time to time each in their sole discretion.

3.2.2 The "**Delivery Date**" for each Sub-Phase shall be the later of: (a) the date such Sub-Phase is actually delivered to Tenant in the condition specified in Section 3.4 below, provided, however; if any Tenant Delay(s) occurs in connection with the design and construction of any Sub-Phase of Phase A or Phase B, then, notwithstanding anything to the contrary set forth in the Lease and regardless of the actual date of the Substantial Completion of such Sub-Phase, the Delivery Date of such Sub-Phase shall be deemed to be the date that Substantial Completion of such Sub-Phase would have occurred if no Tenant Delay(s) had occurred; or (b) the date shown in the applicable Schedule 1 for such delivery.

3.2.3 On or before the date that is ninety (90) days prior to the estimated Delivery Date shown in the current version of Schedule 1, Landlord shall deliver an updated estimated Delivery Date (the "**Landlord Confirmed Delivery Date**") for such Sub-Phase.

3.2.4 In the event that Landlord does not deliver any Sub-Phase of Phase A on or before the original Delivery Date as specified in the Committed Schedule 1, as such extended date may be further extended as described above (the "**Original Scheduled Delivery Date**") in the condition required under this Lease, then the Base Rent payable by Tenant from and after the actual Delivery Date shall be reduced by fifty (50%) for each day that the actual Delivery Date is later than the Original Scheduled Delivery Date.

3.2.5 Notwithstanding the foregoing, in the event [●] or any other tenant elects to exercise its existing extension right under its lease, Landlord's obligation to deliver the such space shall be extended for the period of such extension as described in Section 3.2 above.

3.2.6 If all of the Phase A excluding [●]is not delivered to Tenant on or before the later of (a) March 31, 2023, and (b) the date that is one thousand (1,000) days after the Lease Date, as such extended date may be further extended by (i) any existing tenant's exercise of its existing renewal or extension rights, (ii) periods of Tenant Delay, and (iii) periods of Force Majeure, Tenant may exercise self-help rights in accordance with Section 20.9 of this Lease to complete the construction contemplated under the Work Letters, in order to promptly make the remaining portions of Phase A of the Premises meet the delivery condition described herein, provided that Tenant shall assume all of the Landlord obligations under the Work Letters with respect to such work, and provided further that in exercising its self-help rights in this circumstance, Tenant shall submit invoices for costs incurred and other information required by Section 20.9 to Landlord and deduct costs incurred by Tenant and allowed by Section 20.9 from Base Rent payable by Tenant under this Lease as described in Section 20.9, or, at Tenant's option, obtain direct reimbursement from Landlord of such amounts, which if so elected by Tenant, shall be paid by Landlord within sixty (60) days of demand.

3.3. [Intentionally Omitted].

3.4. Condition and Acceptance of Each Phase of the Premises. The design and construction of any alterations, additions or improvements that Tenant may deem necessary or appropriate to prepare the Premises for occupancy by Tenant shall be governed by the Work Letter. Except as provided in this Lease (including, without limitation, the Work Letter), Tenant agrees to accept each Sub-Phase of the Premises in their "as-is" condition, without any representations or warranties by Landlord, and with no obligation of Landlord to make any alterations or improvements to the Premises or the Building or to provide any tenant improvement allowance. If Landlord is responsible for constructing any alterations, additions or improvements pursuant to the Work Letter for any Sub-Phase, then subject to any contrary provisions in the Work Letter, Landlord shall cause the work to be performed by Landlord to be Substantially Complete prior to delivery of possession of the applicable Sub-Phase of the Premises to Tenant.

3.5. Confirmation of Commencement Date and Delivery Dates. At any time during the Term, Landlord may deliver to Tenant (and shall deliver to Tenant upon Tenant's request) a Confirmation of Commencement Date and Delivery Dates in the form set forth in Exhibit C, attached hereto, as a confirmation of the information set forth therein with respect to each Sub-Phase of the Premises, which Tenant shall execute and return to Landlord within five (5) business days after delivery to Tenant. This Lease shall be a binding contractual obligation effective upon execution and delivery hereof by Landlord and Tenant, notwithstanding the later commencement of the Term.

4. Rent.

4.1. Obligation to Pay Base Rent. Tenant shall pay Base Rent to Landlord during the Term, in advance, in equal monthly installments, commencing on or before the Commencement Date, and thereafter on or before the first day of each calendar month during the Term, in the applicable amounts set forth in the Basic Lease Information. Commencing on the Delivery Date for each Sub-Phase of the Premises and continuing throughout the Term, the payment of Base Rent for such Sub-Phase for each month shall be due and payable at the same rate on a per rentable square foot basis as then applies to the first Sub-Phase of the Phase A Premises that was delivered to Tenant on the Commencement Date on a per rentable square foot basis for the same month. If the Commencement Date or the Delivery Date for any Sub-Phase of the Premises and/or the Expiration Date is other than the first day of a calendar month, the applicable installment of Base Rent for such month shall be prorated on a daily basis.

4.2. Manner of Rent Payment. All Rent shall be paid by Tenant without notice, demand, abatement, deduction or offset, in lawful money of the United States of America, and if payable to Landlord, at Landlord's Address for Payments, or to such other person or at such other place as Landlord may from time to time designate by notice to Tenant.

4.3. Additional Rent. All Rent not characterized as Base Rent or Escalation Rent shall constitute additional Rent ("**Additional Rent**"), and if payable to Landlord shall, unless

otherwise specified in this Lease, be due and payable thirty (30) days after Tenant's receipt of Landlord's invoice therefor.

4.4. Late Payment of Rent; Interest. Tenant acknowledges that late payment by Tenant of any Rent will cause Landlord to incur administrative costs not contemplated by this Lease, the exact amount of which is extremely difficult and impracticable to ascertain based on the facts and circumstances pertaining as of the Lease Date. Accordingly, if any Rent is not paid by Tenant when due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of such Rent. Any Rent, other than late charges, due Landlord under this Lease, if not paid when due, shall also bear interest at the Interest Rate from the date due until paid. The parties acknowledge that such late charge and interest represent a fair and reasonable estimate of the administrative costs and loss of use of funds Landlord will incur by reason of a late Rent payment by Tenant, but Landlord's acceptance of such late charge and/or interest shall not constitute a waiver of an Event of Default with respect to such Rent or prevent Landlord from exercising any other rights and remedies provided under this Lease.

5. Calculation and Payments of Escalation Rent. During each full or partial calendar year of the Term subsequent to the Base Year, Tenant shall pay Escalation Rent to Landlord in accordance with the following procedures:

5.1. Estimated Escalation Rent. Prior to December 1st of the Base Year and prior to December 1st of each subsequent calendar year, Landlord shall give Tenant notice of its reasonably detailed estimate of Escalation Rent due for the ensuing calendar year. On or before the first day of each month during each ensuing calendar year, Tenant shall pay to Landlord in advance, in addition to Base Rent, one-twelfth (1/12th) of such estimated Escalation Rent, unless such notice is not given prior to December 1st, in which event Tenant shall continue to pay on the basis of the prior calendar year's estimates until a full calendar month after such notice is given has passed, and subsequent payments by Tenant shall be based on Landlord's notice. With the first monthly payment based on Landlord's notice, Tenant shall also pay the difference, if any, between the amounts previously paid for such calendar year and the amount which Tenant would have paid through the month in which such notice is given, based on Landlord's noticed estimate. If at any time Landlord reasonably determines that the Escalation Rent for the current calendar year will vary from Landlord's estimate, Landlord may, by notice to Tenant, revise its estimate for such calendar year, and subsequent payments by Tenant for such calendar year shall be based upon such revised estimate; provided, however, any such subsequent revision shall set forth on a reasonably specific basis any particular expense increase.

5.2. Statements and Adjustment. Within one hundred twenty (120) days after the close of each calendar year, or as soon thereafter as practicable, Landlord shall deliver to Tenant a statement of the actual Escalation Rent for such calendar year, showing in reasonable detail, the Operating Expenses and the Real Property Taxes comprising the actual Escalation Rent, and (ii) payments made by Tenant on account of Operating Expenses and Real Property Taxes for such calendar year (any such statement being referred to herein as

an "**Annual Statement**"). If Landlord's statement shows that Tenant owes an amount for Escalation Rent that is more than the payments previously made by Tenant for such calendar year, Tenant shall pay the difference to Landlord within thirty (30) days after delivery of the statement. If Landlord's statement shows that Tenant owes an amount for Escalation Rent that is less than the payments previously made by Tenant for Escalation Rent for such calendar year, Landlord shall credit the difference first against any sums then owed by Tenant to Landlord for Escalation Rent and then against the next payment or payments of Rent due Landlord, except that if a credit amount is due Tenant after the termination of this Lease for Escalation Rent, Landlord shall pay to Tenant within thirty (30) days any excess remaining after Landlord credits such amount against any sums owed by Tenant to Landlord. Notwithstanding any provision in this Lease to the contrary, however, in no event shall any decrease in Operating Expenses below the Base Operating Expenses or Real Property Taxes below the Base Real Property Taxes, respectively, entitle Tenant to any refund, decrease in Base Rent, or any credit against sums due under this Lease. Subject to Section 5.3 below, all Annual Statements for Escalation Rent shall be conclusive and binding upon Tenant; *provided, however*, that Landlord may revise the Annual Statement for any calendar year if Landlord first receives invoices from third parties or tax bills or other information relating to Operating Expenses, Real Property Taxes allocable to any such year after the initial issuance of such Annual Statement.

5.3. Audit Rights. If Tenant disputes the amount of the actual Escalation Rent set forth in any Annual Statement delivered by Landlord to Tenant pursuant to Section 5.2, Landlord shall provide to Tenant in reasonable detail for the year in dispute the calculations performed to determine the Escalation Rent in accordance with the applicable provisions of this Lease. Landlord shall show by account the total of Operating Expenses and Real Property Taxes and all adjustments corresponding to the requirements as set forth herein. Landlord shall also provide details of the Building occupancy throughout such year. Landlord shall provide or otherwise make available to Tenant (via email or electronic sharing site and/or by providing access to such documentation at the office of Landlord or its property manager in San Francisco or Oakland), upon thirty (30) days written notice to Landlord, reasonable back-up detail, including calculations, invoice copies etc. to substantiate the amount of Escalation Rent. If such procedure does not resolve any dispute, Tenant shall have the right, at Tenant's sole cost, after thirty (30) days prior written notice to Landlord, to inspect at Landlord's property management office or other location in San Francisco or Oakland as determined by Landlord, during normal business hours, Landlord's books and records concerning the Escalation Rent (including, without limitation, reasonable back-up details provided including calculations and invoices) set forth in such Annual Statement, for the calendar year in question (and, with respect to the first year following the Base Year for Escalation Rent disputes, Landlord shall also provide such information for the Base Year); provided, however, Tenant shall have no right to conduct such inspection, have an inspection performed by the Accountant (as defined below) or otherwise dispute the amount of the Operating Expenses or Real Estate Taxes set forth in any Annual Statement unless Tenant does so within twelve (12) months following Landlord's delivery of the Annual Statement in question (the "**Review Period**"); provided, further, that notwithstanding any such timely objection, dispute, and/

or inspection, and as a condition precedent to Tenant's exercise of its right of objection, dispute, and/or inspection as set forth in this Section 5.3, Tenant shall not be permitted to withhold payment of, and Tenant shall timely pay to Landlord, the full amounts as required by the provisions of this Article 5 in accordance with such Annual Statement. If, after such inspection, Tenant still disputes the amount of the Escalation Rent set forth in the Annual Statement, Tenant shall have the right, within ninety (90) days thereafter, to cause an independent certified public accountant with commercial real estate audit experience who is an employee of Tenant or who is a consultant not being retained on a contingency basis (the "**Accountant**") to commence and complete an inspection of Landlord's books and records to determine the proper amount of the Escalation Rent incurred and amounts payable by Tenant for the calendar year that is the subject of such Annual Statement, and to provide the results of such inspection to Landlord and Tenant. Such Accountant shall be engaged by Tenant, at Tenant's cost. If such inspection reveals that Landlord has over-charged Tenant, then Landlord shall credit against Tenant's rental obligations next falling due the amount of such over-charge. If the inspection reveals that the Tenant was undercharged, then within forty-five (45) days after the results of such inspection are made available to Tenant, Tenant shall reimburse to Landlord the amount of such under-charge. The payment by Tenant of any amounts pursuant to this Article 5 shall not preclude Tenant from questioning the correctness of any Annual Statement provided by Landlord at any time during the Review Period, but the failure of Tenant to object in writing thereto, conduct and complete its inspection and request that Landlord have the Accountant conduct the inspection as described above prior to the expiration of the Review Period shall be conclusively deemed Tenant's approval of the Annual Statement in question and the amount of Escalation Rent shown thereon. The results of any such inspection shall be kept strictly confidential by Tenant and the Accountant, and Tenant and the Accountant must agree in their contract for such services, to such confidentiality restrictions and shall specifically agree that the results shall not be made available to any other tenant of the Project. If Tenant's inspection reveals that Landlord's Annual Statement overstated the amount of the Operating Expenses or Real Property Taxes by more than five percent (5%), Landlord shall reimburse Tenant for any and all reasonable costs incurred by Tenant in connection with Tenant's review of Landlord's books and records within thirty (30) days of Landlord's receipt of request for payment from Tenant; provided, however, if Landlord reasonably disputes the outcome of Tenant's review, Tenant and Landlord shall reasonably resolve any such dispute.

5.4. Cost Pools. Landlord shall have the right, from time to time, to equitably allocate, in Landlord's reasonable discretion, some or all of the Operating Expenses for the Building or the Project among different portions or occupants of the Building or the Project. Such equitable allocations are sometimes referred to herein as "**Cost Pools**". Operating Expenses included in any such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

5.5. Proration for Partial Year. If the Commencement Date is other than the first day of a calendar year or if this Lease terminates other than on the last day of a calendar year (other than due to an Event of Default), the amount of Escalation Rent for such fractional

calendar year shall be prorated on the basis of twelve 30-day months in each calendar year. Upon such termination, Landlord may, at its option, calculate the adjustment in Escalation Rent prior to the time specified in Section 5.2 above.

5.6. Accounting Practices. Landlord's accounting practices shall conform to sound real estate management practices. Each time Landlord provides Tenant with an actual and/or estimated statement of Escalation Rent, such statement shall be itemized on a line item by line item basis, in reasonable detail, showing the applicable expenses for the applicable year and, for each year after the Base Year, also showing the applicable expenses for the year prior to the applicable year. At a minimum, the categories of expenses in such statements shall include electricity, water, trash, repairs and maintenance, janitorial, window cleaning, pest control, exterior landscaping, security, insurance, and management fees. Landlord's annual statement for each calendar year shall indicate the occupancy gross-up adjustment made by category to account for variations in occupancy in the Building and Project for the calendar year in question as well as the Base Year.

5.7. Actual Expenses; Timing Limitations. Landlord agrees that Landlord will not collect or be entitled to collect Operating Expenses from all of its tenants in an amount which is in excess of one hundred percent (100%) of the Operating Expenses actually paid by Landlord in connection with the operation of the Project. Furthermore, Tenant shall not be obligated to pay, and Landlord shall be deemed to have irrevocably waived its right to reimbursement for any Operating Expenses first billed to Tenant more than twelve (12) months after the end of the calendar year in which such Operating Expenses were first billed to Landlord.

5.8. Property Taxes; Project Assessed by SBE. The parties acknowledge that because of Tenant's status as a regulated public gas and electric utility company, pursuant to Section 19 of Article XIII of the California Constitution, if and so long as Tenant occupies the entire Building, the Project, or the Property, as applicable (the "**SBE Assessed Property**"), may be assessed by the State Board of Equalization (the "**SBE**") rather than the County of Alameda, in which event the following provisions of this Section 5.8 shall apply.

5.8.1 Following reassessment by the SBE, it shall be Tenant's responsibility, rather than Landlord's, to pay all Real Property Taxes assessed with respect to the SBE Assessed Property. The parties acknowledge that the transfer of the responsibility for assessing the Building from the County of Alameda to the SBE shall occur on the first day of January following the date on which Tenant first occupies the entire Building (the "**Tax Responsibility Date**"). Tenant shall be responsible for submitting any and all necessary forms and documents to the SBE (and shall notify Landlord in writing promptly after so doing), provided that Landlord, at no out-of-pocket expense to Landlord, shall cooperate with Tenant and the SBE to transfer the assessment process into the jurisdiction of the SBE. Tenant's obligation to pay Real Property Taxes for the SBE Assessed Property for the period between the Commencement Date and the date on which the Tax Responsibility Date actually occurs shall be determined as though this Section 5.8 did not exist, *i.e.,* the Base Rent and the Escalation Rent shall be calculated as though Real Property Taxes are included therein.

5.8.2 The parties acknowledge that the Base Rent set forth in Section 4.1 includes a base tax component equal to the Real Property Taxes allocable to such year in which Base Rent is paid. Therefore, with respect to such periods as any portion of Real Property Taxes are paid by Tenant pursuant to this Section 5.8, (i) Tenant shall be entitled to a credit (the "**Tax Component Credit**") against the monthly Base Rent in an amount equal to one-twelfth (1/12) of the Real Property Taxes for the Base Year; and (ii) the Escalation Rent calculation will no longer include Real Property Taxes. Tenant shall pay, without offset or credit against rent, any penalties or interest incurred as a result of the late payment or non-payment of any Real Property Taxes payable by Tenant.

5.8.3 So long as the SBE Assessed Property shall be assessed by the SBE, Tenant, in its sole discretion, shall have the right to appeal the amount of Real Property Taxes.

5.8.4 Because Tenant is obligated to pay some or all of the Real Property Taxes to the SBE in advance, Tenant may pay Real Property Taxes allocable to the period following the expiration or earlier termination of this Lease. Real Property Taxes allocable to the period following the expiration or earlier termination of this Lease are referred to herein as "**Excess Tax Payments**." Landlord and Tenant agree to work together to pursue reimbursement from SBE of any Excess Tax Payments, and Landlord agrees to reimburse Tenant for all Excess Tax Payments received by Landlord from SBE promptly after Landlord's receipt except to the extent that any amounts due from Tenant to Landlord under this Lease at such time are overdue in which case Landlord shall apply such reimbursements from SBE to such overdue amounts. The obligations of Landlord and Tenant under this Section 5.8 shall survive the expiration or earlier termination of this Lease.

5.8.5 With respect to (i) any period prior to the Tax Responsibility Date and (ii) during such time as the Project shall not be assessed by the SBE, then the provisions of this Section 5.8 shall not apply.

5.8.6 Anything in this Lease to the contrary notwithstanding, Tenant shall have no obligation to pay any Real Property Taxes with respect to any construction of any new building or parking structure. If Tenant is required by law to pay any such Real Property Taxes with respect to any such new construction, Landlord shall indemnify, defend and hold harmless Tenant with respect to any such obligation.

5.9. Escalation Rent after Delivery of Phase A Tenant. Notwithstanding anything in this Lease to the contrary, from and after the Delivery Date for the last Sub-Phase of Phase A, each year Landlord shall deliver to Tenant a budget for the following year containing projected expenses and resulting Escalation Rent as well as costs for after-hours charges and other items billed by Landlord directly to Tenant and Landlord shall reasonably consider comments from Tenant on such budgets and the changes thereto.

6. Impositions Payable by Tenant. Tenant shall pay all Impositions prior to delinquency. If billed directly, Tenant shall pay such Impositions and concurrently present to Landlord satisfactory evidence of such payments. If any Impositions are payable by Landlord or billed to Landlord or included in bills to Landlord for Real Property Taxes, then Tenant shall pay to Landlord all such amounts within thirty (30) days after receipt of Landlord's invoice therefor. If applicable law prohibits Tenant from reimbursing Landlord for an Imposition, but Landlord may

lawfully increase the Base Rent to account for Landlord's payment of such Imposition, the Base Rent payable to Landlord shall be increased to net to Landlord the same return without reimbursement of such Imposition as would have been received by Landlord with reimbursement of such Imposition.

7. Use of Premises.

7.1. Permitted Use. The Premises shall be used solely for the Permitted Use and for no other use or purpose without Landlord's prior written consent.

7.2. No Violation of Requirements. Tenant shall not knowingly do or permit to be done, or bring or keep or permit to be brought or kept, in or about the Premises, or any other portion of the Project, anything which (i) is prohibited by, will in any way conflict with, or would invalidate any Requirements; or (ii) would cause a cancellation of any insurance policy carried by Landlord or Tenant, or give rise to any defense by an insurer to any claim under any such policy of insurance, or increase the existing rate of or adversely affect any insurance policy carried by Landlord, or subject Landlord to any liability or responsibility for injury to any person or property; or (iii) will in any way unreasonably obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them. If Tenant does or permits anything to be done which increases the cost of any policy of insurance carried by Landlord, or which results in the need, in Landlord's sole but reasonable judgment, for additional insurance to be carried by Landlord or Tenant with respect to any portion of the Project, then Tenant shall reimburse Landlord, within thirty (30) days after Landlord's demand, for any such additional premiums or costs, and/or procure such additional insurance, at Tenant's sole cost and expense. Invocation by Landlord of such right shall not limit or preclude Landlord from prohibiting Tenant's impermissible use that gives rise to the additional insurance premium or requirement or from invoking any other right or remedy available to Landlord under this Lease. Tenant shall not bring into the Premises or any portion thereof, any furniture, fixtures and/or equipment, and/or make any Alterations to the Premises, the aggregate weight of which would exceed the specified live load capacity of the Floor or Floors on which the Premises are located.

7.3. Compliance with Requirements.

7.3.1 Tenant's Obligations. Tenant, at its cost and expense, shall promptly comply with all Requirements applicable to Tenant's particular use or occupancy (that is, other than general office use) of, or business conducted in, the Premises, and shall maintain the Premises and all portions thereof in compliance with all applicable Requirements; provided, however, Tenant shall not be responsible for making any structural changes to the Premises unless such changes are necessitated by (i) Tenant's use or occupancy of the Premises other than for general office use, or business conducted by Tenant therein, (ii) any acts or omissions of Tenant or Tenant Parties (including any Alterations), or (iii) an Event of Default, or Landlord may elect to perform such modifications at Tenant's expense. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding involving Tenant, whether or not Landlord is party thereto, that Tenant is in non-compliance with any Requirement shall be conclusive of that fact. In addition, Tenant shall make all modifications to any

portion of the Building outside the Premises (including whether structural or capital in nature), which are necessitated, in whole or in part, by (i) Tenant's use or occupancy of the Premises other than for general office use, or business conducted in, the Premises, (ii) any acts or omissions of Tenant or any Tenant Parties, (iii) any Alterations, or (iv) an Event of Default, or Landlord may elect to perform such modifications at Tenant's expense.

7.3.2 Landlord's Obligations. As between Landlord and Tenant, Landlord shall be responsible for compliance with all Requirements relating to the Building (other than the Premises), Building Common Area, and Building Systems, provided that compliance with such Requirements is not stated to be the responsibility of Tenant under this Lease. Notwithstanding the foregoing, Landlord shall have the right to contest any alleged violation of any Requirements in good faith, including, without limitation, the right to apply for and obtain a waiver or deferment of compliance, the right to assert any and all defenses allowed by applicable law and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by law. Landlord, after pursuing any appeals or contests as Landlord may so elect, will make at Landlord's cost and expense, all repairs, additions, alterations or improvements necessary to comply with the terms of any final order or judgment provided that such costs and expenses may be included in Operating Expenses to the extent otherwise permissible under the terms of this Lease.

7.4 No Nuisance. Tenant shall not (i) do or permit anything to be done in or about the Premises, or any other portion of the Building or the Project, which would injure or unreasonably annoy, or unreasonably obstruct or interfere with the rights of, Landlord or other occupants of the Building or the Project, or others lawfully in or about the Building or the Project; (ii) use or allow the Premises to be used in any manner inappropriate for an office building comparable to the Building; or (iii) cause, maintain or permit any nuisance or waste in, on or about the Premises, or any other portion of the Building or the Project.

7.5. Environmental Laws; Use of Hazardous Materials.

7.5.1 Tenant's Obligations. Without limiting the generality of Section 7.3 above, Tenant and all other Tenant Parties shall at all times comply with all applicable Environmental Laws with respect to the use and occupancy of any portion of the Building or the Project pursuant to this Lease. Tenant and all other Tenant Parties shall not generate, store, handle, or otherwise use, or allow, the generation, storage, handling, or use of, Hazardous Materials in the Premises or transport the same through the Building or the Project, except in accordance with Environmental Laws and the Rules and Regulations. In the event of a release of any Hazardous Materials caused by, or due to the act or neglect of, Tenant or any other Tenant Parties, Tenant shall immediately notify Landlord and take such remedial actions as Landlord may direct in Landlord's sole discretion as necessary or appropriate to abate, remediate and/or clean up the same. If so elected by Landlord by notice to Tenant, Landlord shall take such remedial actions on behalf of Tenant at Tenant's sole cost and expense. In any event, Landlord shall have the right, without liability or obligation to Tenant, to direct and/or supervise Tenant's remedial actions and to specify the scope thereof and specifications therefor. Tenant and the other Tenant Parties shall use, handle, store and transport any Hazardous Materials in accordance with applicable Environmental Laws, and shall promptly notify Landlord of any notice of violation of Environmental Laws which it receives from any governmental agency having jurisdiction. In no event

shall Landlord be designated as the "generator" on, nor shall Landlord be responsible for preparing, any manifest relating to Hazardous Materials generated or used by Tenant or any other Tenant Parties.

7.5.2 Existing Hazardous Materials. Notwithstanding anything to the contrary in this Lease, Tenant shall not be responsible for any Hazardous Materials that are found to be present in any portion of the Premises prior to the Delivery Date of such portion ("**Existing Hazardous Materials**"); provided, however, if and to the extent that Landlord adopts any Operations and Maintenance Plan ("**O&M Plan**") regarding any Hazardous Materials (including, without limitation, any Existing Hazardous Materials), then, after written notice of such O&M Plan is delivered to Tenant, then, to the extent applicable, Tenant shall adhere to the O&M Plan (as it may be amended, modified or superseded) as it applies to the Premises and Tenant's use and occupancy thereof throughout the Term; provided, however, any O&M Plan adopted by Landlord regarding Existing Hazardous Materials shall be consistent with the prior Operations and Maintenance Plan delivered to and reviewed by Tenant as the same may be revised by Landlord in Landlord's reasonable discretion in accordance with prudent industry practices for comparable buildings with similar Existing Hazardous Materials.

8. Building Services and Utilities.

8.1. Standard Tenant Services. Landlord shall provide services customarily furnished in Comparable Buildings during Building Standard Hours except on Building Holidays (unless otherwise stated below), including the following:

8.1.1 Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto and subject to the terms and conditions of Section 8.3 and Section 8.4 below, Landlord shall provide heating and air conditioning to the Premises ("**HVAC**"), during Building Standard Hours except on Building Holidays. Landlord shall use commercially reasonable efforts in its operation and maintenance of HVAC Building Systems to allow Tenant's distribution systems in the Premises following completion of Tenant Improvements to meet or exceed all requirements set forth in the Ventilation for Acceptable Indoor Air Quality, from the American Society of Heating, Refrigerating, and Air-condition Engineers, Inc. ("**ASHRAE**") Standards, including, but not limited to, ASHRAE Standard 55-2017 (Thermal Environmental Conditions for Human Occupancy) and ASHRAE Standard 62.1-2019 (Ventilation for Acceptable Indoor Air Quality), and all associated addenda published from time to time by ASHRAE applicable to the aforementioned standards. If at any time during the Term the American Society of Heating, Refrigerating and Air-Conditioning Engineers ceases to exist, the parties agree to substitute equivalent industry standards.

8.1.2 Landlord shall provide adequate electrical wiring and facilities for connection to Tenant's lighting fixtures and incidental use equipment that are, as reasonably determined by Landlord, customarily furnished in Comparable Buildings for the Permitted Use of the Premises. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises installed by Tenant following delivery of the applicable portion of the Premises.

8.1.3 Landlord shall provide hot and cold water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas.

8.1.4 Landlord shall provide janitorial services to the Premises, except for weekends and the date of observation of the Building Holidays, in and about the Premises in a manner consistent with Comparable Buildings.

8.1.5 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service twenty-four (24) hours per day, seven (7) days per week, every day of the year.

8.1.6 Landlord shall provide nonexclusive freight elevator service subject to scheduling by Landlord and subject to Building rules and regulations.

8.1.7 Window washing service customary in Comparable Buildings, but at a minimum, exterior window washing once a year and internal window washing once a year.

8.2. Energy Efficiency. Landlord may voluntarily cooperate in a reasonable manner with the efforts of governmental agencies and/or utility suppliers in reducing energy or other resource consumption within the Building and the Project or in reducing other environmental impacts. Tenant agrees at all times to cooperate fully with Landlord and to abide by all reasonable rules established by Landlord (i) in order to (A) maximize the efficient operation of the electrical, heating, ventilating and air conditioning systems and all other energy or other resource consumption systems within the Building and the Project and/or (B) comply with the requirements and recommendations of utility suppliers and governmental agencies regarding such matters, and (ii) in order to continue and comply with any Sustainable Practices of the Building and the Project. Tenant shall not be entitled to terminate this Lease or to any reduction in or abatement of rent by reason of such compliance or cooperation. In connection with the foregoing, at Landlord's request, Tenant shall execute a written authorization and consent to disclosure of Tenant's energy usage records in the form required by any applicable utility companies (or as otherwise reasonably requested by Landlord) to the extent that Landlord is required to disclose such information to third parties pursuant to California or other applicable law.

8.3. Over-standard Tenant Use. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting that may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of Section 8.1 of this Lease. If Tenant uses water, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 8.1 of this Lease, or if Tenant uses electricity in excess of that customarily used by other tenants of the Building or Project, as reasonably determined by Landlord, then Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, on demand, at the rates charged by the public utility company furnishing the same, including the cost of installing, testing and maintaining of such additional metering devices. Tenant's use of electricity shall not exceed the capacity of the feeders to the Building or the risers or wiring installation. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 8.1 of this Lease, Tenant shall give Landlord such prior notice, if any, as Landlord shall from

time to time establish as appropriate, of Tenant's desired use in order to supply such utilities, and Landlord shall supply such utilities to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish.

8.4. Interruption of Use. Except as expressly provided below in Section 8.5, Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall not be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 8.

8.5. Abatement Events Notwithstanding the provisions of Section 8.4 above or any other provision of this Lease to the contrary, if Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of any failure by Landlord to provide elevator service or sanitary, electrical, HVAC or other essential systems serving the Premises or to provide ingress to and egress from the Building or Premises and if such failure is attributable to Landlord's negligence or willful misconduct (or that of Landlord's agents, employees or contractors), excepting Force Majeure (collectively referred to as an "**Abatement Event**"), then Tenant shall provide email notice to a designated Landlord representative of such Abatement Event (which email notice shall be followed on the same or the following day by written notice to Landlord of such Abatement Event), and if such Abatement Event continues for two (2) consecutive business days after such written notice (the "**Eligibility Period**"), then Base Rent and Escalation Rent payable hereunder shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises, or the applicable portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using and does not use bears to the total rentable area of the Premises. Notwithstanding the foregoing, from and after the Delivery Date for the last Sub-Phase of Phase A, an "Abatement Event" shall include any event for which Landlord actually receives proceeds of rent loss insurance to cover loss of Base Rent or Escalation Rent under this Lease and the "Eligibility Period" shall cover the number of days after the Abatement Event covered by such proceeds.

8.6. Provision of Additional Services. If Tenant desires services in amounts additional to or at times different from those set forth in Section 8.2 above, or any other services that are not provided for in this Lease, Landlord shall provide such services, provided Landlord reserves the right to require that (a) Tenant make a request for such services to Landlord with such advance notice as Landlord may reasonably require, and (b) Tenant pay Landlord's reasonable charges for such services.

8.7. Utilities and Janitorial Services. Tenant shall be separately charged for Tenant's Proportionate Share of all Utilities and Janitorial Costs during the Term. If the Building is less than one hundred percent (100%) occupied during any part of any year during the Term, Landlord shall make an appropriate adjustment of the variable components of Utilities and Janitorial Costs, as reasonably determined by Landlord using sound commercial real estate accounting and management principles, to determine the amount of Utilities and Janitorial Costs that would have been incurred during such year if the Building had been one hundred percent (100%) occupied during the entire year. Notwithstanding the foregoing, from and after the Delivery Date for the last Sub-Phase of Phase A, Tenant shall have the right but not the obligation to perform its own janitorial and/or security functions for the Premises at Tenant's cost and expense and, during any periods that Tenant is performing such functions, Landlord shall not charge Tenant for any amounts incurred with respect to such functions for the Premises, but security and janitorial expenses for Common Areas and other portions of the Project shall continue to be included in Operating Expenses, and Landlord and Tenant shall reasonably cooperate in determining the scope of security functions performed by Tenant.

9. Repairs and Maintenance. Tenant shall, at Tenant's own expense, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term, reasonable wear and tear, damage caused by casualty or Landlord or its employees, agents or contractors excepted. Notwithstanding the foregoing, Landlord shall maintain in good condition and repair and be responsible for maintenance and repairs to the exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, the Building Systems, and other systems and equipment of the Building (excluding Tenant Systems), except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; *provided, however*, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense. Subject to notice requirements in Section 19.1 of this Lease, Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Building or to any equipment located in the Building as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. The provisions of this Article 9 shall in no way limit the right of Landlord to charge to Tenant, as part of Operating Expenses, the costs incurred by Landlord in performing maintenance and repairs at the Property. In addition, and notwithstanding anything to the contrary contained herein, Landlord shall repair and maintain (and, as required, replace) the Tenant Systems and Tenant shall be separately charged for all costs incurred by Landlord in performing such obligations. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and

Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect. In addition, Landlord shall use commercially reasonable efforts to cause the Parking Facility and Roof Garden to be maintained in good condition and repair during the Term of this Lease.

10. Alterations to Premises. All Alterations shall be made in accordance with the standard procedures, specifications, and details (including the standard for construction and quality of materials in the Building) as then reasonably established by Landlord, including all applicable Requirements, and the provisions of this Article 10.

10.1. Landlord Consent; Procedure. Tenant shall not make or permit to be made any Alterations without Landlord's prior written consent, which may be given or withheld in Landlord's reasonable discretion; *provided, however*, as to any Minor Alterations, Landlord's consent shall not be required but such Minor Alterations shall otherwise be made in compliance with the requirements of this Article 10, including, without limitation, the requirements of Section 10.7 below.

10.2. General Requirements.

(a) All Alterations shall be designed and performed by Tenant at Tenant's cost and expense; *provided, however*, that if any Alterations require work to be performed outside the Premises, Landlord may elect to perform such work at Tenant's expense.

(b) Except for Minor Alterations, all Alterations shall be performed only by contractors, engineers or architects reasonably approved by Landlord, and shall be made in accordance with complete and detailed architectural, mechanical and engineering plans and specifications, to the extent applicable, reasonably approved in writing by Landlord. Landlord shall not unreasonably withhold or delay its approval of any such contractors, engineers, architects, plans or specifications; *provided, however*, that Landlord may specify contractors, engineers or architects to perform work affecting the structural portions of the Building or the Building Systems. Tenant shall engage only labor that is harmonious and compatible with other labor working in the Building and the Project. In the event of any labor disturbance caused by persons employed by Tenant or Tenant's contractor, Tenant shall immediately take all actions reasonably necessary to eliminate such disturbance.

(c) Except for Minor Alterations, prior to commencement of the Alterations, Tenant shall deliver to Landlord (i) any building or other permit required by Requirements in connection with the Alterations; and (ii) a copy of executed construction contract(s). In addition, Tenant shall require its general contractor to carry and maintain such insurance in connection with such Alterations as is reasonably required by Landlord in each instance and to provide evidence of such coverage to Landlord.

(d) Tenant shall give Landlord at least fifteen (15) days' prior written notice of the date of commencement of any construction on the Premises to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility.

(e) Tenant shall promptly commence construction of Alterations, cause such Alterations to be constructed in a good and workmanlike manner and in such a manner and at such times so that any such work shall not disrupt or interfere with the use, occupancy or operations of other tenants or occupants of the Building and the Project, and complete the same with due diligence as soon as possible after commencement. All trash which may accumulate in connection with Tenant's construction activities shall be removed by Tenant at its own expense from the Premises, the Building and the Project.

10.3. Landlord's Right to Inspect. Landlord or its agents shall have the right (but not the obligation) to inspect the construction of Alterations, and to require corrections of faulty construction or any material deviation from the plans for such Alterations as approved by Landlord; *provided, however*, that no such inspection shall (i) be deemed to create any liability on the part of Landlord, or (ii) constitute a representation by Landlord that the work so inspected conforms with such plans or complies with any applicable Requirements, or (iii) give rise to a waiver of, or estoppel with respect to, Landlord's continuing right at any time or from time to time to require the correction of any faulty work or any material deviation from such plans. In addition, under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expense incurred by Tenant on account of Tenant's plans and specifications, Tenant's contractors, mechanics or engineers, design or construction of any Alteration, or delay in completion of any Alteration.

10.4. Tenant's Obligations Upon Completion. Promptly following completion of any Alterations, to the extent commercially reasonable in the context of such Alterations, Tenant shall (i) furnish to Landlord "as-built" drawings and specifications in CAD format showing the Alterations as made and constructed in the Premises, (ii) cause a timely notice of completion to be recorded in the Office of the Recorder of the County of Alameda in accordance with Civil Code Section 3093 or any successor statute, and (iii) deliver to Landlord evidence of full payment and unconditional final waivers of all liens for labor, services, or materials in excess of Ten Thousand Dollars ($10,000.00) in the aggregate.

10.5. Repairs. If any part of the Building Systems shall be damaged during the performance of Alterations, Tenant shall promptly notify Landlord, and Landlord may elect to repair such damage at Tenant's expense. Alternatively, Landlord may require Tenant to repair such damage at Tenant's sole expense using contractors reasonably approved by Landlord.

10.6. Ownership and Removal of Alterations.

(a) Ownership. All Alterations shall become a part of the Building and immediately belong to Landlord without compensation to Tenant, unless Landlord consents otherwise in writing; *provided, however*, that equipment and movable furniture shall remain the property of Tenant.

(b) Removal. If required by Landlord, Tenant, prior to the expiration of the Term or termination of this Lease, shall, at Tenant's sole cost and expense, except for Minor Alterations, (i) remove any or all Alterations, (ii) restore the Premises to the condition existing prior to the installation

of such Alterations, and (iii) repair all damage to the Premises or the Building caused by the removal of such Alterations. Notwithstanding anything to the contrary in the preceding sentence, Landlord shall advise Tenant at the time of Landlord's approval of the Alterations, as to whether Tenant will be required to remove such Alterations upon the expiration of the Term or termination of this Lease. If Tenant fails to remove, restore and repair under this Section, then Landlord may remove such Alterations and perform such restoration and repair, and Tenant shall reimburse Landlord for the cost thereof. Subject to the foregoing provisions regarding removal, all Alterations shall be Landlord's property and at the expiration of the Term or termination of this Lease shall remain on the Premises without compensation to Tenant.

10.7. Minor Alterations. Notwithstanding any provision in the foregoing to the contrary, Tenant may construct Minor Alterations in the Premises without Landlord's prior written consent, but with prior notification to Landlord. Before commencing construction of Minor Alterations, Tenant shall submit to Landlord such documentation as Landlord may reasonably require to determine whether Tenant's proposed Alterations qualify as Minor Alterations. Except to the extent inconsistent with this Section 10.7, Minor Alterations shall otherwise comply with the provisions of this Article 10. All references in this Lease to "Alterations" shall mean and include Minor Alterations, unless specified to the contrary.

10.8. Landlord's Fee. In connection with installing or removing Alterations, Landlord may retain third parties to review Tenant's plans, specifications and working drawings and/or to supervise the construction, installation or removal of Alterations from the Premises, in which event Tenant shall reimburse Landlord for the actual and reasonable fees and costs charged by such third parties.

11. Liens. Tenant shall keep the Building and the Project free from any liens arising out of any work performed or obligations incurred by or for, or materials furnished to, Tenant pursuant to this Lease or otherwise. Landlord shall have the right to post and keep posted on the Premises any notices permitted or required by law or which Landlord may deem to be proper for the protection of Landlord, the Building, and the Project from such liens. If Tenant does not, within ten (10) days following the demand by Landlord, cause such lien to be released of record or bonded against, and such failure shall continue for more than ten (10) days after Tenant's receipt of a second (2nd) written demand from Landlord, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by any means as Landlord shall deem proper, including by payment or settlement of the claim giving rise to such lien. All reasonable sums paid by Landlord for such purpose, and all reasonable expenses incurred by it in connection therewith (including, without limitation, reasonably attorneys' fees), shall be payable to Landlord by Tenant, as Additional Rent, within thirty (30) days of demand, together with interest at the Interest Rate from the date such expenses are incurred by Landlord to the date of the payment thereof by Tenant to Landlord. The bond permitted under this Section shall be issued by a company reasonably acceptable to Landlord.

12. Damage or Destruction.

12.1 Obligation to Repair. Except as otherwise provided in this Article 12, if the Premises, or any other portion of the Building necessary for Tenant's ultimate use and occupancy of the ultimate Premises are damaged or destroyed by Casualty, Landlord shall, within ninety (90) days after Landlord obtains actual knowledge of such damage or destruction ("**Casualty Discovery Date**") or as soon thereafter as possible, deliver to Tenant an estimate prepared by a reputable architect, contractor or engineer selected by Landlord setting forth such architect's, contractor's or engineer's estimate as to the time reasonably required to repair such damage or destruction (the **"Restoration Estimate Notice**"). If such Restoration Estimate Notice states that the necessary repairs can be completed within two (2) years after the date of delivery to Tenant of the Restoration Estimate Notice and if Landlord receives insurance proceeds sufficient for such purpose so long as Landlord was carrying at a minimum required insurance hereunder this Lease (without considering any deductibles), then (a) Landlord shall promptly proceed to repair such damage to substantially the same condition existing immediately prior to such damage or destruction, subject to Section 12.5 below, to the extent commercially reasonable and as permitted by and subject to then applicable Requirements; (ii) this Lease shall remain in full force and effect; and (iii) to the extent such damage or destruction did not result from the negligence or willful act or omission of Tenant or any other Tenant Parties, Base Rent shall abate to the extent that the amount thereof is compensated for and recoverable from the proceeds of rental abatement or business interruption insurance maintained by Landlord, for such part of the Premises rendered unusable by Tenant in the conduct of its business during the time such part is so unusable, in the proportion that the rentable area contained in the unusable part of the Premises bears to the total rentable area of the Premises.

12.2. Landlord's Election. If the Restoration Estimate Notice states that the necessary repairs cannot be completed within two (2) years after the date of delivery to Tenant of the Restoration Estimate Notice or if insurance proceeds are insufficient for such purpose so long as Landlord was carrying at a minimum required insurance hereunder this Lease (without considering any deductibles), or if Landlord does not otherwise have the obligation to repair or restore the damage or destruction pursuant to Section 12.1, then in any such event Landlord may elect, within thirty (30) days after delivery to Tenant of the Restoration Estimate Notice, to (i) terminate this Lease, or (ii) repair the Premises or the portion of the Project necessary for Tenant's use and occupancy of the ultimate Premises pursuant to the applicable provisions of Section 12.1 above. If Landlord terminates this Lease, then this Lease shall terminate as of the date specified in Landlord's notice. Notwithstanding the foregoing, if Landlord elects to terminate this Lease but prior to the effectiveness of such termination, Tenant elects to exercise its rights under the terms of Article 31, then, upon the consummation of Tenant's purchase of the Property, Landlord shall assign all unpaid insurance proceeds as a result of such Casualty (excluding rental interruption insurance for periods prior to the Closing Date) to Tenant, and Tenant shall receive the Casualty Credit as described in Section 31.9(c).

12.3. Tenant's Election. If Landlord has not terminated this Lease as provided above, or does not have the right to do so, and the Restoration Estimate Notice states that the necessary repairs can be completed within two (2) years after the date of delivery to

Tenant of the Restoration Estimate Notice, then Tenant shall not have the right to terminate this Lease; provided, however that if Landlord has not terminated this Lease as provided above, and the Restoration Estimate Notice states that the necessary repairs cannot be completed within two (2) years after the date of delivery to Tenant of the Restoration Estimate Notice, or if the insurance required to be maintained by Landlord under this Lease is insufficient to restore the Building (including by virtue of any deductible that is not included in the Casualty Credit), Tenant, by written notice to Landlord delivered within thirty (30) days after the date of delivery to Tenant of the Restoration Estimate Notice, may elect to terminate this Lease, in which event this Lease shall terminate on the date set forth in Tenant's termination notice as if such date were the Expiration Date set forth herein.

12.4. Cost of Repairs. Subject to the provisions of this Article 12, Landlord shall repair the Building and all improvements in the Premises, other than Alterations. Tenant shall pay the cost to repair Alterations. Tenant shall be responsible to replace or repair, at Tenant's cost and expense, Tenant's furniture, equipment, trade fixtures and other personal property in the Premises. Tenant shall be responsible for insuring one hundred percent (100%) of the cost of repair and replacement under this Section 12.4 and shall provide evidence of such insurance to Landlord upon request from Landlord.

12.5. Damage at End of Term. Notwithstanding anything to the contrary contained in this Article 12, if the Premises, or any material portion thereof or of the Building, are damaged or destroyed by Casualty within the last twelve (12) months of the Term, then Landlord shall have the right, in its sole discretion, to terminate this Lease by notice to Tenant given within ninety (90) days after the Casualty Discovery Date. Such termination shall be effective on the date specified in Landlord's notice to Tenant, but in no event later than the end of such ninety (90) day period.

12.6. Waiver of Statutes. The respective rights and obligations of Landlord and Tenant in the event of any damage to or destruction of the Premises, or any other portion of the Building are governed exclusively by this Lease. Accordingly, Tenant hereby waives the provisions of any law to the contrary, including California Civil Code Sections 1932(2) and 1933(4), providing for the termination of a lease upon destruction of the leased property.

13. Eminent Domain.

13.1. Effect of Taking. Except as otherwise provided in this Article 13, if all or any part of the Premises is taken as a result of the exercise of the power of eminent domain or condemned for any public or quasi-public purpose, or if any transfer is made in avoidance of such exercise of the power of eminent domain (collectively, "**taken**" or a "**taking**"), this Lease shall terminate as to the part of the Premises so taken as of the effective date of such taking. On a taking of a portion of the Premises, Tenant shall have the right to terminate this Lease by notice to Landlord given within sixty (60) days after the effective date of such taking, if the portion of the Premises taken is of such extent and nature so as to materially impair Tenant's business use of the balance of the Premises. Such

termination shall be operative as of the effective date of the taking. Upon a taking of the Premises which does not result in a termination of this Lease (other than as to the part of the Premises so taken), the Base Rent shall thereafter be reduced as of the effective date of such taking in the proportion that the rentable area of the Premises so taken bears to the total rentable area of the Premises.

13.1.1 Taking Before Closing. Notwithstanding Section 13.1, if, prior to the Closing Date (as defined in Article 31), proceedings are commenced for the taking an amount of the Building which would leave the remaining Premises (i) constituting of less than Six Hundred Thousand (600,000) rentable square feet, (ii) with less than the required parking spaces as required by applicable Requirements, or (iii) otherwise materially adversely affect access to the Building or the Premises, then Tenant shall have the right, by giving notice to Landlord within thirty (30) days after Landlord gives notice of the commencement of such proceedings to Buyer, to terminate this Lease, in which event this Lease shall terminate. If, before the Closing Date, proceedings are commenced for the taking by exercise of the power of eminent domain of less than such a material part of the Property, or if Tenant has the right to terminate this Agreement pursuant to the preceding sentence but Tenant does not exercise such right, then this Lease shall remain in full force and effect and, on the Closing Date, the condemnation award (or, if not theretofore received, the right to receive such award) payable to Landlord on account of the taking shall be credited to Tenant. Landlord shall give notice to Tenant reasonably promptly after Landlord's receiving notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of the Property. If necessary, the Closing Date shall be postponed until Seller has given any notice to Tenant required by this Section 13.1 and the period of thirty (30) days described in this Section 13.1.1 has expired.

13.2. Condemnation Proceeds. Except as is provided in Section 13.1.1, all compensation awarded or received in connection with a taking shall be the property of Landlord, and Tenant hereby assigns to Landlord any and all elements of said compensation which Tenant would, in the absence of said assignment, have been entitled to receive. Specifically, and without limiting the generality of the foregoing, said assignment is intended to include: (i) the "bonus value" represented by the difference, if any, between Rent under this Lease and market rent for the unexpired Term of this Lease, (ii) the value of improvements to the Premises, whether said improvements were paid for by Landlord or by Tenant, (iii) the value of any trade fixtures, and (iv) the value of any and all other items and categories of property for which payment of compensation may be made in any such taking. Notwithstanding the foregoing, Tenant shall be entitled to receive any award of compensation for loss of or damage to the goodwill of Tenant's business (but only to the extent the same does not constitute "bonus value"), interruption of or damage to Tenant's business or as compensation for Tenant's personal property, and for any moving or relocation expenses which Tenant is entitled under the law to recover directly from the public agency which acquires the Premises provided that such claim does not impair Landlord's claim.

13.3. Restoration of Premises. On a taking of the Premises which does not result in a termination of this Lease (other than as to the part of the Premises so taken), Landlord shall restore the Premises to substantially the condition existing immediately before such

taking, to the extent commercially reasonable and as permitted by and subject to then applicable Requirements. Landlord shall perform such restoration in accordance with the applicable provisions and allocation of responsibility for repair and restoration of the Premises on damage or destruction pursuant to Article 12 above, and both parties shall use any awards received by such party attributable to the Premises for such purpose.

13.4. Taking at End of Term. Notwithstanding anything to the contrary contained in this Article 13, if the Premises, or any portion thereof or of the Building, are taken within the last twelve (12) months of the Term, then Landlord shall have the right, in its sole discretion, to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. Such termination shall be effective on the date specified in Landlord's notice to Tenant, but in no event later than the end of such 90-day period.

13.5. Tenant Waiver. The rights and obligations of Landlord and Tenant on any taking of the Premises or any other portion of the Building are governed exclusively by this Lease. Accordingly, Tenant hereby waives the provisions of any law to the contrary, including California Code of Civil Procedure Sections 1265.120 and 1265.130, or any similar successor statute.

14. Insurance.

14.1. Liability Insurance. Subject to Tenant's right to self-insure set forth in Section 14.4 below, Tenant, at its cost and expense, shall procure and maintain, from the Lease Date and throughout the Term, the following insurance:

14.1.1 Commercial General Liability Insurance. Tenant shall maintain a policy(ies) of commercial general liability insurance written on an "occurrence" basis, with limits of liability, per occurrence and in the aggregate, of not less than Five Million Dollars ($5,000,000.00). Such policy(ies) shall cover bodily injury, property damage, personal injury, and advertising injury arising out of or relating (directly or indirectly) to Tenant's business operations, conduct, assumed liabilities, or use or occupancy of the Premises, the Building, or the Project, and shall include all the coverages typically provided by the Broad Form Commercial General Liability Endorsement, including broad form property damage coverage (which shall include coverage for completed operations). Tenant's liability coverage shall further include premises-operations coverage, products liability coverage (if applicable), products-completed operations coverage, and blanket contractual coverage. It is the parties' intent that Tenant's contractual liability coverage provides coverage to the maximum extent possible with respect to liability assumed by Tenant under the indemnification provision of this Lease.

14.1.2 Tenant's Workers' Compensation and Employer Liability Coverage. Tenant shall maintain workers' compensation insurance as required by law and employer's liability insurance with limits of no less than One Million Dollars ($1,000,000.00) each accident, One Million Dollars ($1,000,000.00) each employee, and One Million Dollars ($1,000,000.00) policy limit

14.1.3 Tenant's Property Insurance. Tenant shall maintain property insurance coverage for all office furniture, trade fixtures, office equipment, merchandise, and all other items of Tenant's property in, on, at, or about the Premises, the Building and the Project. Such policy shall (i) be

written on a "all risk" (special-causes-of-loss) policy form or an equivalent form, (iii) include earthquake sprinkler leakage coverage.

14.1.4 Business Interruption, Loss of Income, and Extra Expense Coverage. Tenant shall maintain business interruption, loss of income, and extra expense insurance covering all loss of income and charges and costs incurred arising out of all perils, failures, or interruptions, including any failure or interruption of Tenant's business equipment (including, without limitation, telecommunications equipment), and the prevention of, or denial of use of or access to, all or part of the Premises, the Building, or the Project, as a result of those perils, failures, or interruptions. The business interruption, loss of income, and extra expense coverage shall provide coverage for no less than twelve (12) months and shall be carried in amounts necessary to avoid any coinsurance penalty that could apply. The business interruption, loss of income and extra expense coverage shall be issued by the insurer that issues Tenant's property insurance under Section 14.1.3 above.

14.1.5 Other Tenant Insurance Coverage. Landlord reserves the right, but not more often than once every three (3) years and upon not less than thirty (30) days' prior written notice (but not in any event prior to the expiration of the Purchase Option Period), to require Tenant, at Tenant's sole cost and expense, to procure and maintain other types of insurance coverage and/or increase the insurance limits set forth above if (i) Landlord in its reasonable discretion determines that such other types of insurance and/or increased limits are consistent with the then-current insurance requirements applicable to major tenants leasing space in Comparable Buildings, and (ii) Landlord's lender requires that Tenant procure and maintain such other types of insurance coverage and/or increase the insurance limits.

14.2. Form of Policies. The minimum limits of policies and Tenant's procurement and maintenance of such policies described in Section 14.1 shall in no event limit the liability of Tenant under this Lease. All insurance required by this Article 14 (excluding any amounts self-insured pursuant to Section 14.4) shall be issued on an occurrence basis by solvent companies qualified to do business in the State of California, and with a Best & Company rating of A:VIII or better. Any insurance policy under this Article 14 (excluding any amounts self-insured pursuant to Section 14.4) may be maintained under a "blanket policy," insuring other parties and other locations, so long as the amount and coverage required to be provided hereunder is not thereby diminished.). Tenant shall provide Landlord a certificate of each policy of insurance required hereunder or a letter of self-insurance. Tenant shall deliver such certificates or letter to Landlord within thirty (30) days after the Lease Date, but in no event later than the date that Tenant or any other Tenant Parties first enter the Premises and, upon renewal, not fewer than ten (10) days prior to the expiration of such coverage. All Tenant's liability insurance (excluding any amounts self-insured pursuant to Section 14.4) shall provide (i) that Landlord, Landlord's managing agent (TMG Partners R.E., LLC), any Encumbrancer, and any other person designated by Landlord which has an interest in the Building or the Project, is designated as an additional insured without limitation as to coverage afforded under such policy; (ii) for severability of interests or that acts or omissions of one of the insureds or additional insureds shall not reduce or affect coverage available to any other insured or additional insured (if available); (iii) that the aggregate liability applies solely to the Project; and (iv)

that Tenant's insurance is primary and noncontributory with any insurance carried by Landlord. All Tenant's insurance shall provide that the insurer agrees not to cancel the policy without at least thirty (30) days' prior written notice to all additional insureds (except in the event of a cancellation as a result of nonpayment, in which event the insurer shall give all additional insureds at least ten (10) days' prior notice). Tenant shall notify Landlord within ten (10) days after any material modification of any policy of insurance required under this Article.

14.3. [Intentionally Omitted.].

14.4. Tenant's Self- Insurance. In lieu of third-party insurance, Tenant shall have the right to self-insure all of the insurance Tenant is required to carry pursuant to Section 14.1, subject to Applicable Laws. For the avoidance of doubt, the term "**self-insure**" shall mean Tenant is itself acting as though it were the insurance company providing the insurance required under the provisions of this Lease and Tenant shall pay any amounts due in lieu of insurance proceeds because of self-insurance, which amounts shall be treated as insurance proceeds for all purposes under this Lease. If an event or claim occurs for which a defense and/or coverage would have been available from the insurance company issuing insurance for which Tenant is required to maintain pursuant to Section 14.1 hereof and Tenant has self-insured with respect to such required insurance, Tenant shall, to the extent required under this Lease, (i) undertake the defense of any such claim, including a defense of Landlord at Tenant's sole cost and expense; and (ii) use its own funds to pay any claim or replace any property or otherwise provide the funding that would have been available from insurance proceeds but for such election by Tenant to self-insure. Notwithstanding the foregoing, the right to self-insure described in this Section shall only apply so long as Tenant is the Original Tenant and wholly owned by PG&E Corporation, a company that is publicly traded on the NYSE or, subject to obtaining Landlord's reasonable approval, Tenant is a Permitted Transferee that maintains a self-insurance program similar to the self-insurance program of Original Tenant with similar regulatory recovery treatment.

14.5. Landlord's Insurance. Landlord shall, at all times during the Term of this Lease, procure and continue in full force the following insurance:

14.5.1 All-Risk. Special form causes of loss ("all-risk" and also known as "special form perils") insurance (including boiler and machinery/equipment breakdown insurance, and terrorism insurance) insuring against loss from physical damage to the Building and the Project, including all Base Building Work, Landlord's Work and Tenant Improvements conducted pursuant to the Work Letter and all other subsequent Alterations to the Premises (as hereinafter defined), and Landlord's equipment and machinery in the Building, as the same may exist from time to time), the Common Areas, and the Project in an amount equal to the full replacement cost thereof (including foundations, footings, and underground installations), and including inflation guard protection and coverage for debris removal and enforcement of Requirements regulating construction.

14.5.2 CGL Insurance. Commercial General Liability Insurance against claims for bodily injury, personal injury, death and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Building, the Common Areas, the Project, and all

areas appurtenant thereto. Such insurance shall be on an occurrence basis, providing One Million Dollars ($1,000,00.00) per occurrence and Two Million Dollars ($2,000,000.00) in aggregate. Such insurance shall cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; and (3) Contractual Liability as defined in the CGL policy.

14.5.3 Umbrella/Excess Liability. Landlord shall maintain Excess/ Umbrella Liability insurance in the amount of, no less than Ten Million Dollars ($10,000,000.00) per occurrence and in aggregate covering claims arising out of the ownership use, occupancy or maintenance of the Building, Common Areas, the Project, and all areas appurtenant thereto.

14.5.4 Earthquake Insurance. Earthquake insurance against loss from physical damage to the Building, including Landlord's Work and Tenant Improvements conducted pursuant to the Work Letter and Alterations to the Premises other than specialty Alterations or Alterations that are for uses other than general office use, in an amount no less than the full replacement value of the Project times the probable maximum loss for the Building, subject to a deductible or self-insured retention that does not exceed ten percent (10%) Replacement Cost per Building/Unit.

14.5.5 Ordinance and Law Insurance. Ordinance or law coverage to compensate for the cost of demolition (up to ten percent (10%) of building value) and rebuilding of the undamaged portion of the Property (full limit per building value) or Building along with any increased cost of construction (up to ten percent (10%) of Building value), in an amount no less than the full replacement value of the Project.

14.5.6 Builder's Risk Insurance. At all times while Base Building Work, Landlord's Work and Tenant Improvements are ongoing, Builder's risk completed value form insurance for the full value of the construction contracts for Base Building Work, Landlord's Work, and Tenant Improvements, plus all increased construction costs and recurring soft costs value, plus loss of income or delay in completion coverage with no time limitation and no extended period of indemnity, and extended to cover all materials, equipment, temporary structures, machinery and supplies as included in the estimated construction values, whether onsite, in transit (with a minimum sublimit of $5,000,000.00) or stored off-site (with a minimum sublimit of $5,000,000.00) and including underground property (1) on a non-reporting basis, (2) including permission to occupy the Building, (3) with an agreed amount endorsement waiving co-insurance provision, or confirmation that co-insurance does not apply; and (4) naming Landlord, the general contractor and subcontractors as named insureds.

14.5.7 Umbrella Insurance. At all times while Base Building Work, Landlord's Work and Tenant Improvements are ongoing, General and excess/umbrella liability insurance in the amount no less than Seventy Five Million and No/100 Dollars ($75,000,000.00) per occurrence and in the aggregate covering claims related to construction operations at the Building. Such coverage can be provided by either the Landlord or applicable general contractor performing such construction activities or in any combination so long as policies do not contain any construction, or "XCU" exclusions, and includes a waiver of subrogation in favor of Tenant. If the liability coverages are provided by the general contractor, then Landlord shall also be required to carry coverage on a named insured basis for a minimum of Five Million and No/100 Dollars ($5,000,000.00) per occurrence and in the aggregate. Such coverage may be fulfilled via liability insurance as required above or an Owner Controlled Insurance Program (OCIP) or Contractor Controlled Insurance Program (CCIP) and shall be endorsed to

provide products and completed operations insurance coverage for a period extending through the statute of limitations and/or repose in the State of California and shall include Tenant, its successors and/or assigns as an additional insured for on-going and completed operations on a primary and non-contributory basis with respect to any insurance or self-insurance carried by Tenant. Required limits may be fulfilled via a combination of primary and excess liability policies.

14.5.8 Pollution and Remediation Insurance. Contractor's Pollution Liability ("**CPL**") insurance covering pollution events caused by or arising from construction activities, whether occurring at or away from the Building (i.e., "non-owned disposal site" coverage). The CPL policy shall cover cleanup, whether on-site or off-site, as well as bodily injury and property damage. The CPL shall be written with a per occurrence and aggregate limit of no less than Ten Million and No/100 Dollars ($10,000,000.00). Such policy shall be in place during construction of the Base Building Work, Landlord's Work and Tenant Improvements and for a period of at least seven (7) years post Substantial Completion of all Sub-Phases and include Tenant its successors and/or assigns as an additional insured on a primary and non-contributory basis.

14.5.9 Worker's Compensation Insurance. At all times prior to completion and delivery of all Sub-Phases, workers' compensation insurance for those performing construction activities on, in or about the Building (the general contractor and subcontractors of all tiers) subject to the statutory limits of the State of California, and employer's liability insurance with a limit of at least One Million and No/100 Dollars ($1,000,000.00) per accident and per disease per employee (with such exceptions as allowed in the construction agreement).

14.5.10 Vehicle Insurance. At all times while Base Building Work, Landlord's Work and Tenant Improvements are ongoing, Automobile liability insurance with a combined single limit of One Million and No/100 Dollars ($1,000,000.00) covering all vehicles being used with respect to any work or operations on or about the Building (such coverage may be provided by the general contractor and all applicable subcontractors) on a primary and non-contributory basis with respect to any insurance or self-insurance carried by Tenant.

14.5.11 Errors and Omissions Insurance. Professional Liability or E&O insurance coverage is required of all firms engaged in a design-build capacity in connection with the Base Building Work, the Landlord's Work and the Tenant Improvements in the amount of at least One Million and No/100 Dollars ($1,000,000.00) per claim and in the aggregate.

14.5.12 Landlord's Insurance. All insurance required to be carried by Landlord shall be issued by reputable insurance companies authorized to do business in the State of California having a rating of at least A-, VIII in the most current issue of "AM Best's Insurance Guide." Landlord shall use commercially reasonable efforts to obtain all such insurance at competitive rates. The Policies provided for or contemplated by Sections 14.5.2 and 14.5.3 shall name Landlord as the insured and Tenant (and its successors and/or assigns) as additional insured. All policies provided for in this Section 14.5 shall contain clauses or endorsements to the effect that, or otherwise provide that the policies shall not be canceled without at least thirty (30) days' notice to Tenant, except for non-payment of premium which shall be ten (10) days. Any blanket insurance policy shall provide for the benefit of the Building the amount of coverage from time to time required hereunder and shall otherwise provide the same

protection as would a separate policy insuring only the Building in compliance with the provisions of this Section 14.5.

14.5.13 Certificates. Landlord shall cause to be delivered to Tenant, from time to time upon Tenant's request (but not more frequently than one (1) time during any twelve (12) month period) certificates evidencing the existence and amounts of, the insurance required to be maintained by Landlord hereunder.

14.5.14 Construction-Related Insurance. The parties agree that the insurance described in Sections 14.5.5 through 14.5.11 above is exclusively related to work being performed under the Work Letters and the costs of such insurance shall be allocated among the four scopes (Landlord's Work, Tenant Improvements, Base Building, and Seismic) on a pro rata basis based on contract amounts of each scope, with Landlord responsible for costs attributed to Landlord's Work and Base Building, and Tenant responsible for costs attributed to Tenant Improvements and Seismic).

15. Waiver of Subrogation Rights

. Each party, for itself and, without affecting any insurance maintained by such party, on behalf of its insurer, releases and waives any right to recover against the other party, including officers, employees, agents and authorized representatives (whether in contract or tort) of such other party, that arise or result from any and all loss of or damage to any property of the waiving party located within or constituting part of the Building, including the Premises, to the extent of amounts payable under a standard ISO Commercial Property insurance policy, or such additional property coverage as the waiving party may carry (with a commercially reasonable deductible), whether or not the party suffering the loss or damage actually carries any insurance, recovers under any insurance or self-insures the loss or damage. Each party shall have their property insurance policies issued in such form as to waive any right of subrogation as might otherwise exist. This mutual waiver is in addition to any other waiver or release contained in this Lease. Nothing in this section shall waive Tenant's rights against Landlord even if Tenant is self-insuring.

16. Tenant's Waiver of Liability and Indemnification.

16.1 Waiver and Release. To the fullest extent permitted by Requirements, neither Landlord nor any of Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members (together, the "**Indemnitees**") shall be liable to Tenant or any other Tenant Parties for, and Tenant waives as against and releases Landlord and the other Indemnitees from, any and all Claims for loss or damage to any property or injury, illness or death of any person in, upon or about the Premises and/or any other portion of the Building or the Project, arising at any time and from any cause whatsoever; provided, however, the foregoing waiver shall not apply to the extent that a Claim is proximately caused by an Indemnitee's fraud, gross negligence, or willful misconduct. The foregoing waiver shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim against an Indemnitee was proximately caused by such Indemnitee's fraud, willful injury to person or property, or violation of Requirements. In that event, however, the waiver under this

Section 16.1 shall remain valid for all other Indemnitees. The provisions of this Section 16.1 shall survive the expiration or earlier termination of this Lease until all Claims within the scope of this Section 16.1 are fully, finally, and absolutely barred by the applicable statutes of limitations.

16.2 Indemnification of Landlord. To the fullest extent permitted by Requirements, Tenant shall indemnify, defend, protect and hold Landlord and the other Indemnitees harmless of and from Claims arising out of or in connection with, or related to any of the following: (i) the making of Alterations, or (ii) injury to or death of persons or damage to property occurring or resulting directly or indirectly from: (A) the use or occupancy of, or the conduct of business in, the Premises; (B) damage to the telephone distribution system of the Building caused by Tenant, (C) the use, generation, storage, handling, release, transport, or disposal by Tenant or any other Tenant Parties of any Hazardous Materials in or about the Premises or any other portion of the Building or the Project; (D) any other occurrence or condition in or on the Premises; and (E) acts, neglect or omissions of Tenant or any other Tenant Parties in or about any portion of the Building or the Project. The foregoing indemnification shall apply regardless of the active or passive negligence of Indemnitees and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on Indemnitees. The foregoing indemnification shall not apply in favor of any particular Indemnitee to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim was proximately caused by the willful misconduct of such Indemnitee. In that event, however, the indemnification under this Section 16.2 shall remain valid for all other Indemnitees.

16.2.1 Landlord shall have the right to reasonably approve legal counsel proposed by Tenant for defense of any Claim indemnified against hereunder or under any other provision of this Lease.

16.2.2 The provisions of this Section 16.2 shall survive the expiration or earlier termination of this Lease.

16.3 Indemnification of Tenant. To the fullest extent permitted by Requirements, Landlord shall indemnify, defend, protect and hold Tenant harmless from Claims arising out of the gross negligence or willful misconduct of Landlord or any of the Indemnitees in or about any portion of the Building or the Project.

17. Assignment and Subletting.

17.1 Compliance Required. Tenant shall have no right, directly or indirectly, voluntarily or by operation of law, to sell, assign or otherwise transfer this Lease, or any interest herein (collectively, "assign" and "assignment"), or sublet the Premises, or any part thereof, or permit the occupancy of the Premises by any person other than Tenant (collectively, "sublease" and "subletting," the assignee or sublessee under an assignment or sublease being referred to as a "transferee") without Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Any assignment or subletting made in violation of this Article 17 shall, at Landlord's option, be void. As

used herein, an "assignment" includes any sale or other transfer (such as by consolidation, merger or reorganization) in one or more transactions of (i) a majority of the voting stock of Tenant, if Tenant is a corporation, or (ii) a majority of the beneficial interests in Tenant, if Tenant is any other form of entity. Tenant acknowledges that the limitations on assignment and subletting contained in this Article 17 are expressly authorized by California Civil Code Section 1995.010 *et seq.*, and are fully enforceable by Landlord against Tenant. Notwithstanding the foregoing, Tenant may allow any person or company that is providing services to Tenant to occupy the Premises without prior notice to or Landlord's consent, and without such occupancy being deemed a subletting, provided that Tenant does not construct any demising walls or realize a profit in connection with such occupancy (such occupancy being referred to herein as a "**Shared Use**" and any such occupants due to a Shared Use being referred to herein as "**Temporary Occupants**"); provided, however:

i. Such Temporary Occupants shall have no rights under this Lease other than the ability to occupy the portion of the Premises for so long as providing services to Tenant as permitted above and Landlord shall have no obligation to such Temporary Occupants under this Lease or for any reason in connection with the use or occupancy of the Premises (including no obligation to provide any notices of any kind or to respond to requests for services, it being understood that all requests for services to be provided by Landlord pursuant to this Lease shall be communicated to Landlord by Tenant and not by any Temporary Occupants); and

ii. Such Temporary Occupants shall be bound by all of the terms and conditions of this Lease and shall use the Premises only in conformity with the provisions of this Lease and any breach of this Lease by any Temporary Occupant shall constitute a breach by Tenant. Tenant shall be fully liable for any act or omission of Temporary Occupants as if it were an act or omission of an employee of Tenant and any insurance policies required to be maintained by Tenant hereunder shall insure against any injury or damage caused by any of the Temporary Occupants as if such Temporary Occupant is an employee of Tenant.

17.2. Request by Tenant; Landlord Response. If Tenant desires to effect an assignment or sublease, Tenant shall submit to Landlord a request for consent together with the identity of the parties to the transaction, the nature of the transferee's proposed business use for the Premises, the proposed documentation for and terms of the transaction, and all other information reasonably requested by Landlord concerning the proposed transaction and the parties involved therein, including certified financial information for the two (2) year period immediately preceding Tenant's request, credit reports, the business background and references regarding the transferee, an opportunity to meet and interview the transferee, and Tenant's good faith estimate of the amount of Excess Rent (as defined below), if any, payable in connection with the proposed transaction. Within twenty (20) days after the date of Tenant's request to Landlord and Landlord's receipt of all such information, Landlord shall have the right, by notice to Tenant, to: (i) consent to the assignment or sublease, subject to the terms of this Article 17; or (ii) decline to consent to the assignment or sublease.

17.3. Standards and Conditions for Landlord Approval. Without limiting the grounds on which it may be reasonable for Landlord to withhold its consent to an assignment or sublease, Tenant acknowledges that Landlord may reasonably withhold its consent in the following instances: (i) if there exists an Event of Default; (ii) if the transferee is a governmental or quasi-governmental agency, foreign or domestic, and unrelated to Tenant; (iii) if Tenant has not demonstrated to Landlord's satisfaction that the transferee is financially responsible, with sufficient Net Worth and net current assets, properly and successfully to operate its business in the Premises and meet the financial and other obligations of this Lease; and (iv) if, in Landlord's reasonable judgment, the transferee's business, use and/or occupancy of the Premises would (A) violate any of the terms of this Lease or the lease of any other tenant in the Building or the Project, (B) not be comparable to and compatible with the types of use by other tenants in the Building, (C) fall within any category of use for which Landlord would not then lease space in the Building under its leasing guidelines and policies then in effect, (D) require any Alterations which would reduce the value of the existing leasehold improvements in the Premises, or (E) result in a material increase in density per Floor or require increased services by Landlord. If Landlord consents to an assignment or sublease, the terms of such assignment or sublease transaction shall not be modified, and, in the case of a sublease, Tenant shall not voluntarily terminate the sublease, without Landlord's prior written consent pursuant to this Article 17. Landlord's consent to an assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

17.4. Costs and Expenses. As a condition to the effectiveness of any assignment or subletting under this Article 17, Tenant shall reimburse Landlord for all reasonable costs and expenses, including attorneys' fees and disbursements, incurred by Landlord in evaluating Tenant's requests for consent or notifications for assignment or sublease, whether or not Landlord consents or is required to consent to an assignment or sublease up to Three Thousand Dollars ($3,000) for each request. Tenant shall also reimburse Landlord all reasonable costs and expenses incurred by Landlord due to a transferee taking possession of the Premises, including freight elevator operation, security service, janitorial service and rubbish removal.

17.5. Payment of Excess Rent and Other Consideration.

17.5.1 At Landlord's request, Tenant shall pay to Landlord, within five (5) days after Tenant's receipt thereof, fifty percent (50%) of any and all rent, sums or other consideration, howsoever denominated (but excluding consideration paid for Tenant's trade fixtures, furnishings and equipment, and goodwill to the extent of the fair market value thereof), paid to or for the benefit of Tenant in connection with any assignment or sublease in excess of the Base Rent and Escalation Rent payable hereunder (if a sublease, prorated to reflect the Rent allocable to the subleased portion of the Premises), after first deducting all Transaction Expenses (the "**Excess Rent**").

17.5.2 Upon Landlord's request, Tenant shall provide Landlord with reasonable documentation of Tenant's calculation of Excess Rent. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to an

assignment or sublease, and shall have the right to make copies thereof. If the Excess Rent respecting any assignment or sublease shall be found to be understated, Landlord must deliver such findings to Tenant in reasonable detail, and Tenant, within thirty (30) days after demand, shall pay the deficiency and Landlord's costs of such audit.

17.6 Assumption of Obligations; Further Restrictions on Subletting. Each assignee shall, concurrently with any assignment, assume all obligations of Tenant under this Lease. Each sublease shall be made subject to this Lease and all of the terms, covenants and conditions contained herein. The surrender of this Lease by Tenant, or a mutual cancellation thereof, or the termination of this Lease in accordance with its terms, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or operate as an assignment to Landlord of any or all such subleases. No sublessee (other than Landlord) shall have the right further to sublet. Any assignment by a sublessee of its sublease shall be subject to Landlord's prior consent in the same manner as an assignment by Tenant. No sublease, once consented to by Landlord, shall be modified or terminated (other than pursuant to the express terms thereof) without Landlord's prior consent. No assignment or sublease shall be binding on Landlord unless the transferee delivers to Landlord a fully executed counterpart of the assignment or sublease which contains (i) in the case of an assignment, the assumption by the assignee as required under this Section, or (ii) in the case of a sublease, recognition by the sublessee, of the provisions of this Section 17.6, and which assignment or sublease shall otherwise be in form and substance satisfactory to Landlord, but the failure or refusal of a transferee to deliver such instrument shall not release or discharge such transferee from the provisions and obligations of this Section 17.6 and shall constitute an Event of Default.

17.7 No Release. No assignment or sublease shall release Tenant from its obligations under this Lease, whether arising before or after the assignment or sublease. The acceptance of Rent by Landlord from any other person shall not be deemed a waiver by Landlord of any provision of this Article 17. On an Event of Default by any assignee of Tenant in the performance of any of the terms, covenants or conditions of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee. No consent by Landlord to any further assignments or sublettings of this Lease, or to any modification, amendment or termination of this Lease, or to any extension, waiver or modification of payment or any other obligations under this Lease, or any other action by Landlord with respect to any assignee or sublessee, or the insolvency, bankruptcy or Event of Default of any such assignee or sublessee, shall affect the continuing liability of Tenant for its obligations under this Lease, and Tenant waives any defense arising out of or based thereon, including any suretyship defense of exoneration. Landlord shall have no obligation to notify Tenant or obtain Tenant's consent with respect to any of the foregoing matters. As a condition to Landlord's approval of any assignment, Landlord may require Tenant to execute Landlord's then standard form of guaranty to reaffirm Tenant's obligations hereunder.

17.8. No Encumbrance; No Change in Permitted Use. Notwithstanding anything to the contrary contained in this Article 17, (i) Tenant shall have no right to encumber, pledge,

hypothecate or otherwise transfer this Lease, or any of Tenant's interest or rights hereunder, as security for any obligation or liability of Tenant, and (ii) Tenant shall have no right to propose (and Landlord shall have no obligation to consider or approve) any assignment or subletting which entails any change in the Permitted Use. Without limiting the generality of the foregoing, Tenant expressly agrees that Tenant shall not, and Tenant has no right to, encumber, pledge, or hypothecate any leasehold improvements or Alterations, including fixtures.

17.9. Right to Assign or Sublease Without Landlord's Consent.

17.9.1 Notwithstanding the provisions of Section 17.1 above, the provisions of this Article 17 shall not apply to (i) the transfer of stock in Tenant so long as Tenant's parent is a publicly traded corporation, the stock of which is listed on a national stock exchange or over the counter stock exchange, (ii) the issuance of stock in Tenant or Tenant's parent in a public offering or pursuant to the terms of a confirmed Chapter 11 plan of reorganization, (iii) transfers of interests in Tenant, or (iv) any assignment of this Lease pursuant to the Case Resolution Contingency Process, so long as the assignee is acquiring all or substantially all of the assets of the Tenant. As used herein, "Case Resolution Contingency Process" means the case resolution contingency process set forth in Exhibit A to the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 9019 for Entry of an Order (i) Approving Case Resolution Contingency Process and (ii) Granting Related Relief* [Docket No. 6398] filed in the Tenant's Chapter 11 case, as such process may be amended by any Court order approving such motion.

17.9.2 Notwithstanding anything to the contrary in this Lease, the provisions of Section 17.1, Section 17.2, Section 17.3 and Section 17.5 above shall not apply to any assignment, sublease or shared occupancy to or with: (i) an entity which controls, is controlled by, or is under common control with Tenant; (ii) an entity into or with which Tenant is merged or consolidated; (iii) an entity which acquires all or substantially all of the assets of Tenant; (iv) an entity which acquires control of Tenant, or (v) any successor entity to Tenant by way of merger, consolidation or other non-bankruptcy corporate reorganization of Tenant, including a so-called spin off; provided that the (1) provisions of Section 17.7 continue to apply; (2) the proposed transferee's use of the Premises shall be the Permitted Use; and (3) in the case of an assignment, Tenant shall deliver to Landlord, within thirty (30) days after the effective date of the assignment, an agreement evidencing the assignment and assumption by the assignee of Tenant's obligations under this Lease. With respect to any transfer meeting the conditions set forth in Section 17.9.1 or this Section 17.9.2 the resultant transferee shall be a "Permitted Transferee". Notwithstanding anything to the contrary in this Section 17.9, the terms and conditions of Sections 17.4, 17.6, 17.7 and 17.8 shall apply to any transfer described in Section 17.9.1 or Section 17.9.2.

18. Rules and Regulations. Tenant shall observe and comply, and shall cause the other Tenant Parties to observe and comply, with the Rules and Regulations, and, after notice thereof, with all reasonable modifications and additions that are not materially inconsistent with rules and regulations of Comparable Buildings from time to time promulgated in writing by Landlord. A copy of the current Rules and Regulations is attached hereto as Exhibit F. Landlord shall not be

responsible to Tenant, or any of the other Tenant Parties, for noncompliance with any Rules and Regulations by any other tenant, sublessee, or other occupant of the Building or the Project.

19. Entry of Premises by Landlord; Modification to Common Areas.

19.1. Entry of Premises. Landlord and its authorized agents, employees, and contractors may enter the Premises upon 24 hours' prior written notice, which notice, for the limited purposes of this Section 19.1, may be by email to an authorized onsite representative of Tenant, and Tenant shall provide Landlord with an email address for such person at Landlord's request (except in the case of an emergency, in which case Landlord and its authorized agents, employees and contractors shall have the right to immediate access without notice, but Landlord shall endeavor to give as much notice as reasonably practical in light of emergency conditions, which notice may occur after any such entry) to: (i) inspect the same; (ii) determine Tenant's compliance with its obligations hereunder; (iii) exhibit the same to prospective purchasers, Encumbrancers or tenants; (iv) supply any services to be provided by Landlord hereunder; (v) post notices of nonresponsibility or other notices permitted or required by law; (vi) make repairs, improvements or alterations, or perform maintenance in or to, the Premises or any other portion of the Building including the Building Systems, or the Project; (vii) access or perform work on any of the items, equipment and areas reserved from the leasehold estate pursuant to Section 2 above; and (viii) perform such other functions as Landlord deems reasonably necessary or desirable. Landlord may also grant access to the Premises to government or utility representatives and bring and use on or about the Premises such equipment as Landlord deems reasonably necessary to accomplish the purposes of Landlord's entry under this Section 19.1. Landlord shall have and retain keys with which to unlock all of the doors in or to the Premises, and Landlord shall have the right to use any and all means which Landlord may deem proper in an emergency in order to obtain entry to the Premises, including secure areas.

19.2. Renovations. Landlord plans to undertake a major renovation and redevelopment of the Building, including the Common Areas, and the Project (including, without limitation, the Parking Facility and Roof Garden) and may, from time to time, undertake further improvements, alterations or modifications of all or any part of the Project (collectively, the "**Renovations**"). Landlord reserves the right, in its sole discretion, in connection with the Renovations and otherwise from time to time, to: (i) make changes to the Common Areas, the Building and/or the Project, including, without limitation, changes in the location, size, shape and number of any improvements; (ii) close temporarily any portion of the Project for redevelopment and/or repair and maintenance purposes so long as reasonable access to the Premises remains available; (iii) add additional buildings and improvements to the Project or remove existing buildings or improvements therefrom; (iv) use the Common Areas and/or other areas of the Building or the Project while engaged in making additional improvements, repairs or alterations to the Building or the Project or any portion thereof; (v) remove or close the pedestrian bridge connecting the Building and the Parking Facility; and (vi) do and perform any other acts, alter or expand, or make any other changes in, to or with respect to the Common Areas and/or the Building or the

Project as Landlord may, in its sole discretion, deem to be appropriate; provided, however, any such Renovations shall not materially interfere with Tenant's use of, or access to, the Premises or the Parking Facility, except that (x) Tenant acknowledges that until the entire Premises is delivered to Tenant, there will be ongoing construction of Tenant Improvements for Tenant in portions of the Building not yet delivered to Tenant and there may be unscheduled work performed in the Building due to Tenant-initiated change orders; and (y) Tenant's use of, and access to, the Parking Facility shall at all times be subject to Article 29 below. Without limiting the foregoing, Landlord reserves the right from time to time to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires, and appurtenant meters and equipment for service to the Premises or to other parts of the Building that are above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Building that are located within the Premises or located elsewhere in the Building so long as such actions do not materially interfere with the use, occupancy or operations of Tenant in the Premises. As used herein, it is understood that the term "Renovations" sometimes also includes the Tenant Improvements and Landlord's Work for the Premises and Base Building Work. Notwithstanding anything in this Lease to the contrary, from and after the date that Tenant occupies the entire Premises, Landlord shall not undertake any Renovations to the Building, except for (x) work required to address emergency situation, and (y) any actions taken to allow Landlord to perform its obligations under this Lease, and (z) any Renovations approved by Tenant, which approval shall not be unreasonably withheld.

19.3. Waiver of Claims. Tenant acknowledges that Landlord, in connection with Landlord's activities under this Article 19, may, among other things, erect scaffolding or other necessary structures in the Premises, the Building and/or the Project, limit or eliminate access to portions of the Building or the Project, including portions of the Common Areas, or perform work in the Premises and/or the Building or the Project, which work may create noise, dust, vibration, odors or leave debris in the Premises and/or the Building or the Project. Without limiting the generality of Section 16.1 above, Tenant hereby agrees that Landlord's activities under this Article 19 shall in no way constitute an actual or constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall not be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from Landlord's activities under this Article 19 or the performance of Landlord's obligations under this Lease, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from Landlord's activities hereunder, or for any inconvenience or annoyance occasioned by such activities.

20. Default and Remedies.

20.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" by Tenant:

20.1.1 Nonpayment of Rent. Failure to pay (i) Base Rent or any regularly scheduled payment of Rent when due and such failure continues for three (3) business days after written notice of such delinquency from Landlord to Tenant (provided, however, Tenant shall not be entitled to notice or a cure period more than two (2) times in any twelve (12) month period), or (ii) any other payment required by this Lease and such failure continues for five (5) business days after written notice of such delinquency from Landlord to Tenant (provided, however, Tenant shall not be entitled to notice or a cure period more than two (2) times in any twelve (12) month period).

20.1.2 Unpermitted Assignment. An assignment or sublease made in contravention of any of the provisions of Article 17 above.

20.1.3 Abandonment. Tenant abandons the Premises (as defined in California Civil Code Section 1951.3).

20.1.4 Bankruptcy and Insolvency. This Section 20.1.4 shall only apply following the conclusion of Tenant's existing Chapter 11 Cases. A general assignment by Tenant for the benefit of creditors, the liquidation of Tenant, or any action or proceeding commenced by Tenant under any Bankruptcy Code or any such action commenced against Tenant and not discharged within thirty (30) days after the date of commencement.

20.1.5 Hazardous Materials, Insurance, Subordination, Estoppel, Holding Over, and Security Deposit. Failure to perform or fulfill any obligation, covenant, condition or agreement required under Section 7.5 (Compliance with Environmental Laws; Use of Hazardous Materials), Article 14 (Insurance), Article 21 (Subordination, Attornment and Nondisturbance), Article 23 (Estoppel Certificate), Article 25 (Holding Over), within the respective time periods specified therein (if any).

20.1.6 Other Obligations. Failure to perform or fulfill any other obligation, covenant, condition or agreement under this Lease (other than those described in Section 20.1(a) through Section 20.1(e) above), and such failure continues for thirty (30) days after written notice from Landlord or Landlord's agent, or, if the failure is of a nature requiring more than thirty (30) days to cure, then an additional thirty (30) days after the expiration of such thirty (30) day period, but only if Tenant commences cure within such thirty (30) day period and thereafter diligently pursues such cure to completion within such additional thirty (30) period.

20.1.7 Tenant Cure Periods. Any cure periods provided above are in lieu of any other time periods provided by law with respect to curing Tenant's failure to perform or comply with any covenants, agreements, terms or conditions of this Lease to be performed or observed by Tenant, and Tenant hereby waives any right under law now or hereinafter enacted to any other time or cure period, including notice and cure periods under California Code of Civil Procedure Sections 1161, *et seq*.

20.2. Landlord's Remedies Upon Occurrence of Event of Default. On the occurrence of an Event of Default, Landlord shall have the right either (i) to terminate this Lease and recover possession of the Premises, or (ii) to continue this Lease in effect and enforce all Landlord's rights and remedies under California Civil Code Section 1951.4 (by which Landlord may recover Rent as it becomes due, subject to Tenant's right to assign pursuant

to Article 17). Landlord may, without any liability to Tenant for loss or damage thereto or loss of use thereof, store any property of Tenant located in the Premises at Tenant's expense or otherwise dispose of such property in the manner provided by law. If Landlord does not terminate this Lease, Tenant shall in addition to continuing to pay all Rent when due, also pay Landlord's costs of attempting to relet the Premises, any repairs and alterations necessary to prepare the Premises for such reletting, and brokerage commissions and attorneys' fees incurred in connection therewith, less the rents, if any, actually received from such reletting. Notwithstanding Landlord's election to continue this Lease in effect under clause (ii) above, Landlord may at any time thereafter terminate this Lease pursuant to this Section 20.3.

20.3. Damages Upon Termination. If and when Landlord terminates this Lease pursuant to Section 20.2, Landlord may exercise all its rights and remedies available under California Civil Code Section 1951.2, including the right to recover from Tenant (i) the worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rent loss that the Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section 20.3 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in clauses (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the Interest Rate. As used in clause (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

20.4. Computation of Certain Rent for Purposes of Default. For purposes of computing unpaid Rent pursuant to Section 20.3 above, Escalation Rent for the balance of the Term shall be projected based upon the average annual rate of increase, if any, in Escalation Rent from the Commencement Date through the time of award.

20.5. Landlord's Right to Cure Defaults. If Tenant commits an Event of Default, then Landlord may, without waiving such Event of Default or releasing Tenant from any of its obligations hereunder, make any payment or perform any obligation on behalf of Tenant comprised in such Event of Default. All payments so made by Landlord, and all costs and

expenses incurred by Landlord to perform such obligations, shall be due and payable by Tenant as Rent immediately upon receipt of Landlord's demand therefor. Landlord may enter the Premises and remove all Tenant's personal property and trade fixtures from the Premises. If Landlord removes Tenant's personal property and trade fixtures from the Premises, Landlord shall store or dispose of such items as required or permitted by Applicable Laws.

20.6. Waiver of Forfeiture. Tenant hereby waives California Code of Civil Procedure Section 1179, California Civil Code Section 3275, and all such similar laws now or hereinafter enacted which would entitle Tenant to seek relief against forfeiture in connection with any termination of this Lease.

20.7. Remedies Cumulative. The rights and remedies of Landlord under this Lease are cumulative and in addition to, and not in lieu of, any other rights and remedies available to Landlord at law or in equity. Landlord's pursuit of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other right or remedy.

20.8. Landlord's Default. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt by Landlord of written notice from Tenant specifying in detail Landlord's alleged failure to perform; *provided*, *however*, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it commences such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. In no event shall Tenant have the right to terminate or rescind this Lease as a result of Landlord's failure to perform any covenant or agreement contained in this Lease. Tenant hereby waives such remedies of termination and rescission and hereby agrees that Tenant's remedies for Landlord's failure to perform hereunder and for breach of any promise or inducement shall be limited to a suit for damages and/or injunction.

20.9. Tenant's Self-Help. If Landlord shall default in the observance or performance of any material term or provision of this Lease on Landlord's part to be observed or performed and Tenant's ability to use and occupy the Premises is materially impaired as a result thereof, and such failure continues for thirty (30) days after written notice thereof to Landlord and any Encumbrancer (such period shall be extended if Landlord is using good faith, diligent and commercially reasonable efforts to remedy such default) or such shorter period, if any, as Tenant may reasonably determine to be appropriate in case of an emergency involving an imminent threat to life or property, then, except in the event of such an emergency, Tenant shall deliver a second notice to Landlord and any Encumbrancer (such written notice to expressly state Tenant's intention to exercise its rights under this Section 20.9), and if Landlord does not commence required repairs or commence such other actions within five (5) business days thereafter as required to remedy such default and the rights of any Encumbrancer to cure such default pursuant to any SNDA has expired, then Tenant, without being under any obligation to do so and

without thereby waiving such default, may remedy such default on behalf of Landlord. In performing any work in the Building under this Section 20.9, Tenant shall use contractors approved by Landlord in the past to perform similar work in the Building (unless such contractors are not available to perform on a timely basis, in which case Tenant may utilize the services of any other qualified contractors that typically and regularly perform similar work in Comparable Buildings and shall engage only labor that is harmonious and compatible with other labor working in the Building) and in all events such contractors must at all times maintain the insurance coverage required hereunder of contractors who perform work on behalf of Tenant in the Premises. Notwithstanding the foregoing, Tenant shall not exercise its rights under this Section 20.9 as to any equipment and systems where warranty coverage is in place to the extent Tenant has been given notice of the same. Promptly following completion of any work undertaken by Tenant pursuant to this Section, Tenant shall deliver a detailed invoice of the work completed, the materials used and the reasonable costs relating thereto, an assignment of any and all warranties relating to such work, and an unconditional final lien waiver and release regarding such work. If Landlord does not deliver a detailed written objection to Tenant within thirty (30) days after receipt of such invoice and documentation from Tenant, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease (or to a credit against the Purchase Price as provided in Section 31.4(d), as applicable) or seek reimbursement from Landlord as provided in Section 3.2.6, the amount set forth in such invoice, commencing with the Base Rent first due and payable at least forty five (45) days after Tenant's delivery of such invoice. If, however, Landlord delivers to Tenant, within thirty (30) days after delivery of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable detail Landlord's good faith reasons for its claim that such action did not have to be taken by Tenant pursuant to this Lease or that the charges are unreasonable (in which case Landlord shall pay the amount it contends would have been reasonable), then Tenant shall not then be entitled to such deduction from Base Rent (or a credit against the Purchase Price under Section 31.4(d), as applicable) or reimbursement by Landlord as provided in Section 3.2.6, but, rather, such dispute shall be resolved by arbitration in accordance with the provisions of Section 35.6 hereof. Tenant's right to perform repair work under this Section 20.9 shall be subject to the rights of any other tenants or other occupants of the Building, and Tenant shall indemnify, defend, protect, and hold harmless Landlord from and against any and all losses, claims, costs, damages, liability and expenses (including without limitation reasonable attorneys' fees and costs of suit) arising from the negligence or willful misconduct of Tenant or anyone performing work on Tenant's behalf.

21. Encumbrances; Subordination, Attornment and Nondisturbance.

21.1. Encumbrances. Subject to receipt of a commercially reasonable non-disturbance agreement from any Encumbrancer (if any Encumbrancer exists from time to time), in the form of Exhibit G attached hereto (the "**SNDA**") or another form including substantially similar terms and conditions, this Lease and all of Tenant's rights hereunder shall be automatically subordinate to any and all Encumbrances, to all renewals, modifications, consolidations, replacements and extensions thereof, and to any and all advances made or

hereafter made on the security thereof or Landlord's interest therein, unless an Encumbrancer requires in writing that this Lease be superior to its Encumbrance all in accordance with the terms of the SNDA. If the Encumbrancer or a purchaser upon the foreclosure of any Encumbrance or any successors thereto upon any foreclosure sale or deed in lieu thereof shall succeed to the interest of Landlord under the Lease, then in accordance with the terms of the SNDA (i) such Encumbrancer, purchaser or successor shall have the same remedies, by entry, action or otherwise for the non-performance of any agreement contained in the Lease, for the recovery of Rent or for any other default or Event of Default hereunder that Landlord had or would have had if any such Encumbrancer, purchaser or successor had not succeeded to the interest of Landlord, (ii) Tenant shall attorn, without any deductions or set-offs whatsoever, to the Encumbrancer, purchaser or successor except as set forth in the SNDA, (iii) Tenant shall recognize such Encumbrancer, purchaser or successor as the "Landlord" under this Lease, and (iv) Tenant's possession and quiet enjoyment of the Premises hereunder shall not be disturbed by such Encumbrancer, purchaser or successor for so long as Tenant timely pays Rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any Encumbrancer. The provisions of this Section 21.1 shall be self-operative without execution of any further instruments other than execution of an SNDA which shall be executed by Tenant and any new Encumbrancer concurrent with the recordation of any new Encumbrance. In order to facilitate such execution, Landlord shall provide Tenant any proposed changes to the SNDA form attached hereto as Exhibit G at least thirty (30) days prior to recordation of such new Encumbrance and Tenant shall provide any comments within ten (10) business days thereafter.

21.2. Notice to Encumbrancer. Notwithstanding anything to the contrary contained in this Lease, including, without limitation, Article 28, upon receipt by Tenant of notice from any Encumbrancer or from Landlord, which notice sets forth the address of such Encumbrancer, no notice from Tenant to Landlord shall be effective unless and until a copy of the same is given to such Encumbrancer at the appropriate address therefor (as specified in the above-described notice or at such other places as may be designated from time to time in a notice to Tenant in accordance with Article 28), and the curing of any of Landlord's defaults by such Encumbrancer within a reasonable period of time after such notice from Tenant (including a reasonable period of time to obtain possession of the Building if such Encumbrancer elects to do so) shall be treated as performance by Landlord.

21.3. Rent Payment Direction. From and after Tenant's receipt of written notice from an Encumbrancer or from a receiver appointed pursuant to the terms of an Encumbrance (a "**Rent Payment Direction**"), Tenant shall pay all Rent under this Lease to such Encumbrancer or as such Encumbrancer shall direct in writing. Tenant shall comply with any Rent Payment Direction notwithstanding any contrary instruction, direction or assertion from Landlord. An Encumbrancer's delivery to Tenant of a Rent Payment Direction, or Tenant's compliance therewith, shall not be deemed to: (i) cause such Encumbrancer to succeed to or to assume any obligations or responsibilities of Landlord

under this Lease, all of which shall continue to be performed and discharged solely by Landlord unless and until such Encumbrancer or a foreclosure sale purchaser succeeds to Landlord's interest hereunder, or (ii) relieve Landlord of any obligations under this Lease. Tenant shall be entitled to rely on any Rent Payment Direction, and Landlord irrevocably directs Tenant to comply with any Rent Payment Direction, notwithstanding any contrary direction, instruction, or assertion by Landlord.

22. Sale or Transfer by Landlord; Lease Non-Recourse.

22.1. Transfer by Landlord. During the Purchase Option Period, Landlord shall not any time voluntarily transfer in whole its right, title and interest under this Lease and/or in the Building, the Property, or any portion thereof, except as follows: (i) to an entity in which an affiliate of TMG Partners R.E., LLC is the sole or co-managing managing member or otherwise controls the day to day actions and decisions of Landlord (the parties acknowledge that material decisions may be made by other members of Landlord), or (ii) any transfer in connection with the exercise of any lender's rights; or (iii) a voluntary transfer directed or requested by any lender with a security interest in the Premises, this Lease or Landlord.

22.2. Release of Landlord on Transfer. If the original Landlord hereunder, or any successor to such original Landlord, transfers (by sale, assignment or otherwise) its right, title or interest in the Building or the Project, all liabilities and obligations of the original Landlord or such successor under this Lease arising or to be performed after such transfer shall terminate as of the date of such transfer, the original Landlord or such successor shall automatically be released therefrom as of the date of such transfer, and thereupon all such liabilities and obligations from and after the date of such transfer shall be binding upon the new owner and, without further agreement, such new owner shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Building or the Project, as the case may be. Landlord shall provide written notice of the transfer to Tenant simultaneously with or promptly following any transfer of Landlord's interest in the Building or the Real Property, as the case may be. Following such notification, Tenant shall attorn to each such new owner. If in connection with any transfer effected by the then Landlord hereunder, such Landlord transfers any security deposit or other security provided by Tenant to Landlord for the performance of any obligation of Tenant under this Lease, then such Landlord shall be released from any further responsibility or liability for such security deposit or other security.

22.3. Lease Nonrecourse to Landlord; Limitation of Liability. Landlord's liability to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount that is equal to the interest of Landlord in the Building. Except as set forth in the prior sentence and none of Landlord's employees, agents, contractors, licensees, invitees, or representatives, nor the persons or entities comprising Landlord (whether partners,

members, shareholders, officers, directors, trustees, or otherwise) shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all other Tenant Parties. The limitations of liability contained in this Section 22.3 shall inure to the benefit of Landlord, its present and future employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor any of Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members shall be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, except as expressly provided in this Lease.

22.4. Limitation of Liability of Tenant. None of Tenant's employees, agents, contractors, licensees, invitees, or representatives, nor the persons or entities comprising Tenant (whether partners, members, shareholders, officers, directors, trustees, or otherwise) shall have any personal liability therefor, and Landlord hereby expressly waives and releases such personal liability.

23. Estoppel Certificate.

23.1. Procedure and Content. Within ten (10) days after Landlord's request therefor, Tenant shall execute, acknowledge, and deliver to Landlord certificates as specified by Landlord certifying: (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and identifying each modification); (ii) the Commencement Date and the Delivery Date for each subsequent Sub-Phase that is then a part of the Premises, and the then-current Expiration Date; (iii) that Tenant has accepted specified Sub-Phases of the Premises and if Landlord has agreed in the Work Letter to make any alterations or improvements to the Premises, that Landlord has properly completed such alterations or improvements for specified Sub-Phases; (iv) the amount of the Base Rent, current Escalation Rent, if any, and the date to which such Rent has been paid; (v) that Tenant has no actual knowledge of any Event of Default, except as to any Events of Default specified in the certificate; (vi) that no default of Landlord under this Lease is claimed by Tenant, except as to any defaults specified in the certificate; and (vii) such other factual matters as may be requested by Landlord. In addition, at Landlord's request, any guarantor of Tenant's obligations hereunder shall execute, acknowledge, and deliver to Landlord certificates as specified by Landlord reaffirming such guarantor's guaranty of Tenant's obligations.

23.2. Effect of Certificate. Any such certificate may be relied upon by any prospective purchaser of any part or interest in the Project or Encumbrancer and, at Landlord's

request, Tenant shall deliver such certificate to any such person or entity and shall agree to such notice and cure provisions and such other matters as such person or entity may reasonably require. If Tenant fails to execute and deliver such certificate within ten (10) days, Landlord may send Tenant a second (2nd) notice ("**Estoppel Reminder Notice**") requesting the certificate. If Tenant fails to execute or deliver such certificate within a period of five (5) business days after delivery of the Estoppel Reminder Notice, Tenant shall not be liable for damages but (i) such failure shall constitute an Event of Default under this Lease without any requirement for further notice or opportunity to cure, and (ii) the information contained in such certificate completed in good faith by Landlord shall be binding on Tenant, as between Tenant and the recipient of the certificate, and (iii) Landlord shall have all other rights and remedies set forth in this Lease.

23.3. Landlord Certificate. Any Landlord agrees that, within ten (10) business days after written request of Tenant, Landlord shall execute, acknowledge and deliver to Tenant a certificate in writing stating that: (i) the Lease is in full force and effect without modification (or, if there have been modifications, that this Lease is in full force and effect, as modified, and identifying each modification); (ii) Tenant is in possession of the Premises; (iii) to Landlord's knowledge, there are no Event of Defaults of Tenant under the Lease; and (vi) such other matters as may be reasonably required by Tenant.

24. No Light, Air, or View Easement. Nothing contained in this Lease shall be deemed, either expressly or by implication, to create any easement for light and air or access to any view. Any diminution or shutting off of light, air or view to or from the Premises by any structure which now exists or which may hereafter be erected, whether by Landlord or any other person or entity, shall in no way affect this Lease or Tenant's obligations hereunder, entitle Tenant to any reduction of Rent, or impose any liability on Landlord. Further, under no circumstances at any time during the Term shall any temporary darkening of any windows of the Premises or any temporary obstruction of the light or view therefrom by reason of any repairs, improvements, maintenance or cleaning in or about the Building or the Project in any way impose any liability upon Landlord or in any way reduce or diminish Tenant's obligations under this Lease.

25. Holding Over. No holding over by Tenant shall operate to extend the Term. If Tenant remains in possession of the Premises after expiration or termination of this Lease: (i) Tenant shall become a tenant at sufferance upon all the applicable terms and conditions of this Lease, except that Base Rent shall be increased to equal one hundred fifty percent (150%) of the then current Base Rent; (ii) Tenant shall indemnify, defend, protect and hold harmless Landlord, the other Indemnitees, and any tenant to whom Landlord has leased all or part of the Premises, from Claims (including loss of rent to Landlord or Additional Rent payable by such tenant and reasonable attorneys' fees) suffered or incurred by Landlord, such other Indemnitees, or such tenant resulting from Tenant's failure timely to vacate the Premises; and (iii) such holding over by Tenant shall constitute an Event of Default. Landlord's acceptance of Rent if and after Tenant holds over shall not convert Tenant's tenancy at sufferance to any other form of tenancy or result in a renewal or extension of the Term of this Lease, unless otherwise specified by notice from Landlord to Tenant.

26. Bicycle Spaces. From the Commencement Date until the end of the Term, Tenant shall have the right to use its pro rata share of any bicycle spaces in the Building (the "Bike Spaces") and any storage facilities in the Building at the same market rates at which such bicycle parking and facilities are made available to other tenants. The use of the Bike Spaces and any storage facilities shall be subject to such rules and regulations as Landlord may reasonably establish from time to time.

27. Waiver. Failure by Landlord to declare an Event of Default upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such Event of Default, but Landlord shall have the right to declare such Event of Default at any time after its occurrence. To be effective, a waiver of any provision of this Lease, or any default, shall be in writing and signed by the waiving party. Any waiver hereunder shall not be deemed a waiver of subsequent performance of any such provision or subsequent defaults. The subsequent acceptance of Rent hereunder, or endorsement of any check by Landlord, shall not be deemed to constitute an accord and satisfaction or a waiver of any preceding Event of Default, except as to the particular Rent so accepted, regardless of Landlord's knowledge of the preceding Event of Default at the time of acceptance of the Rent. Similarly, acceptance by Tenant of any performance by Landlord after the time the same shall have become due shall not constitute a waiver by Tenant of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Tenant in writing. No course of conduct between Landlord and Tenant, and no acceptance of the keys to or possession of the Premises by Landlord before the Expiration Date, shall constitute a waiver of any provision of this Lease or of any Event of Default, or operate as a surrender of this Lease.

28. Notices; Tenant's Agent for Service. All notices, approvals, consents, demands and other communications from one party to the other given pursuant to this Lease shall be in writing and shall be made by personal delivery, by use of a reputable courier service or by deposit in the United States mail, certified, registered or express, postage prepaid and return receipt requested. Notices shall be addressed if to Landlord, to Landlord's Address for Notices, and if to Tenant, to Tenant's Address; *provided*, *however*, if Tenant has provided for notices to be sent to multiple recipients on behalf of Tenant in the Basic Lease Information, then the first such recipient shall be deemed to be a required recipient of any notices and notices to the second and any subsequent recipients in the Basic Lease Information shall be provided as a courtesy only. Landlord and Tenant may each change their respective addresses from time to time by giving written notice to the other of such change in accordance with the terms of this Article 28, at least ten (10) days before such change is to be effected. Any notices given in accordance with this Article 28 shall be deemed to have been given (i) on the date of personal delivery, or (ii) on the earlier of the date of delivery or attempted delivery (as shown by the courier service delivery record or return receipt) if sent by courier service or mailed.

29. Parking.

29.1. Exclusive Use Spaces. During the Term of this Lease, Tenant shall be entitled to lease, and obligated to lease, a total of 425 parking spaces ("**Allocated Parking Spaces**") in the Parking Facility as reserved spaces for the exclusive use of Tenant in a location within the Parking Facility as reasonably agreed to by the parties (the "**Exclusive Use**

Area"). Once Exclusive Use Area is determined by the parties, the Exclusive Use Area may be relocated by Landlord, provided that: (a) such relocation, including replacing or relocating any Parking Equipment (defined below) that was previously installed by Tenant shall be at Landlord's sole cost and expense; (b) the relocated area shall accommodate similar number of usable spaces plus the Parking Equipment, (c) the related area shall be subject to Tenant's reasonable approval of the revised location and configuration, and (d) such relocation shall not occur more than three (3) times during the term. On a monthly basis, Tenant shall pay to Landlord as Additional Rent hereunder (or, at Landlord's direction, to the operator or other owner of the Parking Facility) the prevailing market rate for all of the Allocated Parking Spaces (and, for the purposes of this Section 29.1, "prevailing market rates" means the prevailing market rates for reserved parking spaces in comparable structured parking facilities with comparable access in the Lake Merritt and Downtown Oakland submarkets as reasonably determined by Landlord or other operator or owner of the Parking Facility, which prevailing market rate shall be adjusted no more frequently than once each year). Within the Exclusive Use Area, and upon Tenant's request, Landlord, at Tenant's sole cost and expense, shall install electric vehicle charging stations for use by Tenant's employees, bicycle storage areas, and security equipment and measures, including security cameras and access controls ("**Parking Equipment**") it being understood that in the event the Parking Equipment reduces the number of parking spaces available for parking of cars, it shall not reduce the Allocated Parking Spaces on which Tenant shall pay a monthly rate. Tenant shall pay for all electricity provided to Tenant's electric vehicle charging stations. Tenant shall be solely responsible, at its own cost and expense, for repair and maintenance of all Parking Equipment and other property installed by Tenant in the Parking Facility. Tenant shall have the right from time to time to reduce the size of the Exclusive Use Area; provided that (a) Tenant shall not exercise such right any more frequently than annually and may do so only by a written notice delivered to Landlord (or, at Landlord's direction, to the operator or other owner of the Parking Facility) at least sixty (60) days in advance of the effective date of such reduction; (b) Tenant shall bear all costs associated with adjusting the Parking Equipment in accordance with such reduction; (c) from and after such reduction, the Allocated Parking Spaces on which Tenant is required to pay a monthly fee shall be reduced by the equivalent of parking spaces that have been removed from the Exclusive Use Area; and (d) from and after such reduction, Tenant shall have no rights to any parking spaces in excess of the reduced Allocated Parking Spaces.

29.2. No Other Parking Spaces In no event shall Tenant be obligated to lease any parking spaces in the Parking Facility in excess of the total of the Allocated Parking Spaces. Upon the expiration or earlier termination of this Lease, Tenant's rights with respect to all such parking spaces shall immediately terminate.

29.3. Management of Parking Facility. The Parking Facility shall be subject to the reasonable control and management of Landlord, who may, from time to time, establish, modify and enforce reasonable rules and regulations with respect thereto. Tenant shall, if requested by Landlord, furnish to Landlord a complete list of the license plate numbers of all vehicles operated by Tenant, any transferee, or their respective officers and employees.

Landlord reserves the right to change, reconfigure, or rearrange the Parking Facility or parking facilities therein, to reconstruct or repair any portion thereof, and to restrict the use of the Parking Facility and do such other acts in and to such areas as Landlord deems necessary or desirable, without such actions being deemed an eviction of Tenant or a disturbance of Tenant's use of the Premises, and without Landlord being deemed in default hereunder, provided that Landlord shall use commercially reasonable efforts (without any obligation to engage overtime labor or commence any litigation) to minimize the extent and duration of any resulting interference with Tenant's parking rights; *provided*, Landlord may not permanently limit or otherwise unreasonably restrict access to Tenant's rights to use the number of parking spaces allocated to Tenant hereunder or otherwise change or reconfigure the location of the Exclusive Use Area except as set forth in Section 29.1. Landlord may, in its sole discretion, convert the Parking Facility to a reserved and/or controlled parking facility, or operate the Parking Facility (or a portion thereof) as an attendant-assisted, and/or valet parking facility, and with or without stackers; provided that any material changes to the Exclusive Use Area shall be subject to Tenant's reasonable approval. Landlord may delegate its responsibilities with respect to the Parking Facility to a parking operator, in which case such parking operator shall have all the rights of control and management granted to Landlord. In such event, Landlord may direct Tenant, in writing, to enter into a parking agreement directly on terms reasonably acceptable to Tenant and not inconsistent with the terms hereof with the operator of the Parking Facility, and to pay all parking charges directly to such operator. Notwithstanding anything to the contrary in this Article 29, Tenant shall have access to the Parking Facility and shall be permitted to utilize its rights under this Article 29 twenty-four (24) hours per day, seven (7) days per week.

29.4. Waiver of Liability. Landlord shall not be liable for any damage of any nature to, or any theft of, vehicles, or contents thereof, in or about the Parking Facility. At Landlord's request, Tenant shall cause its or any transferee's officers and employees using Tenant's parking spaces to execute a standard form usage agreement reasonably acceptable to Tenant confirming the terms and conditions of the availability of such parking.

29.5. Third Party Owner of Parking Facility It is understood and agreed that the Parking Facility may be owned and operated by a third party so long as Tenant continues to have the rights described in this Section 29 to use the Parking Facility pursuant to the terms of the REA or other acceptable document.

30. [Intentionally Omitted.]

31. Grant of Purchase Option.

31.1. Purchase Option. Landlord hereby grants to Tenant an option (the "**Purchase Option**") to purchase the Property (defined below) upon the terms and conditions set forth in this Article 31. The Purchase Option is personal to Tenant and may only be exercised and consummated by Tenant. For purposes of this Lease, the following terms shall have the following meanings:

(1) "**TI Credit**": Shall mean an amount calculated on the Closing Date equal to: (i) $160,134,280 minus (ii) the total amount of Tenant Improvement Allowance funded by Landlord as of the Closing Date.

(2) "**Seismic Credit**": Shall mean an amount calculated on the Closing Date equal to: (i) thirty-eight million dollars ($38,000,000), minus (ii) the actual amount of hard and soft costs funded by Landlord as of the Closing Date for the design, engineering and construction of the "Seismic Work", as defined in the Work Letter.

(3) "**Work Credit**": Shall mean an amount calculated on the Closing Date equal to:

(a) (A) for all completed floors, fifty percent (50%) of: (x) the aggregate Maximum Landlord Work Amount, as set forth in the Landlord Budget attached as Exhibit O (the "**Landlord Budget**") for all such completed floors, minus (y) the actual amount of hard and soft costs funded by Landlord for the design, engineering and construction of the Landlord's Work for such floors; plus (B) for all incomplete portions of the Landlord Work as of the Closing Date, including incomplete floors, an amount equal to the total Maximum Landlord Work Amount remaining for all incomplete floors, minus actual amount of hard and soft costs funded by Landlord as of the Closing Date for the design, engineering and construction of the Landlord's Work relating to any incomplete floors; plus

(b) (A) for all completed categories of Base Building Work described in the Landlord's Budget, fifty percent (50%) of: (x) the aggregate total Maximum Base Building Work Amount indicated for all such categories as shown in the Landlord's Budget, minus (y) the actual amount of hard and soft costs funded by Landlord for the design, engineering and construction of such categories of completed Base Building Work; plus (B) for all incomplete portions of the Base Building Work, an amount equal to the total Maximum Base Building Work Amount for all incomplete categories of Base Building Work minus the actual amount of hard and soft costs funded by Landlord the design, engineering and construction of the Base Building Work relating to any incomplete categories.

(c) '**Subdivision Completion Date**": Shall mean the date of recordation of the final subdivision map in connection to the Subdivision.

(d) "**Existing Environmental Condition**": Shall mean the environmental condition of the Property as of the Lease Date, including all Hazardous Materials existing on, in or under the Property as of the Lease Date.

31.2. Purchase Option Period. The Purchase Option shall remain in full force and effect continuously from the Lease Date until the later of (i) three (3) months following the Subdivision Completion Date, or (ii) nine (9) months after Tenant has the ability to exercise the Purchase Option pursuant to subclause (a) below, as the same may be extended pursuant to Section 31.9 (the "**Purchase Option Period**"); provided, however, in no event may Tenant exercise the Purchase Option prior to the later of: (a) twenty four (24) months after the Lease Date, except in the event of a Casualty or taking (in which

event Tenant may exercise the Purchase Option in certain circumstances as specified in Article 12 and Article 13 of this Lease and as set forth in Section 31.9 below), and (b) the Subdivision Completion Date. The Purchase Option and this Section 31 shall terminate upon, and shall be of no further force or effect from and after, the expiration of the Purchase Option Period or the termination of this Lease (except as expressly provided in this Lease).

31.3. Exercise of Purchase Option. If Tenant wishes to exercise the Purchase Option, Tenant shall deliver to Landlord written notice of Tenant's election to irrevocably exercise the Purchase Option ("**Exercise Notice**") no later than the last day of the Purchase Option Period. Upon exercise of the Purchase Option in accordance with the foregoing, the Parties shall proceed as follows:

(a) The Parties shall fill out the Purchase Agreement attached hereto as Exhibit I (the "**Purchase Agreement**") by inserting the Closing Date, the Purchase Price and the other blanks in the Purchase Agreement pursuant to the drafting notes contained therein and attach the legal description as Exhibit A thereto;

(b) Upon receipt of the Exercise Notice, Landlord shall promptly use commercially reasonable efforts to obtain and deliver to Tenant prior to the Closing executed tenant estoppel certificates (dated not earlier than 90 days prior to the date that the Closing occurs), from each tenant and other parties-in-possession at the Property in the form attached hereto as Exhibit M and it shall be a condition precedent to the obligation of Tenant to Closing that each such tenant has provided an estoppel certificate in such form or in such other reasonable form so long as such estoppel confirms, at a minimum: (i) a true, correct and complete copy of such tenant's or other party's lease or other occupancy agreement (including, without limitation, all amendments, modifications or supplements thereof or thereto), (ii) to the knowledge of the tenant, there are no defaults under the applicable lease or other occupancy agreement, and (iii) provide no information inconsistent with Tenant's understanding of the condition of the Property; provided, however, that either party shall have the right to extend the Closing Date for up to sixty (60) days in order to allow additional time to satisfy this condition (the "**Third Party Tenant Estoppels**"). If Tenant terminates the Purchase Agreement as a result of the disapproval of any such estoppel certificates, then the terms of Section 31.9(a) shall control;

(c) The Parties shall execute, acknowledge (where applicable) and deliver to Escrow Agent (as defined in the Purchase Agreement) the Purchase Agreement and all instruments and documents contemplated to be delivered at the Closing pursuant to the Purchase Agreement (collectively, the "**Closing Documents**");

(d) Tenant shall deposit with Escrow Agent the amount required to close the transactions contemplated by the Purchase Agreement pursuant to, and in accordance with, the terms and provisions of the Purchase Agreement; and

(e) Subject to the terms hereof and the terms of the Purchase Agreement, the Parties shall be obligated to close the transactions contemplated by the Purchase Agreement on the date that is thirty (30) days after the delivery of the Exercise Notice, or such later date pursuant to the terms of the Purchase Agreement or Section 31.9 (the "**Closing Date**"), whereby Landlord shall sell the

Property to Tenant, and Tenant shall purchase the Property from Landlord, for the Purchase Price and otherwise subject to and on the terms and conditions set forth in the Purchase Agreement and the Closing Documents.

31.4. Purchase Price. If Tenant elects to exercise the Purchase Option pursuant to Section 31.2, the purchase price for the Property ("**Purchase Price**") shall be Eight Hundred Ninety Two Million Dollars ($892,000,000.00) subject to the following adjustments:

(a) Decreased by the sum of the following: (i) the TI Credit, (ii) the Seismic Credit; and (iii) the Work Credit;

(b) Increased for any outstanding amounts owed by Tenant under the Lease, if any;

(c) Credits, debits and adjustments for pro-rations as provided in the Purchase Agreement;

(d) Decreased by any reasonable out of pocket third party costs or expenses paid by Tenant due to its exercise of the self-help remedies as set forth in Section 31.8(c) or Section 20.9 of this Lease; and

(e) Decreased by the amount of any Casualty Credit and/or any Condemnation Credit.

31.5. Option Payment Letter of Credit. On or before the Lease Date, Tenant shall deliver to Landlord, as consideration for the Purchase Option, an irrevocable and unconditional negotiable standby Option Payment Letter of Credit (the "**Option Payment Letter of Credit**") in an amount of Seventy Five Million Dollars ($75,000,000) (the "**Option Payment Letter of Credit Amount**"), in the form attached hereto as Exhibit P, or in such other form as may be reasonably approved by Landlord (it being acknowledged that Landlord shall not withhold its consent so long as such other form meets the conditions of Exhibit Q, and is consistent in substance with, the form attached as Exhibit P) payable upon presentation to an operating retail branch located in the San Francisco Bay Area, running in favor of Landlord and issued by a solvent, nationally recognized bank reasonably acceptable to Landlord and with a long term rating from Standard and Poor's Professional Rating Service of A or a comparable rating from Moody's Professional Rating Service or higher, under the supervision of the Superintendent of Banks of the State of California it being understood and agreed that JPMORGAN CHASE BANK, N.A., CREDIT SUISSE AG, AND BNP PARIBAS, are each approved as an issuer. Landlord shall have the right to draw on the entire Option Payment Letter of Credit in the following circumstances and on the following dates: (i) one (1) day following the expiration of the Purchase Option Period if Tenant has not properly exercised the Purchase Option; or (ii) subject to the following sentence, if Tenant properly exercises the Purchase Option but fails to consummate the purchase of the Property in accordance with the terms of the Purchase Agreement unless the Purchase Option is reinstated in accordance with the terms of this Lease or (iii) on the date of termination of this Lease as a result of a default

by Tenant, then Landlord may draw the entire Option Payment Letter of Credit on a date one (1) day following the termination of the Purchase Agreement. Landlord shall return the Option Payment Letter of Credit to Tenant on the consummation of Tenant's acquisition of the Property pursuant to the terms of the Purchase Agreement. Notwithstanding the foregoing, Landlord shall not be entitled to draw on the Option Payment Letter of Credit even if the conditions above are met and shall instead return the Option Payment Letter of Credit to Tenant in accordance with the terms of Section 31.9 below. The Option Payment Letter of Credit shall also be governed by the provisions of Exhibit Q of this Lease. Notwithstanding anything to the contrary in this Lease (including, without limitation, the exhibits hereto), if at the time that Landlord's right to draw on the Option Payment Letter of Credit is triggered, Tenant is Investment Grade, then Landlord shall be entitled to draw only Fifty Million Dollars ($50,000,000.00) on the Option Payment Letter of Credit, and Landlord shall thereafter return the original Option Letter of Credit to Tenant and Landlord shall have no further right to draw thereon.

31.6. Landlord Covenants

. During the Purchase Option Period, Landlord shall comply with all of the following covenants (the "**Seller Covenants**"); provided that, except as otherwise expressly provided below, wherever Tenant's approval or consent is required below, such approval or consent shall not be unreasonably withheld, conditioned or delayed.

(a) Without Tenant's approval (which approval may be given or withheld in Tenant's sole and absolute discretion), Landlord will not enter into, amend or modify any material agreements or material contracts, including any material agreement with any governmental authority, that will be binding on the Property or Tenant from and after the Closing; it being understood for purposes hereof that any agreement or contract that is not terminable on thirty (30) days' notice without penalty shall be considered material; it also being understood for purposes of this Section 31.6(a) that an agreement or contract that will be fully satisfied before the Closing shall not require Tenant's approval. This Section does not apply to any agreements entered into by Landlord as contemplated by the Work Letters and in accordance with the Work Letters.

(b) Landlord will not list the Property with any broker or otherwise solicit or make or accept any offers to sell or lease the Property, engage in any discussions or negotiations with any third party with respect to the sale, lease or other disposition of the Property, or enter into any contracts or agreements (whether binding or not) regarding any disposition or lease of the Property.

(c) Landlord will not amend or enter into any lease or occupancy agreement with respect to the Property without Tenant's prior written consent except those modifications required under the terms of the existing Leases (including without limitation any amendments required in connection with a tenant's exercise of any option to extend) and Tenant may withhold its approval in its sole and absolute discretion to any such amendment which would have the effect of extending the term of such lease (except to the extent that the amendment is required by the terms of an existing Lease), decreasing the rent payable thereunder; provided, however that Tenant shall not withhold its consent to a Developer Lease.

(d) Without Tenant's prior written consent, intentionally subject the Property to any lien or other Encumbrance except for the following "**Permitted Exceptions**": (i) those liens and encumbrances disclosed in the option title policy obtained by Tenant on or about the Lease Date or otherwise created by Tenant, (ii) any inchoate lien right that arises as a result of any work performed by Landlord or pursuant to a contract executed by Landlord including without limitation the Landlord's Work, the Base Building Work, Seismic Work, and the Tenant Improvement Work but not any actual filed liens, or (iii) those encumbrances permitted in accordance with Section 31.8 in connection with the Subdivision. Notwithstanding the foregoing, Landlord may enter into a new financing and execute and record such documents as may be reasonably appropriate in connection therewith, provided that the provisions of Article 21 shall apply.

(e) Without Tenant's prior written consent, Landlord shall not institute or affirmatively consent to any governmental legal action, legal proceeding, special assessment, land use or zoning proceeding, implementation or modification or otherwise bring or prosecute any claim or settle any claim against or otherwise encumbering the Property except in accordance with Section 31.8 and in connection with the Subdivision, and except for claims defended by Landlord with respect to leases or contracts encumbering the Property or asserted by Landlord against parties in default under any leases or contracts affecting the Property.

(f) Landlord shall use reasonable efforts to maintain or contractually obligate its tenants to maintain in existence all material licenses, permits and approvals, if any, necessary or reasonably appropriate to the ownership or operation of the Property.

(g) Landlord will not generate, store, handle, or otherwise use Hazardous Materials in the Premises or transport the same through the Property, except in accordance with Environmental Laws and the Rules and Regulations and will use reasonable efforts to prevent others from doing the same; provided, however, Tenant acknowledges the Existing Environmental Condition and agrees that the existence of any Hazardous Materials included in the Existing Environmental Condition shall not constitute a breach of this obligation and Landlord shall have no obligation pursuant to this provision to remediate or otherwise address the Existing Environmental Condition; provided, however that Landlord shall be use commercially reasonable efforts to follow any O&M Plan adopted pursuant to Section 7.5.2.

(h) Landlord shall use reasonable efforts to perform all its material obligations with respect to the ownership of Property, including, without limitation, its obligations to pay taxes and its material obligations under the Permitted Exceptions.

31.7. Landlord Certificate. During the Purchase Option Period, Tenant may, from time to time but no more frequently than semi-annually request that Landlord provide a Landlord Certificate in the form attached as Exhibit N providing the current status of the items described therein and identifying changes in circumstances from the Baseline Condition (as described therein) it being understood that in no event shall Landlord be in breach hereof merely for identifying a change in circumstances from the Baseline Condition.

31.8. Subdivision. Subject to the terms of this Section 31.8, Landlord shall use commercially reasonable efforts to obtain any approvals required to create a legal parcel

(the "**Property**") that can be sold to Tenant in compliance with the California Subdivision Map Act, including any lot line adjustment, subdivision or parcel map (the "**Subdivision**"). The currently contemplated approximate boundary line of the Property is shown on Exhibit H. In connection with such process:

(a) Landlord shall provide Tenant with regular updates on progress and drafts of all formal written submittals to any governmental authority with respect to the Subdivision and provide Tenant with prior notice of completion of the Subdivision;

(b) Tenant shall have approval rights (which approval will not be unreasonably withheld, conditioned or delayed) over any actions or documentation that would be required to implement and complete the Subdivision that will:

(i) bind Tenant or the Property after Closing (which shall not be permitted to include any monetary or material obligation of Tenant other than as a result of Reciprocal Easement Agreement approved by Tenant and consistent with the terms set forth in Exhibit J); or

(ii) materially adversely impact costs or obligations for which Tenant is responsible under the Lease or the Purchase Agreement; and

(c) If Landlord has not completed the Subdivision within thirty-two (32) months after the Lease Date, Tenant shall have the right to take over the process at Landlord's expense.

31.9. Remedies; Return of Option Payment Letter of Credit.

(a) If Tenant has exercised the Purchase Option and Closing fails to occur as a result of either a failure of a Buyer Condition or a Seller Condition (each as defined in the Purchase Agreement) where there has not been a breach of a Seller Obligation (as defined in the Purchase Agreement) nor a material breach by Tenant under the Purchase Agreement, the Purchase Option shall be reinstated as if no Exercise Notice had been provided and the Purchase Option Period shall be extended until one hundred eighty (180) days after Landlord delivers notice to Tenant that the Buyer Condition or the Seller Condition, as applicable, will be satisfied or waived for a maximum period of an additional one hundred eight (180) days.

(b) In addition, if Landlord has breached any of the Seller Obligations, and such Seller Obligation has not been cured within one hundred eighty (180) days after Tenant's delivery of written notice to Landlord of such breach, Tenant shall have the option of: (i) in the event the Exercise Notice has been delivered to Landlord, (x) reinstating the Purchase Option as if no Exercise Notice had been provided had occurred and the Purchase Option Period shall be extended until one hundred eighty (180) days after Landlord cures the breached Seller Obligation, or (y) commencing and filing such specific performance action in the appropriate court; and (ii) if Landlord has not cured such breach within such one hundred eighty (180) day period (or such additional reasonable period of time if such cure cannot reasonably be achieved within 180 days), at any time after knowledge of the breach and expiration of any extended Purchase Option Period and cure period, terminating the Purchase Option, receiving a return of the Option Payment Letter of Credit and bringing an action against Landlord and

pursuing all available damages, including consequential (including lost profits) or punitive damages arising out of or in connection with such breach (subject to the provisions of Section 22.3 of this Lease).

(c) In the event of a Casualty, the following shall apply:

(i) if Landlord exercises its option to terminate this Lease pursuant to Section 12.2, and Tenant exercises the Purchase Option pursuant to the terms of Section 12.2; the provisions of Article 31 shall continue to apply provided that:

(A) The limitation on early exercise as set forth in Section 31.2 shall not apply.

(B) In the event Subdivision has not yet occurred, (x) the parties shall continue to pursue Subdivision in accordance with Section 31.8 but the date in Section 31.8(c) shall be revised to be December 31, 2021 (with such date being extended by the number of days between July 15, 2020 and the Lease Date); (y) Landlord shall ensure that the site is safe and secure and shall comply with all Requirements (and the cost of such compliance and other actions under this clause (y) shall be added to the Purchase Price except to the extent that Landlord is reimbursed for any such costs by insurance proceeds); and (z) the parties shall follow the procedures set forth in Section 31.3 upon completion of the Subdivision and the Closing Date shall be sixty (60) days after completion of the Subdivision.

(C) Upon Closing, Landlord shall assign to Tenant any and all rights to receive any unpaid insurance proceeds with respect to such Casualty excluding rental interruption insurance for periods prior to the Closing Date, and Tenant shall also receive a Purchase Price credit in the amount of (x) any deductible paid or which will be paid by Tenant in connection with any assigned insurance proceeds, plus (y) any insurance proceeds already paid to Landlord (excluding rental interruption insurance for periods prior to the Closing Date) and not used by Landlord in connection with restoration of the Building Property, plus (z) should Landlord not have obtained insurance as is required under this Lease, the proceeds which would have been assigned to Tenant under this Section 31.9(c) if such insurance was properly obtained (the "**Casualty Credit**"); provided, however, in no event shall the Casualty Credit include any amount relating to the deductible under any earthquake insurance carried by Landlord.

(ii) If Tenant exercises its option to terminate this Lease pursuant to Section 12.3, or should Tenant not exercise the Purchase Option as described in the preceding subclause (i), then this Lease shall terminate in accordance with the terms of Article 12 and Landlord shall promptly return the Option Payment Letter of Credit to Tenant.

(iii) If Tenant exercises the Purchase Option and Landlord does not have the right to terminate this Lease pursuant to Section 12.1, then, at Closing, Landlord shall assign any remaining insurance proceeds, but excluding rental interruption insurance for periods prior to the Closing Date, to Tenant and Tenant shall be entitled to such credits as are described in Section 31.4 above.

(d) In the event that the Subdivision has not occurred within fifty-four (54) months after the Lease Date, at any time thereafter, Tenant shall have the right to terminate the Purchase Option and thereafter, Landlord shall promptly return the Option Payment Letter of Credit to Tenant.

(e) If proceedings are commenced for the taking of the Property as described in Section 13.1.1, then (i) if Tenant elects to terminate this Lease pursuant to the terms thereof, the Purchase Option shall also be terminated and Landlord shall return the Option Payment Letter of Credit to Tenant, or (ii) if Tenant has the right to terminate this Agreement pursuant to the terms thereof, but does not exercise such right, and Tenant exercises the Purchase Option, Tenant shall be entitled to a credit against the Purchase Price in the amount of the condemnation award (the "**Condemnation Credit**") (or, if not theretofore received, the rights to receive such award) payable to Landlord on account of the taking, each as more particularly described therein. Notwithstanding anything to the contrary contained herein, Tenant shall have the right to exercise the Purchase Option in the event of a taking, subject to the Purchase Option Period.

32. Roof Garden. Subject to the terms and conditions set forth in this Article 32, Tenant shall have the non-exclusive right to use the Roof Garden. Tenant understands that the Roof Garden shall be used solely by Tenant and Tenant's employees and guests, and other tenants of the Project and their employees and guests, but shall also be open to the public, subject to Recorded Documents. Tenant shall use the Roof Garden in a manner consistent with its intended uses. Landlord reserves the right to deny or restrict access to the Roof Garden from time to time as Landlord determines is reasonably necessary or desirable in connection with the repair, replacement, alteration, improvement, or redevelopment of the Project. Tenant agrees not to (a) cause or maintain, or permit its employees or guests to cause or maintain, any nuisance in, on, or about the Roof Garden, (b) create any safety hazard, or (c) permit music, noises, odors, lights, or other installations or activities that would unreasonably annoy or interfere with any other tenants of the Project or their employees or guests. Tenant shall comply with, and cause its employees and guests to comply with, all rules and regulations adopted by Landlord regarding the use of the Roof Garden from time to time. Tenant acknowledges and agrees that the provisions of Section 19.2 of this Lease apply to the Roof Garden, as well as other parts of the Project.

33. Tenant's Signage.

33.1. Tenant's Building Sign. Tenant shall have all rights related to signage both on or within the Building, subject to the existing rights of existing tenants as of the Lease Date. Tenant's right to install and maintain signage shall further be subject to Tenant obtaining all required permits and approvals required by Applicable Laws, provided Landlord, at no cost to Landlord, shall cooperate with Tenant to obtain such permits and approvals.

33.2. Conditions. Tenant's signage shall be installed and removed incompliance with applicable Requirements. Tenant shall be responsible for any structural work associated with the installation or maintenance of Tenant's signage, if any, as well as other work reasonably required by Landlord (such as waterproofing, repainting, etc). Tenant, at its sole cost and expense, shall be responsible for the design, fabrication and installation of Tenant's signage, and maintaining Tenant's signage in good condition and repair during the Term. All electrical power required for Tenant's signage, if any, shall be charged to

Tenant. Tenant shall pay all federal, state and local taxes applicable to Tenant's signage. Tenant assumes all liability and risks relating to damage to Tenant's signage from any cause whatsoever, except to the extent caused by the gross negligence or willful misconduct of Landlord.

33.3. Removal. Upon the expiration or earlier termination of this Lease, Tenant shall remove Tenant's signage and repair any damage caused thereby, and restore the surface of the Building upon which the sign was affixed, the structure (if applicable), and any other affected areas of the Building to a condition reasonably satisfactory to Landlord.

33.4. No Representations. Tenant hereby acknowledges that Landlord has made no representations or warranties to Tenant with respect to the probability of obtaining required permits and approvals for Tenant's signage, including, without limitation, approval of the availability or location of Tenant's signage.

33.5. Existing [●]Signage. Tenant acknowledges that Applicable Laws may require that the existing [●] signage on the exterior of the Building be maintained in place due to its historical status or for other reasons and Tenant's signage rights hereunder shall be subject to such Applicable Laws.

34. Communications, Computer Lines, and Equipment.

34.1. Lines; Identification Requirements. After the Delivery Date, as such term applies to the applicable Sub-Phase, Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the "**Lines**"), provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be left as-is and unused by Tenant for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, shall be surrounded by a protective conduit reasonably acceptable to Landlord, and shall be identified in accordance with the "Identification Requirements," as that term is set forth hereinbelow, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Landlord may reasonably require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. All Lines shall be clearly marked with adhesive plastic labels (or plastic tags attached to such Lines with wire) to show Tenant's name, suite number, telephone number and the name of the person to contact in the case of an emergency (A) every four feet (4') outside the Premises (specifically including, but not limited to, the electrical room risers and other Common Areas), and (B) at the Lines' termination point(s) (collectively, the "**Identification Requirements**"). Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all Lines installed by Tenant, and repair any

damage caused by such removal. In the event that Tenant fails to complete such removal and/or fails to repair any damage caused by the removal of any Lines, Landlord may do so and may charge the cost thereof to Tenant plus an administrative fee equal to ten percent (10%) of the cost thereof. In addition, Landlord reserves the right at any time to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any laws or represent a dangerous or potentially dangerous condition. Landlord reserves the right to require that Tenant use Landlord's riser management company.

34.2. Interference. Tenant shall be responsible to ensure that no Lines or telecommunications or other signal or data reception or transmission equipment installed in the Premises or on the rooftop of the Building pursuant to Section 34 below ("**Equipment**") cause any electrical, electromagnetic, radio frequency, or other interference with the Building Systems or any other equipment of Landlord or any third party (including any telecommunication or other signal or data reception or transmission equipment and/or system in or serving the Project, its occupants, and/or Landlord), or otherwise interfere with the use and enjoyment of the Project by Landlord, any tenant of the Project, or any person or entity that has entered or will enter into an agreement with Landlord to install telecommunications or other signal or data reception or transmission equipment in the Project (collectively, "**Interference**"). Upon notice of any Interference, Tenant shall immediately cooperate with Landlord to identify the source of the Interference and shall, within twenty-four (24) hours, if requested by Landlord, cease all operations of Lines and Equipment (except for intermittent testing as approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed) until the Interference has been corrected to the reasonable satisfaction of Landlord, unless Tenant reasonably establishes prior to the expiration of such twenty-four (24) hour period that the Interference is not caused by Tenant's Lines or Equipment, in which case Tenant may operate its Lines or Equipment pursuant to the terms of this Lease. Tenant shall be responsible for all costs associated with any tests deemed reasonably necessary to resolve any and all Interference. If such Interference has not been corrected within ten (10) business days after notice to Tenant of its occurrence, Landlord may (i) require Tenant to remove the specific Line or Equipment causing such Interference, or (ii) eliminate the Interference at Tenant's expense, provided such Interference is actually caused by Tenant's Lines or Equipment. If the lines or equipment of any other party causes Interference with Tenant's Lines or Equipment, Tenant shall reasonably cooperate with such other party to resolve such Interference in a mutually acceptable manner.

34.3. Roof-Top Equipment. Subject to applicable Requirements and rights of any licensees, Landlord, and existing tenants, Tenant may, without charge, install and maintain on available space on the roof of the Building, antennas and satellite dishes and associated cabling, equipment and roof mount and base (collectively the "**System**") for data communications and video used in the conduct of Tenant's business. Tenant's right to install and maintain any such System shall be exclusive, if and so long as Tenant leases the entire Building, but subject to the rights of any licensees that exist during such period and provided further that Tenant shall coordinate with Landlord regarding any rooftop

uses required by Landlord for the continuing operation and maintenance of the Building. Prior to any such installation, Tenant shall furnish detailed plans and specifications for the installation to Landlord for approval, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant's installation, including of the antenna or satellite dish, any associated electronic or other equipment, wiring, roof mount and base, shall at all times be subject to supervision and reasonable approval by Landlord. Tenant shall be responsible for procuring whatever consents, approvals, licenses or permits that may be required for the use and operation of the System. Provided that such access is coordinated with Landlord and pre-approved, Tenant shall at all times be permitted access to the area on the roof where any such installation may be made as necessary for the installation, maintenance, repair and replacement thereof. Tenant shall at all times, and at Tenant's sole expense, be responsible for proper maintenance of any such installation and all governmental permits and approvals required in connection therewith (including compliance with any and all conditions attached thereto). Any such installation shall be deemed to be part of the Premises for purposes of Tenant's insurance and indemnification obligations hereunder. Tenant may at any time, and shall at expiration or earlier termination of the Term, remove the System, restore the Building to the condition existing prior to Tenant's installation to the extent reasonably practicable, and repair any damage caused by Tenant's installation or removal.

35. Miscellaneous.

35.1. No Joint Venture. This Lease does not create any partnership or joint venture or similar relationship between Landlord and Tenant.

35.2. Successors and Assigns. Subject to the provisions of Article 17 and Article 22 regarding assignment, all of the provisions, terms, covenants and conditions contained in this Lease shall bind, and inure to the benefit of, the parties and their respective successors and assigns. Construction and Interpretation. The words "Landlord" and "Tenant" include the plural as well as the singular. If there is more than one person comprising Tenant, the obligations under this Lease imposed on Tenant are joint and several. The captions preceding the Articles, Sections and subsections of this Lease are inserted solely for convenience of reference and shall have no effect upon, and shall be disregarded in connection with, the construction and interpretation of this Lease. All provisions of this Lease have been negotiated at arm's length between the parties and after advice by counsel and other representatives chosen by each party and the parties are fully informed with respect thereto. Therefore, this Lease shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof, or by reason of the status of the parties as Landlord or Tenant, and the provisions of this Lease and the Exhibits hereto shall be construed as a whole according to their common meaning in order to effectuate the intent of the parties under the terms of this Lease.

35.3. Severability. If any provision of this Lease, or the application thereof to any person or circumstance, is determined to be illegal, invalid or unenforceable, the remainder of this Lease, or its application to persons or circumstances other than those as to which it is

illegal, invalid or unenforceable, shall not be affected thereby and shall remain in full force and effect, unless enforcement of this Lease as so invalidated would be unreasonable or grossly inequitable under the circumstances, or would frustrate the purposes of this Lease.

35.4. Entire Agreement. This Lease and the Exhibits hereto identified in the Basic Lease Information contain all the representations and the entire agreement between the parties with respect to the subject matter hereof and any prior negotiations, correspondence, memoranda, agreements, representations or warranties are replaced in total by this Lease and the Exhibits hereto. Neither Landlord nor Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members have made any warranties or representations with respect to the Premises or any other portion of the Project, except as expressly set forth in this Lease. Tenant acknowledges that all brochures and informational materials, as well as all communications from Landlord and Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members prior to the execution of this Lease, including without limitation, statements as to the identity or number of other tenants in the Project, the lease terms applicable to any such tenants or potential tenants, anticipated levels (or any matters which may affect anticipated levels) of expected business or foot traffic, demographic data, and the suitability of the Premises for Tenant's intended uses, are and were made for informational purposes only, and Tenant agrees that such communications (i) are not and shall not be construed to be representations or warranties of Landlord, Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, or members as to the matters communicated, (ii) have not and will not be relied upon by Tenant, and (iii) have been the subject of independent investigation by Tenant. Without limiting the generality of the foregoing, Tenant is not relying on any representation, and Landlord does not represent, that any specific retail or office tenant or occupant or number of tenants shall occupy any space or remain open for business in the Project at any time during the Term, and Landlord reserves the right to effect such other tenancies in the Project as Landlord shall determine in the exercise of its sole judgment.

35.5. Governing Law. This Lease shall be governed by and construed pursuant to the laws of the State of California.

35.6. Mandatory Negotiation and Mediation.

(1) Except as provided in Section 35.6(b) below, Landlord and Tenant agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Lease, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Landlord and Tenant agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Landlord and Tenant fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit

the matter to JAMS for mediation. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written Lease of the parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual Lease of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided in Section 35.6(b), neither party may commence an action arising out of or relating to this Lease until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 35.6. If either party commences an action with respect to a claim or dispute covered by this Section 35.6 without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that party in such action.

(2) Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to this Section 35.6. In addition, the following matters are excluded from mandatory negotiation and mediation hereunder: (i) an unlawful detainer action based upon a monetary Event of Default; and (ii) any matter that is within the jurisdiction of probate, small claims, or bankruptcy court.

(3) The provisions of this Section 35.6 may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Landlord and Tenant contained in this Section 35.6 shall survive the termination of this Lease.

(4) Nothing contained herein shall enable either party to compel the other party to submit any dispute to arbitration and neither party shall be required to submit a dispute to arbitration prior to commencing an action with respect to a claim or dispute covered by this Section 35.6 so long as such party first complies with terms and conditions of this Section 35.6.

35.7. Standards of Performance and Approvals. Unless otherwise provided in this Lease, whenever approval, consent or satisfaction (collectively, an "approval") is required of a party pursuant to this Lease or an Exhibit hereto, such approval shall not be unreasonably withheld, conditioned or delayed. Whenever this Lease grants Landlord or Tenant the right to take action, then such party shall act in good faith. Unless provision is made for a specific time period, approval (or disapproval) shall be given within thirty (30) days after receipt of the request for approval. The parties have set forth in this Lease their entire understanding with respect to the terms, covenants, conditions and standards pursuant to which their obligations are to be judged and their performance measured, including the provisions of Article 17 with respect to assignments and sublettings.

35.8. Brokers. Landlord and Tenant each represent and warrant to the other that no broker, agent, or finder has procured, or was involved in the negotiation of, this Lease on behalf of the representing party and no such broker, agent or finder is or may be entitled to a fee, commission or other compensation in connection with this Lease. Landlord and Tenant shall each indemnify, defend, protect and hold the other harmless from and against Claims that may be asserted against the indemnified party in breach of the foregoing warranty and representation.

35.9. Memorandum of Lease and Option. Landlord and Tenant shall execute, acknowledge and deliver a short form memorandum of this Lease and the Option (and any amendment hereto) in form attached hereto as Exhibit L. In no event shall this Lease or any memorandum thereof other than the foregoing memorandum (or any amendment thereto recorded in connection with any amendment of this lease) be recorded by Landlord or Tenant.

35.10. Quiet Enjoyment. Upon paying the Rent and performing all its obligations under this Lease, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities claiming by or through Landlord, subject, however, to the provisions of this Lease and any Encumbrances.

35.11 Force Majeure. If Landlord is unable to perform or delayed in performing any of its obligations under this Lease on account of natural disasters, labor disputes (provided that such labor dispute is industry-wide, and such party is not the particular target of such labor dispute), inability to obtain materials, fuels, energy or reasonable substitutes therefor, governmental action (excluding governmental action resulting from the actions of Landlord or Tenant, *e.g.*, inadequate permit submittals), fire or other acts of God, national emergency, acts of war or terrorism, failure of a third party tenant to fully vacate and surrender its premises as and when required (or delay in doing so), or any other cause of any kind beyond the reasonable control of Landlord (except financial inability) (collectively, "**Force Majeure**"), Landlord shall not be in default under this Lease and such inability or delay shall in no way constitute a constructive or actual eviction of Tenant. Nothing contained in this Section 35.11 shall be deemed to affect any self-help or abatement rights expressly granted to Tenant under this Lease.

35.12. Surrender of Premises. Upon the Expiration Date or earlier termination of this Lease, Tenant shall quietly and peacefully surrender the Premises to Landlord in the condition called for by this Lease, shall deliver to Landlord any keys to the Premises, or any other portion of the Project, and shall provide to Landlord the combination or code of locks on all safes, cabinets, vaults and security systems in the Premises. On or before the Expiration Date or earlier termination of this Lease, Tenant, at its cost and expense, shall remove all of its personal property from the Premises and repair all damage to the Project caused by such removal. In addition, Tenant, at its cost and expense, shall remove all Lines installed by or for Tenant that are located within the Premises or, in the case of Lines exclusively serving the Premises, anywhere in the Project, including, without limitation, the Building plenum, risers and all conduits, and repair all damage to the Project caused by such removal as follows: (i) in the case of the expiration of the Term, Tenant shall remove such Lines and repair such damage on or before the Expiration Date, unless Landlord notifies Tenant, at least thirty (30) days prior to the Expiration Date, that such Lines shall be surrendered with the Premises; and (ii) in the case of the earlier termination of this Lease, Tenant shall remove such Lines and repair such damage promptly after receipt of a notice from Landlord requiring such removal and repair. Any Lines not required to be removed pursuant to this Section shall become the property of Landlord (without payment by Landlord), and shall be surrendered in good condition and working order, lien free, and properly labeled with an identification system reasonably approved by Landlord. All personal property of Tenant not removed hereunder shall be deemed, at Landlord's option, to be abandoned by Tenant and Landlord may, without any liability to Tenant for loss or damage thereto or loss of use thereof, store such property in Tenant's name at Tenant's expense and/or dispose of the same in any manner permitted by law.

35.13. Intentionally Omitted.

35.14. Exhibits. The Exhibits specified in the Basic Lease Information are by this reference made a part hereof.

35.15. Survival of Obligations. The waivers of claims or rights, the releases and the obligations under this Lease to indemnify, protect, defend and hold harmless Landlord and other Indemnitees shall survive the expiration or earlier termination of this Lease, and so shall all other obligations or agreements hereunder which by their terms or nature survive the expiration or earlier termination of this Lease.

35.16. Time of the Essence. Time is of the essence of this Lease and of the performance of each of the provisions contained in this Lease.

35.17. Waiver of Trial By Jury. LANDLORD AND TENANT HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE REQUIREMENTS, TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR

OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE OR ANY EMERGENCY OR STATUTORY REMEDY.

35.18. Consent to Venue; Waiver of Counterclaim. Tenant hereby waives any objection to venue in the County of Alameda, and agrees and consents to the personal jurisdiction of the courts of the State of California with respect to any action or proceeding (i) brought by Landlord, Tenant or any other party, relating to (A) this Lease and/or any understandings or prior dealings between the parties hereto, or (B) the Premises, the Project, or any part thereof, or (ii) to which Landlord is a party. IF LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NON-PAYMENT OF RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, AND ANY SUCH COUNTERCLAIM SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

35.19. Financial Statements. If Landlord desires to finance or refinance or sale, transfer or otherwise convey any interest in the Building, or any part thereof, Tenant hereby agrees to deliver to any lender or transferee designated by Landlord, with ten (10) days after request therefor, such financial statements of Tenant as may be reasonably required by such lender or transferee. Such statements shall include the past three years' financial statements of Tenant. Notwithstanding anything to the contrary set forth above in this Section 35.19, so long as Tenant's financial statements are available through publicly available filings with Securities & Exchange Commission or other means readily accessible to members of the public, then Tenant shall not be required to provide such financial statements to Landlord as required in this Section 35.19.

35.20. Modification of Lease. This Lease may be modified or amended only by an agreement in writing signed by both parties.

35.21. No Option. The submission of this Lease to Tenant for review or execution does not create an option or constitute an offer to Tenant to lease the Premises on the terms and conditions contained herein, and this Lease shall not become effective unless and until it has been executed and delivered by both Landlord and Tenant.

35.22. Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent, and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

35.23. Compliance with Anti-Terrorism Law. Each party hereby represent that it is not in violation of any Anti-Terrorism Law.

35.24. Rent Not Based on Income. No Rent or other payment in respect of the Premises shall be based in any way upon net income or profits from the Premises. Tenant may not

enter into or permit any sublease or license or other agreement in connection with the Premises which provides for a rental or other payment based on net income or profit.

35.25. Tenant's Authority. Tenant, and each of the persons executing this Lease on behalf of Tenant, represent and warrant that (i) Tenant is a duly formed, authorized and existing corporation, limited liability company, partnership, trust, or other form of entity (as the case may be), (ii) Tenant is qualified to do business in California, (iii) Tenant has the full right and authority to enter into this Lease and to perform all of Tenant's obligations hereunder, and (iv) each person signing on behalf of Tenant is authorized to do so. Tenant shall deliver to Landlord, within ten (10) days after Landlord's request, such certificates, resolutions, or other written assurances authorizing Tenant's execution and delivery of this Lease, as requested by Landlord from time to time or at any time, in order for Landlord to assess Tenant's then authority under this Lease.

35.26. Hazardous Materials Disclosure. Landlord has delivered to Tenant a copy of the most recent Phase I Environmental Site Assessment regarding the Project. Exhibit K attached hereto and incorporated by reference herein includes (i) a notice to Tenant regarding Hazardous Materials that Tenant acknowledges that such notice complies with the requirements of Section 25915 et seq. and Section 25359.7 of the California Health and Safety Code; and (ii) a list of all documents regarding the presence of Hazardous Materials provided to Tenant by Landlord; Tenant hereby acknowledges receipt of, and an opportunity to review, all such documents. As part of Tenant's obligations under this Lease, Tenant agrees to comply with the California "Connelly Act" and other applicable laws, including providing copies of Landlord's notification letter to all of Tenant's "employees" and "owners", as those terms are defined in the Connelly Act and other applicable laws. Tenant is familiar with the Existing Environmental Conditions of the Project. Tenant acknowledges that Landlord's duty to remove, remediate, encapsulate or otherwise address Hazardous Materials shall be satisfied in full by Landlord's compliance with any O&M plans regarding such Hazardous Materials provided that Landlord shall be responsible to take any action required to correct any violation of Requirements necessary to comply with the terms of any final order or judgment of any court or regulatory agency with jurisdiction over the matter provided that Landlord shall have the right to contest any such order or directive in good faith to the extent permitted by law.

35.27. Accessibility Disclosure. To Landlord's actual knowledge, the Premises have not undergone inspection by a Certified Access Specialist (CASp), as defined in Section 55.52 of the California Civil Code. The following statements are included in this Lease solely for the purpose of complying with California Civil Code Section 1938:

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy

of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

In connection with the foregoing, and notwithstanding anything to the contrary elsewhere in this Lease, Landlord hereby advises Tenant that if Tenant elects to request such an inspection, Tenant shall be responsible to pay the fee for such inspection and the cost of any repairs necessary to correct violations of construction-related accessibility standards within the Premises.

35.28. 24/7 Access. Following the Commencement Date, subject to Landlord's reasonable access control measures, except when and where Tenant's right of access is specifically prevented as a result of (i) an emergency, (ii) a Requirement, or (iii) a specific provision set forth in this Lease, Tenant shall have the right of ingress and egress: (a) to the Premises and the roof of the Building, twenty-four (24) hours per day, seven (7) days per week, (except that with respect to access to the roof of the Building, any such access shall be coordinated with Landlord and pre-approved (except in the cases of emergency), which pre-approval shall not be unreasonably withheld, conditioned or delayed; and (b) to the Parking Facility, between 6am and midnight, seven (7) days per week (except that if Tenant requires access to the Parking Facility after midnight or before 6am, Landlord shall arrange for such access, at Tenant's cost).

35.29. Counterparts. This Lease may be executed in counterpart. All such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

36. Security Deposit Letter of Credit.

36.1. Delivery of Security Deposit Letter of Credit. Concurrently with the execution and delivery of this Lease, Tenant shall deliver to Landlord, as protection for the full and faithful performance by Tenant of all of its obligations under this Lease and for all losses and damages that Landlord is entitled to under Sections 20.2 and 20.3 of the Lease as a result of any Event of Default by Tenant, an irrevocable and unconditional negotiable standby letter of credit (the "**Security Deposit Letter of Credit**") in the amount of Seventy Five Million Dollars ($75,000,000.00) (the "**Security Deposit Letter of Credit Amount**"), in the form attached hereto as Exhibit R or in such other form as may be reasonably approved by Landlord (it being acknowledged that Landlord shall not withhold its consent so long as such other form meets the conditions of Exhibit Q, and is consistent in substance with, the form attached as Exhibit R),payable upon presentation to an operating retail branch located in the San Francisco Bay Area, running in favor of Landlord and issued by a solvent, nationally recognized bank reasonably acceptable to Landlord and with a long term rating from Standard and Poor's Professional Rating Service of A or a comparable rating from Moody's Professional Rating Service or higher, under the supervision of the Superintendent of Banks of the State of California, it being understood and agreed that JPMORGAN CHASE BANK, N.A., CREDIT SUISSE AG, AND BNP

PARIBAS, are each approved as an issuer. The Security Deposit Letter of Credit shall also be governed by the provisions of Exhibit Q of this Lease.

36.2. Application of Letter of Credit. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the Security Deposit Letter of Credit upon the occurrence of any Event of Default on the part of Tenant under this Lease. If an Event of Default by Tenant occurs, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the Letter of Credit, in part or in whole, to cure such Event of Default and/or to compensate Landlord for any and all damages that Landlord is entitled to as a result of such Event of Default under Sections 20.2 and 20.3 of this Lease. The use, application or retention of the Security Deposit Letter of Credit, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any Applicable Laws, it being intended that Landlord shall not first be required to proceed against the Security Deposit Letter of Credit, and the use, application or retention of the Security Deposit Letter of Credit shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees, after an Event of Default or any other time that Landlord is entitled to draw on the Security Deposit Letter of Credit, not to interfere in any way with payment to Landlord of the proceeds of the Security Deposit Letter of Credit, either prior to or following a "draw" by Landlord of any portion of the Security Deposit Letter of Credit. No condition or term of this Lease shall be deemed to render the Security Deposit Letter of Credit conditional to justify the issuer of the Security Deposit Letter of Credit in failing to honor a drawing upon such Security Deposit Letter of Credit in a timely manner. Tenant agrees and acknowledges that (a) the Security Deposit Letter of Credit constitutes a separate and independent contract between Landlord and the Bank, (b) Tenant is not a third party beneficiary of such contract, and (c) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the Security Deposit Letter of Credit and/or the proceeds thereof by application of Section 502(b)(6) of the U.S. Bankruptcy Code or otherwise.

If, for any reason, the amount of the Security Deposit Letter of Credit becomes less than the Security Deposit Letter of Credit Amount, Tenant shall, within ten (10) business days of demand, either provide Landlord with a cash security deposit equal to such difference or provide Landlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total Security Deposit Letter of Credit Amount or an amendment to the existing Security Deposit Letter of Credit to increase the Security Deposit Letter of Credit Amount by the deficiency), and any such additional (or replacement) letter of credit or letter of credit amendments shall comply with all of the provisions of this Article and Exhibit Q, and if Tenant fails to comply with the foregoing, then, notwithstanding anything to the contrary contained in this Article or Exhibit Q, then at Landlord’s option, such failure shall be an Event of Default under the Lease. If Tenant furnishes cash for the deficiency amount in accordance with the preceding sentence, Tenant may thereafter deposit an additional letter of credit(s) or replacement letter of credit in accordance with this Section, in which case, Landlord shall return such cash proceeds to Tenant within ten (10) days after receipt of such letter of credit. Without limiting the generality of the foregoing, if the Security Deposit Letter of Credit expires earlier than the LC Expiration Date applicable to the Security Deposit Letter of Credit, Landlord shall accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord,

as applicable, not later than thirty (30) days prior to the expiration of the Security Deposit Letter of Credit), which shall be irrevocable and automatically renewable (or renewable through amendment) through the LC Expiration Date applicable to the Security Deposit Letter of Credit upon the same terms as the expiring Security Deposit Letter of Credit or such other terms as may be acceptable to Landlord in its reasonable discretion. However, if the Security Deposit Letter of Credit is not timely renewed, or if Tenant fails to maintain the Letter of Credit in the amount and in accordance with the terms set forth in this Article and Exhibit Q, such shall constitute an Event of Default under the Lease and Landlord shall have the right to present the Security Deposit Letter of Credit to the Bank in accordance with the terms of this Article and Exhibit Q, and draw upon the Letter of Credit, in part or in whole, to cure such Event of Default and/or to compensate Landlord for any and all damages that Landlord is entitled to as a result of such Event of Default under Sections 20.2 and 20.3 of the Lease. Any unused proceeds shall constitute the property of Landlord and need not be segregated from Landlord's other assets.

36.3. Security Deposit. Any proceeds drawn under the Security Deposit Letter of Credit and not applied as set forth above shall be held by Landlord as a security deposit (the "**Security Deposit**"). No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit, and Landlord shall not be required to keep the Security Deposit separate from its general accounts. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the provisions of this Lease to be performed or observed by Tenant. If there is an Event of Default Landlord may (but shall not be obligated to), and without prejudice to any other remedy available to Landlord, use, apply or retain all or any portion of the Security Deposit to cure such Event of Default and/or to compensate Landlord for any and all damages that Landlord is entitled to as a result of such Event of Default under Sections 20.2 and 20.3 of the Lease. Tenant hereby waives the provisions of California Civil Code Section 1950.7, or any similar or successor laws now or hereinafter in effect, that restrict Landlord's use or application of the Security Deposit, or that provide specific time periods for return of the Security Deposit. Without limiting the generality of the foregoing, Tenant expressly agrees that if Landlord terminates this Lease due to an Event of Default or if Tenant terminates this Lease in a bankruptcy proceeding, Landlord shall be entitled to hold the Security Deposit until the amount of damages recoverable pursuant to California Civil Code Section 1951.2 is finally determined. If Landlord uses or applies all or any portion of the Security Deposit as provided above, Tenant shall within ten (10) business days after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the then-applicable Security Deposit Letter of Credit Amount or provide a replacement letter of credit meeting the requirements of this Article 36, and Tenant's failure to do so shall, at Landlord's option, be an Event of Default under this Lease. At any time that Landlord is holding proceeds of the Security Deposit Letter of Credit pursuant to this Article 36, Tenant may deposit a Security Deposit Letter of Credit that complies with all requirements of this Article 36, in which event Landlord shall return the Security Deposit to Tenant within ten (10) days after receipt of the Security Deposit Letter of Credit. If Tenant performs all of Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not previously been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) within ninety (90) days following the later of the expiration of the Lease Term or Tenant's vacation and surrender of the Premises in accordance with the requirements of this Lease. Landlord's return of the Security Deposit or any part thereof shall not be construed as an admission that Tenant has performed all of its obligations under this

Lease. Upon termination of Landlord's interest in this Lease, if Landlord transfers the Security Deposit (or the amount of the Security Deposit remaining after any permitted deductions) to Landlord's successor in interest, and thereafter notifies Tenant of such transfer and the name and address of the transferee, then Landlord shall be relieved of any further liability with respect to the Security Deposit. This Section 36.3 is subject to the terms and conditions of Section 36.4 below.

36.4. If Tenant does not exercise Purchase Option or Closing Does Not Occur.

a. If, as of the last day of the Purchase Option Period, (i) Tenant is Investment Grade, (ii) there is no Event of Default that has not been cured, and (iii) Landlord does not otherwise have a right to draw on the Security Deposit Letter of Credit (or if Landlord does have the right to draw on the Security Deposit Letter of Credit then Landlord may draw on the Security Deposit Letter of Credit and shall return any undrawn amount to Tenant), and the Closing does not occur for any reason, including, without limitation, because Tenant did not exercise the Purchase Option or default on Tenant's obligations with respect to the Purchase Option, then the Security Deposit Letter of Credit shall be returned to Tenant within ninety (90) days and, thereafter, there shall be no requirement for a Security Deposit (or Security Deposit Letter of Credit) under this Lease.

b. If, as of the last day of the Purchase Option Period, Tenant is not Investment Grade, and the Closing does not occur for any reason, including, without limitation, because Tenant did not exercise the Purchase Option or default on Tenant's obligations with respect to the Purchase Option, then (i) if the Closing did not occur in accordance with Sections 31.9(b), 31.9(c)(ii), 31.9(d), or 31.9(e)(i), but this Lease continues in effect thereafter, Landlord shall continue to hold the Security Deposit Letter of Credit in accordance with the terms of this Lease for the balance of the Term; however, the Security Deposit Letter of Credit Amount may be reduced from time to time upon satisfaction of the conditions set forth in Section 36.5 below; and (ii) if the Closing does not occur for any other reason, then Landlord shall have the right to immediately draw on the full amount of the Security Deposit Letter of Credit on or after the earlier of (x) the day after the last day of the Purchase Option Period if Tenant has not exercised the Purchase Option as of such date in accordance with this Lease, or (y) the day after the Closing was scheduled to occur, but did not occur, if Tenant had exercised the Purchase Option in accordance with this Lease but Closing does not occur in accordance with the Purchase Agreement (unless the Purchase Option Period is reinstated in accordance with Section 31.9(a) or Closing does not occur due to Landlord breach under Section 31.9(b)), and Landlord shall have the right to retain all such drawn funds as additional Rent (without reduction or offset of any of Tenant's obligations under the Lease) and Landlord shall have no obligation to hold such drawn sums as security, notwithstanding any contrary terms in Section 36.3 above. In such event, Tenant shall have no further obligations to provide the Security Deposit Letter of Credit.

36.5 Reduction in Security Deposit Letter of Credit Amount. If the provisions of Section 36.4(b)(i) apply, then upon the following dates, provided that as of such dates, (i) Tenant is Investment Grade, and (ii) there is no uncured Event of Default and Landlord does not then otherwise

have a right to draw on the Security Deposit Letter of Credit, the Security Deposit Letter of Credit Amount shall be eligible for reductions of twenty percent (20%) of the original Security Deposit Letter of Credit Amount:

(i) on the fifth (5^{th}) anniversary of the Commencement Date;

(ii) on the tenth (10^{th}) anniversary of the Commencement Date;

(iii) on the fifteenth (15^{th}) anniversary of the Commencement Date; and

(iv) on the twentieth (20^{th}) anniversary of the Commencement Date.

[*Signatures follow on next page*]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Lease Date.

LANDLORD:

BA2 300 LAKESIDE LLC,
a Delaware limited liability company

By: /s/ Lynn Tolin
Name: Lynn Tolin
Title: Authorized Signatory

[Tenant Signature to Follow]

TENANT:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: /s/ William L. Smith
Name: William L. Smith
Title: Interim Chief Executive Officer

EXHIBIT A

SITE PLAN

[Intentionally Omitted]

EXHIBIT B

DESCRIPTION OF PREMISES

[Intentionally Omitted]

EXHIBIT C

CONFIRMATION OF

[COMMENCEMENT DATE AND] DELIVERY DATE
[Intentionally Omitted]

EXHIBIT D-1

WORK LETTER
FOR LANDLORD'S WORK AND TENANT IMPROVEMENTS

This Work Letter for Landlord's Work and Tenant Improvements (this "**Work Letter**") is attached to and forms a part of the Office Lease (the "**Lease**"), by and between BA2 300 LAKESIDE LLC, a Delaware limited liability company ("**Landlord**"), and Pacific Gas and Electric Company, a California corporation ("**Tenant**"), pertaining to certain premises comprised of approximately 902,098 square feet of rentable area located in the building commonly known as 300 Lakeside, Oakland, California (the "**Building**"). Capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Lease, including, without limitation, the other exhibits thereto.

As described in in the Lease, Landlord shall generally deliver the Premises to Tenant in Phases, referred to as "Phase A" and "Phase B". However, each Phase shall be divided into multiple Sub-Phases, each as set forth in Schedule 1 to the Lease, as Schedule 1 may be modified as described in Section 3.2 of the Lease The actual date on which Landlord delivers possession of any Sub-Phase of the Premises to Tenant with Landlord's Work and the Tenant Improvements for such Sub-Phase Substantially Completed (as defined in Section 6.1 below, and subject to adjustment as described in Section 6.2 below) is referred to in the Lease as a "Delivery Date" for such Sub-Phase. As the processes described in this Work Letter are not anticipated to be completed at one time for an entire Phase, but are intended to be completed, sequentially, for each Sub-Phase of the Premises, this Work Letter is intended to apply to each Sub-Phase of the Premises.

The purpose of this Work Letter is to set forth (i) Landlord's obligation to perform improvements to the Building and Premises, at Landlord's sole cost and expense, Landlord's Work (as defined below), and (ii) the respective responsibilities of Landlord and Tenant regarding the design and construction of the initial alterations, additions and improvements to prepare the Premises for occupancy by Tenant (the "**Tenant Improvements**" and the work of constructing the Tenant Improvements being referred to as the "**Tenant Improvement Work**"). The total of all hard and soft costs of the Tenant Improvements is sometimes referred to herein as the "**Tenant Improvement Costs**". Tenant shall be responsible for all Tenant Improvement Costs, subject to Landlord's obligation to contribute the Tenant Improvement Allowance (as defined below), all on terms and conditions set forth in this Work Letter.

Landlord and Tenant agree as follows:

1. Landlord's Work.

1.1. Landlord's Work. Landlord, at its sole cost and expense, shall perform or cause to be performed certain alterations and improvements to the Building and the Premises to ready the space for the Tenant Improvements, which alterations and improvements are described in Exhibit A attached hereto ("**Landlord's Work**") in a good and workmanlike manner and in compliance with Requirements and in accordance with the provisions of this Work Letter.

1.2. Design of Landlord's Work. Landlord shall retain licensed architect(s) and engineer(s) from the list of pre-approved architect(s) and engineer(s) listed on Exhibit B attached hereto (collectively, the "**Landlord's Work Design Team**") for the Landlord's Work, with input from Tenant that Landlord shall reasonably consider; however the final selection of Landlord's Work Design Team shall be made by Landlord. Landlord shall enter into an agreement(s) with the Landlord's Work Design Team on such terms and conditions as determined by Landlord, but with input from Tenant that Landlord shall reasonably consider, which agreement(s) shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercises its self-help rights with respect to completing the Landlord's Work pursuant to Section 3.2 of the Lease and assumes the obligations to perform the Landlord's Work. Landlord shall submit a copy of such agreement(s) for the Landlord's Work to Tenant for its records. Landlord, working with the Landlord's Work Design Team, shall be solely responsible for managing the design process of Landlord's Work provided that the requirements of Schedule 1 attached hereto are satisfied. The process for designing the Landlord's Work shall be completed in conjunction with the design process of the Seismic Work and Tenant Improvements and Landlord shall be responsible for causing the Landlord's Work to be coordinated with that of the Seismic Work and Tenant Improvement Work.

1.3. Construction of Landlord's Work.

1.3.1. Unless otherwise approved by Tenant, there shall be a single general contractor for the construction of the Landlord's Work, Seismic Work and Tenant Improvements. The contractor shall be selected as follows: in consultation with Tenant, Landlord shall develop a request for proposals and solicit competitive bids from licensed contractors who are pre-approved for the applicable work as set forth on Exhibit B attached hereto for the construction of and/or design-build of the Landlord's Work. Following receipt of the bids, and following Tenant's input, which Landlord shall reasonably consider, Landlord shall retain one of the pre-approved contractors on Exhibit B or such other licensed general contractor, which shall be subject to Tenant's approval, not to be unreasonably withheld, conditioned or delayed ("**Contractor**"). Landlord shall enter into a separate construction contract(s) with the Contractor for the Landlord's Work(the "**Landlord's Work Contracts**") on such terms and conditions as determined by Landlord, but with input from Tenant which Landlord shall reasonably consider, and Landlord shall be solely responsible for the administration thereof; provided, however, and notwithstanding the foregoing, Tenant shall have reasonable approval over such terms and conditions of the Landlord's Work Contract to the extent that such terms and conditions pertain to the allocation of costs as between the Base Building Work and Landlord's Work on the one hand, and the Tenant Improvement Work and the Seismic Work on the other.

1.3.2. The Landlord's Work Contracts shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercises its self-help rights to complete the Landlord's Work pursuant to Section 3.2 of the Lease and assumes the obligations to perform the Landlord's Work. The Landlord's Work Contracts shall be separate from the Base Building construction contract(s), the Seismic Work construction contract(s) and the Tenant Improvement Contract (as defined below), unless otherwise reasonably approved by Tenant. Except as otherwise expressly provided herein, all costs incurred in performing Landlord's Work shall be the obligation of Landlord. Landlord shall submit a copy of the Landlord's Work Contract(s) to Tenant as well as copies of all change orders affecting the Landlord's Work as such may be entered into from time to time in accordance with this Work Letter, to Tenant for its records.

1.3.3. As part of the construction of the Landlord's Work, Landlord shall cause the Contractor(s) to solicit competitive bids for the Landlord's Work from at least three (3) qualified subcontractors for each of the major subtrades (excluding the mechanical, electrical, plumbing, fire protection, and life safety trades, which shall be on a design/build basis, unless Landlord elects to competitively bid these trades) and to submit the same to Landlord and Tenant for their review. Following receipt of the bids, and following consultation with Tenant, Landlord shall, with Tenant's input that Landlord shall reasonably consider, make the final selections of subcontractors for Landlord's Work.

1.4. Changes to Landlord's Work. Landlord may make changes, additions or alterations to the Landlord's Work provided that the requirements of Exhibit A attached hereto are satisfied and Landlord shall notify Tenant of any material changes. In addition, Tenant may request changes, additions or alterations to the Landlord's Work in accordance with this Section 1.4, which changes shall be subject to Landlord's reasonable approval, not to be unreasonably withheld or delayed. If Tenant requests any changes to the Landlord's Work (each, a **"Tenant Requested Change**"), Tenant shall notify Landlord in writing, with the date of such request being referred to herein as the **"Tenant Requested Change Date**"). Landlord shall have ten (10) days to provide Tenant notice of Landlord's approval (and if Landlord so disapproves the requested change, it shall provide the reasons why it so disapproves the requested change) together with: (i) the length of time Landlord estimates it will take to make such change, addition or alteration, (ii) the costs of such change, addition or alteration, and (ii) whether any delay in delivery of the Sub-Phase or Phase is anticipated as a result thereof and the estimated length of time of such delay. Tenant shall thereafter have five (5) days to approve or withdraw its request for such change. If Tenant fails to respond within such five (5) day period, Tenant will be deemed to have withdrawn its request. If Tenant does not withdraw its request, then Landlord shall, subject to its reasonable approval as provided above, cause a change order to be issued to the Landlord's Work Contract(s) implementing Tenant's requested change to the Landlord's Work ("**Tenant Requested Change Order**"). The date of Landlord's final approval of any Tenant Requested Change or Tenant's withdrawal or deemed withdrawal of such request is referred to herein as "**Tenant Requested Change Determination Date**". The time period between a Tenant Requested Change Date and the Tenant Requested Change Determination Date for such request may constitute a "Tenant Delay" hereunder, provided that Landlord provides Tenant with notice via email to Tenant's Representative that such requested change may cause an actual delay in the delivery of the applicable Sub-Phase. Tenant shall pay all costs attributable to a Tenant Requested Change within thirty (30) days after Landlord's request therefor, including out-of-pocket costs incurred by Landlord or Contractor in reviewing

proposed Tenant Requested Changes, whether or not such Tenant Requested Change is implemented as a Tenant Requested Change Order. In addition, the Construction Supervision Fee payable hereunder shall include all hard and soft costs of work performed pursuant to a Tenant Requested Change Order.

1.5. Permits. Landlord shall obtain, or shall cause to be obtained, all necessary building permits and approvals and other authorizations from governmental agencies required in connection with the Landlord's Work. The cost of all such permits and approvals, including inspection and other building fees required to obtain the permits for the Landlord's Work shall be included as part of the costs to perform the Landlord's Work, as applicable and shall be at Landlord's sole cost and expense.

2. Tenant Master Program Requirements; Vacant Dates; Schedules.

2.1. Tenant Master Program Requirements. Promptly following Lease execution and prior to starting the design process on Tenant Improvements, except as expressly stated otherwise in this Section 2.1 below, Landlord shall retain a licensed architect (the "TI Architect") for the Tenant Improvements from the list of architects who are pre-approved for the applicable work as set forth on Exhibit B attached hereto or such other architect, which shall be subject to Tenant's approval, not to be unreasonably withheld, conditioned or delayed. Landlord shall enter into an agreement with the TI Architect for the Tenant Improvements on terms and conditions acceptable to Landlord and reasonably approved by Tenant, which agreement (the "**Architect's Agreement**") shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercise its self-help rights to complete the Tenant Improvements pursuant to Section 3.2 of the Lease and assumes the obligations to perform the Tenant Improvements. Landlord shall submit a copy of the Architect's Agreement to Tenant for its records together with any changes thereto that may be entered into in accordance with this Work Letter. No later than the later of (i) April 15, 2020, or (ii) the date on which the Lease becomes effective, Tenant shall deliver to Landlord Tenant's standards for work-place development as necessary for the TI Architect to perform its work and, promptly thereafter, Landlord, Tenant and TI Architect shall work collaboratively to develop "**Tenant Master Program Requirements"**, which shall be consistent with Tenant's standards for work-place development as provided by Tenant to Landlord, and which will then serve as the starting point for design for the Tenant Improvements for all of the Sub-Phases. Landlord and Tenant shall confirm the extent of the design team to be retained by the TI Architect and/or Landlord, including, but not limited to, consultants for IT, AV, workstation selection and design, etc. Development of Tenant Master Program Requirements is part of the design work for the Tenant Improvements and all costs thereof shall be the obligation of Tenant, subject to Landlord's obligation to fund the Tenant Improvement Allowance, to the extent available, as further described herein. The Tenant Master Program Requirements for any Sub-Phase shall be approved by Tenant prior to proceeding with development of the Preliminary Plans for such Sub-Phase; provided, however, it is understood that the design work for the Tenant Improvements for some Sub-Phases may be started prior to final approval of all Tenant Master Program Requirements.

2.2. Schedules. On or before the date that is approximately one hundred sixty five (165) days after the Lease Date (or such later or earlier date as Landlord deems reasonably necessary or appropriate given Tenant's then-current program requirements for such space), (a) Landlord shall deliver written notice to Tenant setting forth a proposed schedule for Landlord and Tenant to work together in

developing and completing design documents for the Tenant Improvements for such Sub-Phase; (b) Landlord and Tenant shall promptly meet and confer to determine the estimated schedule for design and construction of Landlord's Work and the Tenant Improvements for such Sub-Phase; and (c) once the projected Delivery Date for such Sub-Phase is established pursuant to Final Schedule is determined, Landlord shall prepare and deliver to Tenant (i) a final schedule for design and construction of Landlord's Work and the Tenant Improvements for such Sub-Phase consistent with such projected Delivery Date for such Sub-Phase established pursuant to Final Schedule 1 (each, a "**Sub-Phase Final Schedule**"), and (ii) a copy of Exhibit C for the applicable Sub-Phase with the Required Milestones shown thereon appropriately completed to correspond to the Sub-Phase Final Schedule for such Sub-Phase ("**Time Deadlines**"). Thereafter, Landlord shall use reasonable and diligent efforts to comply with Landlord's obligations set forth in the Sub-Phase Final Schedule for such Sub-Phase.

2.3. Development of Tenant Improvement Plans.

2.3.1. Preliminary Plans. Landlord shall cause TI Architect to prepare preliminary plans (the "**Preliminary Plans**") for each Sub-Phase of the Tenant Improvements consistent with Tenant Master Program Requirements, which Preliminary Plans shall be delivered to Tenant consistent with the Sub-Phase Final Schedule for the applicable Sub-Phase. At Tenant's option, Tenant may request that Landlord cause Preliminary Plans for one or multiple Sub-Phases and at such earlier dates as Tenant may request; any such request shall be subject to Landlord's approval. Within ten (10) business days after Tenant's receipt of the Preliminary Plans for each Sub-Phase, Tenant shall either approve or disapprove the Preliminary Plans, which approval shall not be unreasonably withheld. If Tenant disapproves the Preliminary Plans, then Tenant shall state in reasonable detail the changes which Tenant requires to be made thereto. Landlord shall submit to Tenant revised Preliminary Plans within twenty (20) business days after Landlord's receipt of Tenant's disapproval notice. Following Tenant's receipt of the revised Preliminary Plans, Tenant shall have the right to review and approve the revised Preliminary Plans pursuant to this Section. Tenant shall give Landlord written notice of its approval or disapproval of the revised Preliminary Plans within five (5) business days after the date of Tenant's receipt thereof. If Tenant reasonably disapproves the revised Preliminary Plans, then Landlord and Tenant shall continue to follow the procedures set forth in this Section 2.3.1 until Landlord and Tenant reasonably approve the Preliminary Plans for such Sub-Phase in accordance with this Section 2.3.1. The period between the date of Tenant's reasonable disapproval and the eventual mutual approval of such Preliminary Plans shall constitute a Tenant Delay (as defined below) with respect to such Sub-Phase.

2.3.2. Certain Revisions to Preliminary Plans. Tenant acknowledges that Tenant shall not propose, and Landlord shall not be required to approve, any revisions to the Preliminary Plans that do not comply with applicable Requirements or that, in Landlord' sole but reasonable judgment:; (a) are not consistent with the quality and character of the Project; (b) are likely to materially adversely affect Building Systems, the structure of the Building or the safety of the Building; (c) may impair Landlord's ability to furnish required services to Tenant; (d) may increase the cost of operating the Building; (e) contain or use or expose Hazardous Materials; (f) may adversely affect the appearance of the Building; (g) are prohibited by any Recorded Documents, or any mortgage, trust deed or other instrument encumbering the Property; (h) are likely to be substantially delayed because of availability or shortage of labor or materials necessary to perform such work or the difficulties or unusual nature of

such work; or (i) are not, at a minimum, in accordance with Landlord's building standards and construction rules and regulations, and the Sustainable Practices.

2.3.3. Tenant Improvements Contract. Unless otherwise approved by Tenant, the Contractor retained by Landlord to perform the Landlord's Work shall also be the general contractor for the construction of the Tenant Improvements. Landlord shall enter into a construction contract(s) with the Contractor (the "**Tenant Improvements Contract**") on such terms and conditions as determined by Landlord, but with Tenant's reasonable approval, and Landlord shall be solely responsible for the administration thereof. The Tenant Improvements Contract shall not cover any of Landlord's Work or the Base Building Work. The Tenant Improvements Contract shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or Tenant otherwise exercises its self-help rights pursuant to Section 3.2 of the Lease and assumes the obligations to perform the Tenant Improvements. Landlord shall submit a copy of such agreement(s) for the Tenant Improvements to Tenant for its records. Except as otherwise expressly provided herein, all costs incurred pursuant to the Tenant Improvements Contract shall be the obligation of Tenant, subject to Landlord's obligation to fund the Tenant Improvement Allowance, to the extent available, as further described herein. Landlord shall submit a copy of the Tenant Improvements Contract as well as copies of all change orders affecting the Tenant Improvements as such may be entered into from time to time in accordance with this Work Letter, to Tenant for its records.

2.3.4. Preliminary Budget. Within the time period specified in the Sub-Phase Final Schedule for the applicable Sub-Phase for approval by Landlord and Tenant of the Preliminary Plans for each Sub-Phase, Landlord shall cause the Contractor to prepare and submit to Landlord and Tenant a preliminary budget for the Tenant Improvements for each Sub-Phase based upon the approved Preliminary Plans, which Landlord shall review and revise as Landlord determines is appropriate to reduce the cost of Tenant Improvements, and then submit to Tenant for its review and approval. Within five (5) business days after Tenant's receipt of the preliminary budget for each Sub-Phase, Tenant shall either approve or disapprove the preliminary budget. If Tenant disapproves the preliminary budget for each Sub-Phase, Tenant shall provide Landlord with comments to the preliminary budget, following which, Landlord shall work with the Architect to revise the Preliminary Plans to reduce the cost of the Tenant Improvements and cause to be submitted a revised preliminary budget to Tenant within twenty (20) business days after receipt of Tenant's comments. Tenant will notify Landlord of Tenant's approval or disapproval of the revised preliminary budget within five (5) business days. Landlord and Tenant (i) shall again follow the procedures set forth in Section 2.2.1 above with respect to the Preliminary Plans for such Sub-Phase and to the submission and approval of the preliminary budget from Contractor and (ii) the period between the date of Tenant's reasonable disapproval and the eventual mutual approval of such Preliminary Plans shall constitute a Tenant Delay (as defined below) with respect to such Sub-Phase provided that Landlord provides Tenant with notice via email to Tenant's Representative that delay in approval of the Preliminary Plans may cause an actual delay in the delivery of the applicable Sub-Phase.

2.3.5. Final Plans. Within three (3) business days after approval by Landlord and Tenant of the preliminary budget for the Tenant Improvements for each Sub-Phase, Landlord shall cause Architect to commence preparing complete plans and specifications that incorporate and are consistent with the approved Preliminary Plans for such Sub-Phase and preliminary budget, and which show in

detail the intended design, construction and finishing of all portions of the Tenant Improvements described in the Preliminary Plans (collectively, the "**Final Plans**" and as approved pursuant to this Section 2.3.5, the **"Approved Final Plans**"). Landlord shall cause Architect to deliver the Final Plans to Tenant, for Tenant's review and approval. Within five (5) business days after Tenant's receipt of the Final Plans, Tenant shall either approve or disapprove the Final Plans, which approval shall not be unreasonably withheld. Any changes proposed by Tenant shall be subject to Landlord's review and approval, not to be unreasonably withheld; however, Landlord shall be entitled to withhold its approval of the Final Plans for any of the reasons set forth in Section 2.3.2 above and such reasons shall not be the only reasons for which Landlord may withhold its approval. Landlord shall then instruct Architect to incorporate approved revisions and submit to Tenant revised Final Plans for the applicable Sub-Phase within five (5) business days. Following Tenant's receipt of the revised Final Plans, Tenant shall have the right to review and approve the revised Final Plans pursuant to this Section 2.3.5**.** Tenant shall give Landlord written notice of its approval or disapproval of the revised Final Plans for such Sub-Phase within five (5) business days after the date of Tenant's receipt thereof. If Tenant reasonably disapproves the revised Final Plans for such Sub-Phase, then the following shall occur: (i) Landlord and Tenant shall continue to follow the procedures set forth in this Section 2.3.5 until Landlord and Tenant reasonably approve such Final Plans in accordance with this Section 2.3.5; and (ii) the period between the date of Tenant's reasonable disapproval and the eventual mutual approval of such Final Plans shall constitute a Tenant Delay (as defined below) for such Sub-Phase provided that Landlord provides Tenant with notice via email to Tenant's Representative that delay in approval of the Final Plans may cause an actual delay in the delivery of the applicable Sub-Phase.

2.4. Time Deadlines. Tenant shall use its commercially reasonable efforts, in good faith and with all due diligence to cooperate with the Architect, the Contractor, and Landlord to complete all phases of the Preliminary Plans and Final Plans (collectively, the "**Construction Drawings**") and the permitting process and to receive the permits for such Sub-Phase, as soon as possible consistent with the applicable Time Deadlines for such Sub-Phase (completed by Landlord as described in Section 2.3 above) and, in that regard, Tenant shall meet with Landlord on a scheduled basis to be determined by Landlord, to discuss the progress in connection with the same. Tenant shall use reasonable and diligent efforts to comply with Tenant's obligations set forth in the Time Deadlines for such Sub-Phase.

2.5. Permits. Landlord shall obtain, or cause Architect, Contractor or another consultant retained by Landlord for this purpose, to obtain all necessary building permits and approvals and other authorizations from governmental agencies required in connection with the Tenant Improvements for each Sub-Phase. The cost of all such permits and approvals, including inspection and other building fees required to obtain the permits for the Tenant Improvements for each Sub-Phase, shall be included as part of the Tenant Improvement Costs.

2.6. Allocation of Certain Costs. The parties acknowledge that some shared labor, material, and equipment costs included in the General Conditions and General Requirements may benefit and apply to Landlord's Work, Tenant Improvement Work and/or the Seismic Work. Landlord shall reasonably and equitably allocate such costs among the applicable scopes of work, subject to Tenant's reasonable approval of such allocation.

2.7. Time Periods. To the extent that this Work Letter specifies certain time periods that apply to any approval, disapproval, delivery, time for comment, or other action to be taken by Tenant hereunder (each, a "**Tenant Action**"), those same time periods shall be utilized by Landlord for those same Tenant Actions whenever Landlord establishes any schedules or sets any deadlines that apply to Tenant hereunder, unless otherwise reasonably approved by Tenant. To the extent that this Work Letter does not specify a certain time period for any Tenant Action, then Landlord shall determine a reasonable time period for such Tenant Action.

3. Construction Budget.

3.1. Approved Cost Estimate. Landlord shall instruct Contractor to solicit competitive bids for the Tenant Improvements for each Sub-Phase from at least three (3) qualified subcontractors for each of the major subtrades (excluding the mechanical, electrical, plumbing, fire protection, and life safety trades, which shall be on a design/build basis, unless Landlord elects to competitively bid these trades) and to submit the same to Landlord and Tenant for their review and approval. Upon selection of the subcontractors and approval of the bids, Contractor shall prepare a cost estimate for the Tenant Improvements for such Sub-Phase described in such Final Plans, based upon the bids submitted by the subcontractors selected. Contractor shall submit such cost estimate to Landlord and Tenant for their review and approval. Within five (5) business days after their receipt of the cost estimate, Landlord and Tenant shall each either approve or disapprove the cost estimate, which approval shall not be unreasonably withheld. Tenant's failure to approve or disapprove the cost estimate within such five (5) business day period shall constitute a Tenant Delay. Landlord or Tenant may each approve or reject such cost estimate in their reasonable sole discretion. If either Landlord or Tenant rejects such cost estimate, Landlord shall resolicit bids based on such Final Plans, in accordance with the procedures specified above. Following any resolicitation of bids by Landlord pursuant to this Section 4, Landlord and Tenant shall again follow the procedures set forth in this Section 4 with respect to the submission and reasonable approval of the cost estimate from Contractor; provided, however that the period between Tenant's disapproval of the first revised cost estimate and the eventual mutual approval of a cost estimate for any Sub-Phase (the "**Approved Cost Estimate**") shall constitute a Tenant Delay with respect to such Sub-Phase provided that Landlord provides Tenant with notice via email to Tenant's Representative that such delay may cause an actual delay in the delivery of the applicable Sub-Phase.

3.2. Cost Proposal; Over Allowance. Within ten (10) business days after the parties' approval of the Approved Cost Estimate for each Sub-Phase, Tenant shall deliver to Landlord cash in an amount (the "**Initial Over-Allowance Amount**") equal to the difference between (i) one hundred percent (100%) of the amount of the Approved Cost Estimate for such Sub-Phase, and (ii) the amount of the Tenant Improvement Allowance for such Sub-Phase. After the Final Plans for such Sub-Phase are approved by Landlord and Tenant, Landlord shall provide Tenant with a revised cost proposal in accordance with the Final Plans for such Sub-Phase, which cost proposal shall include, as nearly as possible, the cost of all Tenant Improvements for such Sub-Phase to be incurred by Tenant in connection with the design and construction of the Tenant Improvements for such Sub-Phase (the "**Additional Over Allowance Amount**"). To the extent the Additional Over-Allowance Amount for each Sub-Phase exceeds the Initial Over-Allowance Amount for such Sub-Phase, Tenant shall deliver one hundred percent (100%) of such excess to Landlord. The amounts delivered by Tenant to Landlord under this Section 3.2 for any Sub-Phase shall be referred to herein as the "**Over Allowance Amount**." The Over-

Allowance Amount for each Sub-Phase shall be disbursed by Landlord prior to the disbursement of any portion of the Tenant Improvement Allowance for such Sub-Phase. In the event that any revisions, changes, or substitutions shall be made to the Approved Final Plans or the Tenant Improvements for any Sub-Phase, any additional costs which arise in connection with such revisions, changes or substitutions or any other additional costs shall be paid by Tenant to Landlord within ten (10) business days after Landlord's request as an addition to the Over-Allowance Amount for such Sub-Phase. Tenant hereby acknowledges and agrees that Tenant shall be responsible for all hard and soft costs associated with the Tenant Improvements for each Sub-Phase to the extent the same exceed the Tenant Improvement Allowance for such Sub-Phase, notwithstanding the content of any costs estimates or proposals submitted to Tenant.

4. Tenant Improvement Allowance.

4.1. Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "**Tenant Improvement Allowance**") in the amount of Sixty-Two Million, Six Hundred, Sixty-One Thousand, Two Hundred and Forty Dollars ($62,661,240), which is comprised of (a) a "**PRSF Allowance**" in the amount of $ 57,661,240 (or $82.82 per rentable square foot of the Office Space (as defined in the Lease)) for each Sub-Phase of the Premises for Tenant Improvement Costs for such Sub-Phase, plus (b) a "**Master Planning Sub-Allowance**" in the amount of Five Million Dollars ($5,000,000.00) for costs incurred by Tenant for master planning and tenant improvement infrastructure costs, such as security and IT infrastructure costs (collectively, **"Master Planning Costs**"). Subject to the provisions of this Section 4.1 and as otherwise provided in Section 4.2 below, in no event shall Landlord be obligated to make disbursements for Tenant Improvement Costs for any Sub-Phase, whether pursuant to this Work Letter or otherwise, in a total amount that exceeds the PRSF Allowance for such Sub-Phase; provided, however, to the extent there are savings in the PRSF Allowance in a Sub-Phase, such savings may be rolled-over and credited to the PRSF Allowance for subsequent Sub-Phases. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the sufficiency of the PRSF Allowance for any Sub-Phase to cover completion of the Tenant Improvements for such Sub-Phase.

4.2. Additional Tenant Improvement Allowance. At least sixty (60) days prior to the then-current scheduled start of construction of the first Sub-Phase of Phase A as shown on the Sub-Phase Final Schedules completed to date, Landlord shall deliver written notice of the scheduled start of construction to Tenant and, no later than thirty (30) days after delivery of such notice (or at any earlier date), Tenant, at its option (which option shall be exercised, if at all, by written notice delivered to Landlord no later than the end of such thirty (30) day period), may elect to increase the Tenant Improvement Allowance described in Section 4.1 above by an amount up to Ninety-Seven Million, Four Hundred, Seventy-Three Thousand, and Forty Dollars ($97,473,040) (the "**Additional Tenant Improvement Allowance**"), which amount is comprised of (a) an increase to the total PRSF Allowance described in Section 4.1 above in an additional amount up to $ 90,973,040 (or an additional amount up to $130.66 per rentable square foot of the Office Space for each Sub-Phase of the Premises, for a total RSF Allowance of an amount up to $213.48 per rentable square foot of the Office Space for each Sub-Phase of the Premises for Tenant Improvement Costs for such Sub-Phase), plus (b) an increase to the amount of the Master Planning Sub-Allowance in an amount up to Six Million, Five Hundred Thousand Dollars ($6,500,000), for a total Master Planning Sub-Allowance in an amount up to Eleven Million

Five Hundred Thousand Dollars ($11,500,000.00)) for Master Planning Costs. Tenant's option is referred to herein as the "**Additional Tenant Improvements Option**".

4.3. Additional Tenant Improvement Allowance Amortization. If Tenant exercises the Additional Tenant Improvements Option, the amount of Base Monthly Rent for the Premises shall be increased throughout the Term by an amount per rentable square foot of Office Space of the Premises that will be computed by amortizing the Additional Tenant Improvement Allowance over twenty (20) years at a per annum interest rate of seven percent (7%) and references herein to the Tenant Improvement Allowance shall thereafter be deemed to refer to the Tenant Improvement Allowance described in Section 4.1 above as increased by the amount of the Additional Tenant Improvement Allowance (and references herein to the Total Tenant Improvement Allowance shall likewise be increased accordingly). An example of this amortization is set forth on Exhibit D attached hereto. If Tenant exercises the Additional Tenant Improvements Option, Landlord shall promptly prepare and deliver to Tenant an amendment to the Lease (the "**Additional Tenant Improvement Allowance Amendment**"), reflecting the resulting increase in Base Monthly Rent and the increased amount of the Tenant Improvement Allowance for each Sub-Phase and the increased amount of the Total Tenant Improvement Allowance, and Tenant shall execute such amendment within ten (10) business days thereafter; however, the Base Monthly Rent increase and increased Tenant Improvement Allowance shall be effective whether or not Tenant executes such amendment. **Exhibit E** attached hereto shows the initial calculation of the overall Tenant Improvement Allowance as allocated by Sub-Phase if Tenant elects the full Additional Tenant Improvement Allowance, as well as how the overall Tenant Improvement Allowance will be allocated by Sub-Phase in the event Tenant elects none of the Additional Tenant Improvements Allowance[1]. The final re-calculation will be included in the Additional Tenant Improvement Allowance Amendment.

4.4. Master Planning Sub-Allowance May Be Reallocated. Any portion of the Master Planning Sub-Allowance not used for Master Planning Costs shall be available for Tenant Improvement Costs and the amount of the otherwise available PRSF Allowance for Tenant Improvement Costs for each Sub-Phase of the Premises shall be re-calculated accordingly. If Landlord so elects, Landlord shall promptly prepare and deliver to Tenant an amendment to the Lease (the "**Master Planning Sub-Allowance Amendment**"), reflecting the total recalculated amount of the PRSF Allowance, and Tenant shall execute such amendment within ten (10) business days thereafter; however, such changes shall be effective whether or not Tenant executes such amendment.. Sub-Phase Reconciliation Statement. Within one hundred twenty (120) days following final completion of each Sub-Phase (including any Punchlist Items (as defined below) or as soon thereafter as is reasonably practicable, Landlord shall prepare for Tenant's review and approval a final reconciliation of the total costs of the Tenant Improvements for each Sub-Phase, setting forth the application of (i) the Tenant Improvement Allowance for such Sub-Phase (after deducting the Master Planning Sub Allowance therefrom, if applicable), and (ii) amounts paid by Tenant for such Sub-Phase (the "**Sub-Phase Reconciliation Statement**"). The Sub-Phase Reconciliation Statement shall also set forth the remaining unpaid amount owing by Tenant (if any) or any overpayment by Tenant in connection with construction of the Tenant Improvements for such Sub-Phase. If Tenant has overpaid, then within thirty (30) days

[1] The Sub-Phases used in Exhibit E are the same as those described in the original Schedule 1 attached to the Lease; the parties acknowledge that the description of Sub-Phases may be changed by Landlord as otherwise permitted by the Lease.

after delivery of the Sub-Phase Reconciliation Statement and provided that an Event of Default does not exist, Landlord shall credit any overpayment to the then-remaining balance of the total Tenant Improvement Allowance for the Premises) or otherwise reimburse Tenant for such overage as Tenant may elect. If Tenant has underpaid, then within thirty (30) days following delivery of the Sub-Phase Reconciliation Statement, Tenant shall repay to Landlord the remaining unpaid amount of Tenant's obligation for Tenant Improvement Costs as to such Sub-Phase set forth in the Sub-Phase Reconciliation Statement.

5. Construction of Tenant Improvements.

5.1. Construction. Landlord shall cause Contractor to construct the Tenant Improvements in a good and workmanlike manner, in accordance with the Approved Final Plans and in compliance with Requirements, using commercially reasonable efforts to cause the Tenant Improvements to be performed in a manner so as to cause the Sub-Phases to be delivered in accordance with the Sub-Phase Final Schedule (as defined below). As consideration for Landlord's supervision of the Contractor's construction of the Tenant Improvements, Tenant shall pay to Landlord a construction supervision fee in the amount of three percent (3%) of the total of all hard and soft costs of the Tenant Improvements (the "**Construction Supervision Fee**"); if the Tenant Improvement Allowance is sufficient for such purpose, the Tenant Improvement Allowance may be applied by Landlord to pay all or part of the Construction Supervision Fee.

5.2. Governmental Requirements. If any governmental or quasi-governmental authority with jurisdictions requires changes to the design or construction of the Tenant Improvements for compliance with Applicable Laws and/or if any such changes to the Tenant Improvement Work result in required changes or modifications to Landlord's Work ("**Compliance Work**"), Landlord agrees to perform such Compliance Work and Tenant shall, within thirty (30) business days following receipt of invoices therefor, reimburse Landlord for the costs and expenses incurred by Landlord in performing the Legal Compliance Work (provided that, to the extent funds are available from the Tenant Improvement Allowance for such Sub-Phase, such costs may be paid or reimbursed from such Tenant Improvement Allowance) and any delay in Substantial Completion in any portion of the Premises resulting from such Legal Compliance Work shall constitute a Tenant Delay.

5.3. Change Orders. No material changes or modifications to the Approved Final Plans shall be made unless by written Change Order signed by Landlord and Tenant. Landlord may make material changes, additions or alterations to the Approved Final Plans only with Tenant's approval. In addition, Tenant may request changes, additions or alterations to the Approved Final Plans or the Tenant Improvements in accordance with this Section 5.3. If Tenant notifies Landlord of a Tenant Requested Change to the Tenant Improvements or the Approved Final Plans, Landlord shall have ten (10) days to provide Tenant notice of: (i) the length of time Landlord estimates it will take to make such change, addition or alteration, (ii) the costs of such change, addition or alteration, and (ii) whether any delay in delivery of the Sub-Phase or Phase is anticipated as a result thereof and the estimated length of time of such delay. Tenant shall thereafter have five (5) days to approve or withdraw its request for such change. If Tenant fails to respond within such five (5) day period, Tenant will be deemed to have withdrawn its request. If Tenant does not withdraw its request, then Landlord shall cause a change order to be issued to the Tenant Improvement Construction Contract, implementing the Tenant Requested

Change Order. The date of Landlord's final approval of any Tenant Requested Change or Tenant's withdrawal or deemed withdrawal of such request is referred to herein as "Tenant Requested Change Determination Date". The time period between a Tenant Requested Change Date and the Tenant Requested Change Determination Date for such request may constitute a "Tenant Delay" hereunder. Tenant shall pay all costs attributable to a Tenant Requested Change within thirty (30) days after Landlord's request therefor, including out-of-pocket costs incurred by Landlord or Contractor in reviewing proposed Tenant Requested Changes, whether or not such Tenant Requested Change is implemented as a Tenant Requested Change Order, provided that, to the extent funds are available from the Tenant Improvement Allowance for such Sub-Phase, such costs may be paid or reimbursed from such Tenant Improvement Allowance. Neither Landlord nor Tenant shall unreasonably withhold approval of any change to the Final Plans that may be necessary to obtain any Permits, or that may be required by city officials or inspectors to comply with code rulings or interpretations. Tenant shall not instruct or direct Contractor, subcontractors, or any other contractors, materialmen, or suppliers, or others performing the Tenant Improvements.

5.4. Tenant's Exercise of Purchase Option. Notwithstanding anything to the contrary in the Lease (including, without limitation, this Work Letter), if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease, then, on and as of the Closing Date, Landlord shall have no further obligation to pay for or perform any then-uncomplete portions of Landlord's Work associated with Phase A or Phase B of the Premises or then-uncomplete portions of the Tenant Improvements associated with Phase A or Phase B of the Premises, and no obligation to fund any portion of the Tenant Improvement Allowance associated with then-uncomplete portions of Phase A or Phase B of the Premises.

6. Substantial Completion of Tenant Improvements.

6.1. Substantial Completion. "**Substantial Completion**" of each Sub-Phase shall be deemed to have occurred upon the completion of construction of the relevant Landlord's Work and Seismic Work related to such Sub-Phase and the Tenant Improvements for such Sub-Phase, as evidenced by a Certificate of Substantial Completion executed by Architect, and receipt of final signed-off "job cards" or "inspection cards" from the City of Oakland covering such Sub-Phase subject only to correction or completion of any punch list items ("**Punchlist Items**"), which items may include items of missing, incomplete or defective work or materials or mechanical maladjustments that are of such a nature that they do not material interfere with Tenant's occupancy of the Premises. Prior to Substantial Completion, Landlord and Tenant shall mutually inspect the Premises included in each Sub-Phase and perform a walk-through of the applicable Sub-Phase to draw up a list of the Punchlist Items (which Punchlist Items shall be accepted in writing by Landlord and Tenant). Landlord shall use commercially reasonable efforts to complete the Punchlist Items within thirty (30) days thereafter; provided, however, such time period may be extended to a period of ninety (90) days for Punchlist Items that cannot be commercially reasonably completed with diligence within thirty (30) days. Landlord shall cooperate with Tenant to allow Tenant access to the Sub-Phase so being delivered immediately prior to Substantial Completion to enable Tenant to commence certain operational readiness activities, such as lighting network, testing connections, installing furniture, fixtures, equipment, when reasonably practicable; so long as such entry does not interfere with Landlord's work in the Premises or in the Building; provided, however, (a) the provisions of the Lease, other than with respect to the payment of Base Rent or

Additional Rent, shall apply during such early entry, including, but not limited to, the provisions relating to Tenant's indemnification of Landlord, (b) prior to any such entry, Tenant shall provide evidence of the insurance to be provided by Tenant pursuant to the Lease, and (c) Tenant's early access and activities shall not be permitted to interfere with the schedule for, or undertaking of, any work being performed by Landlord in the Premises and in the Building and Tenant shall coordinate with Landlord and Landlord's contractor(s) to ensure that no such interference occurs.

6.2. Delay of the Substantial Completion of the Premises. Except as provided in this Section 6.2, the Commencement Date shall occur upon Substantial Completion of the first Sub-Phase of Phase A and a Delivery Date shall occur upon Substantial Completion of each subsequent Sub-Phase of the Premises. If there shall be any actual delays in the Substantial Completion of any Sub-Phase as a direct, indirect, partial, or total result of the following (each a "Tenant Delay"):

6.2.1. Any request or other matter expressly identified as a "Tenant Delay" in this Work Letter or elsewhere in the Lease;

6.2.2. Tenant's failure to comply with specified deadlines in the Time Deadlines or Tenant's failure to timely approve any matter requiring Tenant's approval;

6.2.3. A breach by Tenant of the terms of this Work Letter or the Lease;

6.2.4. Any delays due to suspension of work in order to review pricing, schedule and other impacts of Tenant- requested changes, whether or not such changes are approved or implanted as a final change order;

6.2.5. Tenant's requirement for materials, components, finishes or improvements that are not available in a commercially reasonable time given the anticipated date of Substantial Completion of any Sub-Phase of the Premises;

6.2.6. Tenant's failure to approve or Tenant's rejection of anything otherwise consistent with Tenant's Master Program Requirements; or

6.2.7. Any other acts or omissions of Tenant, or its agents, or employees;

then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of any portion of the Premises, the date of the Substantial Completion of such Sub-Phase of the Premises shall be deemed to be the date the Substantial Completion of such Sub-Phase of the Premises would have occurred if no such Tenant Delay, as set forth above, had occurred; provided, however, with respect to any Tenant Delay hereunder, Landlord shall be required to provide email notice to Tenant's Representative of any such item Landlord believes may cause an actual delay in the delivery of any Sub-Phase.

7. Tenant's Representative. Tenant has designated Tom Crowley ("**Tenant's Representative**") as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on

behalf of the Tenant as required in this Work Letter. Tenant may change Tenant's Representative at any time upon not less than five (5) business days advance written notice to Landlord.

8. Landlord's Representative. Landlord has designated Matt Concannon ("**Landlord's Representative**") as its primary representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord regarding this Work Letter. Landlord may change Landlord's Representative at any time upon not less than five (5) business days advance written notice to Tenant.

9. Meetings. Landlord shall schedule and direct weekly construction meetings with the Contractor and, as appropriate, subcontractors and the Architect for the Landlord's Work and Tenant Improvements. Tenant's Representatives shall be entitled to attend all such construction meetings, and Landlord shall provide Tenant's Representative with at least seventy-two (72) hours' notice of the time and place of such weekly construction meetings. In addition, Landlord shall provide Tenant with copies of all material written communications with the Architect and Contractor and subcontractors (including copies of all shop drawings) in connection with the Landlord's Work and Tenant Improvements.

10. Inspections. Landlord shall permit Tenant and Tenant's authorized agents and authorized representatives (identified in advance in writing to Landlord) to have reasonable access to Landlord's Work and the Tenant Improvements in each Sub-Phase throughout the permitting and construction of such Landlord's Work and Tenant Improvements, to inspect and observe work in progress, upon reasonable advance written notice from Tenant and provided that no such inspections shall have a material adverse effect on the construction of the Landlord's Work and Tenant Improvements or the progress thereof.

11. Accounting Records. All accounting regarding the costs of the Landlord's Work and Tenant Improvement Costs shall be on an "open book" basis. Tenant shall have the right to inspect all relevant books and records, receipts, vouchers and other similar data ("**Accounting Records**") of Landlord relating to such work. Landlord shall maintain all Accounting Records in their respective custody or control for a period of three (3) years following the Substantial Completion Date for any Sub-Phase; provided that with respect to work that cover's multiple Sub-Phases, such Accounting Records shall be kept for a minimum of three (3) years following completion of such work. During the course of construction and for such period after the Substantial Completion Date or completion date, as applicable, Landlord will promptly provide copies of the Accounting Records requested by Tenant, and Tenant shall also have the right to inspect the Accounting Records at Landlord's office or at such location within the San Francisco Bay Area as Landlord may so designate. Landlord shall use reasonable efforts to require substantially similar review rights for Tenant to inspect Contractor and Architect's records in the relevant agreements.

12. Contracting Options. It is understood that Landlord may, but shall not be required to, enter into a separate contract for each design professional or construction professional for Landlord's Work or the Tenant Improvements for each Sub-Phase and Landlord shall also have the right to enter into a single prime agreement with any design professional or construction

professional, which prime agreement is subsequently modified via "add service or change order" for subsequent Sub-Phases rather than having to execute new prime agreements for each Sub-Phase. Notwithstanding the foregoing, it is understood that no contract for Landlord's Work shall also cover any part of the Tenant Improvements (and vice-versa) and Landlord's accounting obligations under this Work Letter shall not be affected by the contracting options selected by Landlord.

13. Contractor's Warranties and Guaranties. Landlord shall diligently pursue any claims under covered by any warranties and guaranties provided by Contractor relating to, or arising out of the construction of, the Tenant Improvements, Tenant hereby waives the right to pursue any such claims directly against Landlord. Landlord and Tenant shall cooperate with each other in pursuing any such claims. Landlord shall use reasonable efforts, subject to Contractor's approval, to have Tenant named as a third-party beneficiary of any such warranties and guaranties. If Tenant exercises the Purchase Option and purchases the Premises, then Landlord shall assign any warranties and guaranties covering the Tenant Improvements to Tenant at the closing of such purchase.

14. Time of the Essence in this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of such period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

15. Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an Event of Default as described in the Lease has occurred or if Tenant has failed to make timely payment of any amounts then due under this Work Letter at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the Substantial Completion of any portion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be excused until, as applicable, such Event of Default under the Lease has been cured or Tenant has fully paid any amounts then due under this Work Letter.

EXHIBIT A
LANDLORD'S WORK
[Intentionally Omitted]

EXHIBIT B
PRE-APPROVED DESIGN AND CONSTRUCTION PROFESSIONALS

[Intentionally Omitted]

EXHIBIT C
TIME DEADLINES
[Intentionally Omitted]

EXHIBIT D

EXAMPLES OF AMORTIZATION
[Intentionally Omitted]

EXHIBIT E

CALCULATION OF TENANT IMPROVEMENT ALLOWANCE
[Intentionally Omitted]

EXHIBIT D-2

BASE BUILDING WORK LETTER

This Base Building Work Letter (this "**Work Letter**") is attached to and forms a part of the Office Lease (the "**Lease**"), by and between BA2 300 LAKESIDE LLC, a Delaware limited liability company ("**Landlord**"), and Pacific Gas and Electric Company, a California corporation ("**Tenant**"), pertaining to certain premises comprised of approximately 902,098 square feet of rentable area located in the building commonly known as 300 Lakeside, Oakland, California (the "**Building**"). Capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Lease, including, without limitation, the other exhibits thereto.

The purpose of this Work Letter is to set forth Landlord's obligation to perform the work described in Schedule 1 attached hereto (the "**Base Building Work**").

Landlord and Tenant agree as follows:

1. Base Building Work.

1.1. Base Building Work. Landlord, at its sole cost and expense, shall perform or cause to be performed the Base Building Work in a good and workmanlike manner and in compliance with Requirements and in accordance with the provisions of this Work Letter.

1.2. Scope of Base Building Work. Landlord shall retain licensed architect(s) and engineer(s) (collectively, the "**Base Building Work Design Team**") for the Base Building Work, with input from Tenant that Landlord shall reasonably consider; however the final selection of the Base Building Work Design Team shall be made by Landlord. Landlord shall enter into agreement(s) with the Base Building Work Design Team on such terms and conditions as determined by Landlord, but with input from Tenant, which agreement(s) shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercises its self-help rights with respect to completing the Base Building Work pursuant Section 3.2 of the Lease and assumes the obligations to perform the Base Building Work. Landlord shall submit a copy of such agreement(s) for the Base Building Work to Tenant for its records. Landlord, working with the Base Building Work Design Team, shall be solely responsible for the design of Base Building Work provided that the requirements of Schedule 1 attached hereto are satisfied; the final drawings for the Base Building Work as approved by Landlord and as may be modified by Landlord from time to time consistent with this Work Letter are referred to herein as the "**Base Building Work Construction Drawings**". Landlord shall, with diligence, cause the Base Building Work to be constructed in accordance with the Base Building Work Construction Drawings.

1.3. Construction of Base Building Work.

1.3.1. In consultation with Tenant, Landlord shall develop a request for proposals and solicit competitive bids from licensed contractors for the construction of and/or design-build of the Base Building Work. Following receipt of the bids, and with input from Tenant that Landlord shall reasonably consider, Landlord shall retain a licensed general contractor and/or Landlord shall directly retain one or more licensed contractors, at Landlord's discretion; however, the final selection of any contractors ("**Contractor"** or **"Contractor(s)**") for Base Building Work shall be made by Landlord. Landlord shall enter into one or more construction contract(s) with the Contractor (the "**Base Building Work Contracts**") on such terms and conditions as determined by Landlord, but with input from Tenant which Landlord shall reasonably consider, and Landlord shall be solely responsible for the administration thereof. The Base Building Work Contracts shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercises its self-help rights with respect to completing the Base Building Work pursuant to Section 3.2 of the Lease and assumes the obligations to perform the Base Building Work. The Base Building Work Contracts shall be separate from the Seismic Work construction contract, the Landlord's Work Contract, and the Tenant Improvement Contract and no costs under the Base Building Work Contracts shall be allocated to these other scopes of work. Except as otherwise expressly provided herein, all costs incurred in performing Base Building Work shall be the obligation of Landlord. Landlord shall submit a copy of the Base Building Work Contract(s) to Tenant as well as copies of all change orders affecting the Base Building Work as such may be entered into from time to time in accordance with this Work Letter, to Tenant for its records.

1.3.2. As part of the construction of the Base Building Work, Landlord shall cause any of the Contractor(s) that is a general contractor to solicit competitive bids for the Base Building Work from at least three (3) qualified subcontractors for each of the major subtrades (excluding the mechanical, electrical, plumbing, fire protection, and life safety trades, which shall be on a design/build basis, unless Landlord elects to competitively bid these trades) and to submit the same to Landlord and Tenant for their review. Following receipt of the bids, and following consultation with Tenant, Landlord shall make the final selections of subcontractors for Base Building Work.

1.4. Changes to Base Building Work. Landlord may make changes, additions or alterations to the Base Building Work provided that the requirements of Schedule 1 attached hereto are satisfied and Landlord shall notify Tenant of any material changes. In addition, Tenant may request changes, additions or alterations to the Base Building Work in accordance with this Section 1.4, which changes shall be subject to Landlord's reasonable approval, not to be unreasonably withheld or delayed. If Tenant requests any changes to the Base Building Work (each, a **"Tenant Requested Change**"), Tenant shall notify Landlord in writing, with the date of such request being referred to herein as the **"Tenant Requested Change Date**"). Landlord shall have ten (10) days to provide Tenant notice of Landlord's approval (and if Landlord so disapproves the requested change, it shall provide the reasons why it so disapproves the requested change) together with: (i) the length of time Landlord estimates it will take to make such change, addition or alteration, (ii) the costs of such change, addition or alteration, and (ii) whether any delay in delivery of the Sub-Phase or Phase is anticipated as a result thereof and the estimated length of time of such delay. Tenant shall thereafter have five (5) days to approve or withdraw its request for such change. If Tenant fails to respond within such five (5) day period, Tenant

will be deemed to have withdrawn its request. If Tenant does not withdraw its request, then Landlord shall, subject to its reasonable approval as provided above, cause a change order to be issued to the Base Building Work Contract(s) implementing Tenant's requested change to the Base Building Work ("**Tenant Requested Change Order**"). The date of Landlord's final approval of any Tenant Requested Change or Tenant's withdrawal or deemed withdrawal of such request is referred to herein as "**Tenant Requested Change Determination Date**". Tenant shall pay all costs attributable to a Tenant Requested Change within thirty (30) days after Landlord's request therefor, including out-of-pocket costs incurred by Landlord or Contractor in reviewing proposed Tenant Requested Changes, whether or not such Tenant Requested Change is implemented as a Tenant Requested Change Order. In addition, Tenant shall pay to Landlord a construction supervision fee in the amount of three percent (3%) of the total of all hard and soft costs of any work performed pursuant to a Tenant Requested Change Order.

1.5. Coordination with Other Scopes. To the extent applicable, Landlord shall coordinate the Base Building Work with the Seismic Work, Landlord's Work and Tenant Improvements.

1.6. Permits. Landlord shall obtain, or shall cause to be obtained, all necessary building permits and approvals and other authorizations from governmental agencies required in connection with the Base Building Work. The cost of all such permits and approvals, including inspection and other building fees required to obtain the permits for the Base Building Work shall be included as part of the costs to perform the Base Building Work, as applicable and shall be at Landlord's sole cost and expense.

1.7. Schedule. As the performance of the Base Building Work does not affect the Substantial Completion of Landlord's Work and Tenant Improvements, the scheduling of performance of the Base Building Work shall be determined by Landlord, in its sole discretion, and Landlord shall keep Tenant reasonably informed through regularly scheduled meetings described in Section 4 below regarding the then-current schedule for performance of the Base Building Work.

1.8. Governmental Requirements. If any governmental or quasi-governmental authority with jurisdictions requires changes to the design or construction of the Base Building Work as a result of the design of the Tenant Improvement Work ("**Compliance Work**"), Landlord agrees to perform such Compliance Work and Tenant shall, within thirty (30) business days following receipt of invoices therefor, reimburse Landlord for the costs and expenses incurred by Landlord in performing the Legal Compliance Work.

1.9. Tenant's Exercise of Purchase Option. Notwithstanding anything to the contrary in the Lease (including, without limitation, this Work Letter), if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease, then, on and as of the Closing Date, Landlord shall have no further obligation to pay for or perform any then-uncomplete portions of Base Building Work.

1.10. Time Periods. To the extent that this Work Letter specifies certain time periods that apply to any approval, disapproval, delivery, time for comment, or other action to be taken by Tenant hereunder (each, a "**Tenant Action**"), those same time periods shall be utilized by Landlord for those same Tenant Actions whenever Landlord establishes any schedules or sets any deadlines that apply to Tenant hereunder, unless otherwise reasonably approved by Tenant. To the extent that this

Work Letter does not specify a certain time period for any Tenant Action, then Landlord shall determine a reasonable time period for such Tenant Action.

2. Tenant's Representative. Tenant has designated Tom Crowley ("**Tenant's Representative**") as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter. Tenant may change Tenant's Representative at any time upon not less than five (5) business days advance written notice to Landlord.

3. Landlord's Representative. Landlord has designated Matt Concannon ("**Landlord's Representative**") as its primary representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord regarding this Work Letter. Landlord may change Landlord's Representative at any time upon not less than five (5) business days advance written notice to Tenant.

4. Meetings. Landlord shall schedule and direct weekly construction meetings with the Contractor and, as appropriate, subcontractors and the Architect for the Base Building Work. Tenant's Representatives shall be entitled to attend all such construction meetings, and Landlord shall provide Tenant's Representative with at least seventy-two (72) hours' notice of the time and place of such weekly construction meetings. In addition, Landlord shall provide Tenant with copies of all material written communications with the Architect and Contractor and subcontractors (including copies of all shop drawings) in connection with the Base Building Work.

5. Inspections. Landlord shall permit Tenant and Tenant's authorized agents and authorized representatives (identified in advance in writing to Landlord) to have reasonable access to Base Building Work throughout the permitting and construction of such Base Building Work, to inspect and observe work in progress, upon reasonable advance written notice from Tenant and provided that no such inspections shall have a material adverse effect on the construction of the Base Building Work or the progress thereof.

6. Accounting Records. All accounting regarding the costs of the Base Building Work shall be on an "open book" basis. Tenant shall have the right to inspect all relevant books and records, receipts, vouchers and other similar data ("**Accounting Records**") of Landlord relating to such work. Landlord shall maintain all Accounting Records in their respective custody or control for a period of three (3) years following completion of such work. During the course of construction and for such period after the Substantial Completion Date or completion date, as applicable, Landlord will promptly provide copies of the Accounting Records requested by Tenant, and Tenant shall also have the right to inspect the Accounting Records at Landlord's office or at such location within the San Francisco Bay Area as Landlord may so designate. Landlord shall use reasonable efforts to require substantially similar review rights for Tenant to inspect Contractor and Architect's records in the relevant agreements.

7. Contractor's Warranties and Guaranties. Landlord shall diligently pursue any claims covered by any warranties and guaranties provided by Contractor relating to, or arising

out of the construction of, the Base Building Work, Tenant hereby waives the right to pursue any such claims directly against Landlord. Landlord and Tenant shall cooperate with each other in pursuing any such claims. Landlord shall use reasonable efforts, subject to Contractor's approval, to have Tenant named as a third-party beneficiary of any such warranties and guaranties. If Tenant exercises the Purchase Option and purchases the Building, then Landlord shall assign any warranties and guaranties covering the Base Building Work to Tenant at the closing of such purchase.

8. Time of the Essence in this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of such period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

9. Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an Event of Default as described in the Lease has occurred or if Tenant has failed to make timely payment of any amounts then due under this Work Letter at any time on or before the completion of the Base Building Work, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord may cause Contractor to cease the construction of the Base Building Work, and (ii) all other obligations of Landlord under the terms of this Work Letter shall be excused until, as applicable, such Event of Default under the Lease has been cured or Tenant has fully paid any amounts then due under this Work Letter.

SCHEDULE 1

BASE BUILDING WORK
[Intentionally Omitted]

EXHIBIT D-3

WORK LETTER
(Seismic Work)

This Work Letter (the "**Work Letter**") is attached to and forms a part of the Office Lease (the "**Lease**"), by and between BA2 300 LAKESIDE LLC, a Delaware limited liability company ("**Landlord**"), and Pacific Gas and Electric Company, a California corporation ("**Tenant**"), pertaining to certain premises comprised of approximately 902,098 square feet of rentable area located in the building commonly known as 300 Lakeside, Oakland, California (the "**Building**"). Capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Lease, including, without limitation, the other exhibits thereto.

The purpose of this Work Letter is to set forth the respective responsibilities of Landlord and Tenant regarding the Seismic Work (as defined below), which Seismic Work is to be performed by Landlord.

1. Seismic Work.

1.1. Seismic Work. Landlord shall perform certain seismic improvement work to the structure of the Building in accordance with seismic requirements approved by Landlord and Tenant ("**Seismic Work**"), which Seismic Work shall be coordinated with that of the Tenant Improvement Work and the Landlord's Work. The Seismic Work shall be performed in a good and workmanlike manner, in compliance with all Requirements, and in accordance with the provisions herein.

1.2. Seismic Work Costs. The total of all hard and soft costs of the Seismic Work is referred to herein as the "**Seismic Work Costs**". As described in Section 1.10 below, Landlord shall contribute an allowance toward the Seismic Work Costs in a total amount not to exceed Thirty Eight Million Dollars ($38,000,000.00) (the "**Seismic Work Allowance**"). In no event shall Landlord be obligated to make disbursements for Seismic Work Costs, whether pursuant to this Work Letter or otherwise, in any amount that exceeds the Seismic Work Allowance. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the sufficiency of the Seismic Work Allowance to cover completion of the Seismic Work. Tenant shall be responsible for all Seismic Work Costs, subject to Landlord's obligation to contribute the Seismic Work Allowance, all on terms and conditions set forth in this Work Letter.

1.3. Structural Engineer. Landlord shall retain a licensed engineer ("**Structural Engineer**") from the list of pre-approved engineers listed on Exhibit B to the Work Letter for Landlord's Work and Tenant Improvements, with Tenant's input and subject to Tenant's reasonable approval, to design the Seismic Work. The parties acknowledge that a key consideration in selecting the Structural Engineer shall be ensuring that the Structural Engineer can perform within the Time Deadlines (as defined below). Landlord shall enter into an agreement with the Structural Engineer for the Seismic Work on terms and conditions acceptable to Landlord, with Tenant's input and subject to Tenant's reasonable approval, which agreement (the "**Structural Engineer Agreement**") shall be assignable to Tenant on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31

of the Lease or otherwise exercises its self-help rights with respect to completing the Seismic Work pursuant Section 3.2 of the Lease and assumes the obligations to perform the Seismic Work. Landlord, Tenant and Structural Engineer shall work collaboratively to develop the Basis of Design (BOD) that includes the Seismic Work requirements, which will then serve as the basis for developing the preliminary plans for the Seismic Work. All costs incurred pursuant to the Structural Engineer Agreement shall be the obligation of Tenant, subject to Landlord's obligation to fund the Seismic Work Allowance, to the extent available, as further described herein. Landlord shall submit a copy of the Structural Engineer Agreement to Tenant for its records, together with any changes thereto that may be entered into in accordance with this Work Letter.

1.4. Seismic Work Preliminary Plans. Promptly following development of the Basis of Design that includes the Seismic Work requirements, Landlord shall cause the Structural Engineer to prepare preliminary plans for the Seismic Work ("**Seismic Work Preliminary Plans**") and cause them to be delivered to Tenant. Within ten (10) business days after Tenant's receipt of the Seismic Work Preliminary Plans, Tenant shall either approve or disapprove the Seismic Work Preliminary Plans, which approval shall not be unreasonably withheld. If Tenant disapproves the Seismic Work Preliminary Plans, then Tenant shall state in reasonable detail the changes which Tenant requires to be made thereto. Landlord shall then cause the Structural Engineer to revise the Seismic Work Preliminary Plans to address Tenant's comments within twenty (20) business days after Landlord's receipt of Tenant's comments. Following Tenant's receipt of the revised Seismic Preliminary Plans, Tenant shall have the right to review and approve the revised Seismic Preliminary Plans pursuant to this Section and shall give Landlord written notice of its approval or disapproval of the revised Seismic Preliminary Plans within five (5) business days after the date of Tenant's receipt thereof. If Tenant reasonably disapproves the revised Seismic Work Preliminary Plans, then Landlord and Tenant shall continue to follow the procedures set forth in this Section 1.4 until Landlord and Tenant reasonably approve the Preliminary Plans for such Sub-Phase in accordance with this Section 1.4.

1.5. Seismic Work Contract. Unless otherwise approved by Tenant, the general contractor retained by Landlord to perform the Seismic Work (the "**Contractor**") shall be the same as the general contractor for the construction of the Landlord's Work and Tenant Improvements. The contractor shall be selected as follows: in consultation with Tenant, Landlord shall develop a request for proposals and solicit competitive bids from licensed contractors who are pre-approved for the applicable work as set forth on Exhibit B attached to the Work Letter for Landlord's Work and Tenant Improvements. Following receipt of the bids, and following Tenant's input, which Landlord shall reasonably consider, Landlord shall retain one of the pre-approved contractors or such other licensed general contractor, which shall be subject to Tenant's approval, not to be unreasonably withheld, conditioned or delayed ("**Contractor**"). Landlord shall enter into a separate construction contract with Contractor for the construction of the Seismic Work on terms and conditions acceptable to Landlord, with Tenant's input and subject to Tenant's reasonable approval, which contract shall be assignable on the Closing Date if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease or otherwise exercises its self-help rights with respect to completing the Seismic Work pursuant to the Lease and assumes the obligations to perform the Seismic Work. (the "**Seismic Work Contract**"). All costs incurred pursuant to the Seismic Work Contract shall be the obligation of Tenant, subject to Landlord's obligation to fund the Seismic Work Allowance, to the extent available, as further described

herein. Landlord shall submit a copy of the Seismic Work Contract to Tenant for its records, together with any change orders thereto that may be entered into in accordance with this Work Letter. (It is understood that Landlord may have the right to enter into a single prime agreement with the contractor for the Seismic Work and the Tenant Improvements, which prime agreement may be subsequently modified via "add service or change order" or "work order" rather than having to execute new prime agreements for each scope.) Notwithstanding the foregoing, Landlord's accounting obligations under this Work Letter shall not be affected by the contracting options selected by Landlord.)

1.6. Seismic Work Cost Estimate and Schedule. Within twenty (20) business days after approval by Landlord and Tenant of the Seismic Work Preliminary Plans, Landlord shall cause the Contractor to prepare and submit to Landlord and Tenant a preliminary budget for the Seismic Work and a proposed schedule to complete such work based upon the Seismic Work Preliminary Plans. Within five (5) business days after Tenant's receipt of the preliminary budget for the Seismic Work, Tenant shall either approve or disapprove the preliminary budget. If Tenant disapproves the preliminary budget, Tenant shall provide Landlord with comments to the preliminary budget, following which, Landlord shall work with the Structural Engineer to revise the Seismic Preliminary Plans to reduce the cost of the Seismic Work and cause to be submitted a revised preliminary budget and proposed schedule to complete the work to Tenant within twenty (20) business days after receipt of Tenant's comments. Tenant will notify Landlord of Tenant's approval or disapproval of the revised preliminary budget within five (5) business days. Landlord and Tenant shall follow the procedures set forth in this Section 1.6, with respect to the approval of the preliminary budget until it is so approved by Tenant.

1.7. Seismic Work Final Plans. Promptly following approval of the preliminary budget for the Seismic Work, Landlord shall cause the Structural Engineer to commence preparing complete plans and specifications which incorporate and are consistent with the approved Seismic Work Preliminary Plans and preliminary budget (the "**Seismic Work Final Plans**", and as approved pursuant to this Section, the "**Approved Seismic Work Plans**"). Landlord shall cause the Structural Engineer to deliver the Seismic Work Final Plans to Tenant, for Tenant's review and approval. Within five (5) business days after Tenant's receipt of the Seismic Work Final Plans, Tenant shall either approve or disapprove the Seismic Work Final Plans, which approval shall not be unreasonably withheld. If Tenant disapproves the Seismic Work Final Plans, it shall inform Landlord of the reasons why it disapproves the Seismic Work Final Plans and Landlord shall cause the Structural Engineer to make any revisions to the Seismic Work Final Plans to address Tenant's comments. Landlord shall then instruct the Structural Engineer to incorporate approved revisions and submit revised Seismic Work Final Plans to Tenant within five (5) business days. Following Tenant's receipt of the revised Seismic Final Plans, Tenant shall have the right to review and approve the revised Seismic Work Final Plans pursuant to this Section 1.7. Tenant shall give Landlord written notice of its approval or disapproval of the revised Seismic Work Final Plans within five (5) business days after the date of Tenant's receipt thereof. If Tenant reasonably disapproves the revised Seismic Work Final Plans, then Landlord and Tenant shall continue to follow the procedures set forth in this Section until Landlord and Tenant reasonably approve such Seismic Work Final Plans.

1.8. Time Deadlines. Landlord shall prepare and deliver to Tenant a schedule of key milestone dates for the design and construction of the Seismic Work (the "Time Deadlines"), which Time Deadlines are intended to ensure that (i) the BOD shall be approved by the end of the master

program phase, (ii) notwithstanding anything to the contrary in this Work Letter (including, without limitation, the number of days specified in other parts of this Work Letter for either party to approve any item, which may require further adjustment when the Time Deadlines are finalized), the Seismic Work Final Plans in all events shall be completed and the final budget for the Seismic Work approved no later than two hundred ten (210) days after the Lease Date, in order to dovetail with the schedule for the first Sub-Phase of the Premises to be delivered to Tenant, and (iii) no delay in the completion of the Seismic Work shall adversely affect the date for the start of construction of, or the date of Substantial Completion of, any Sub-Phase of the Premises. Among other considerations, the Time Deadlines will reflect that Seismic Work cannot be performed in any spaces that are not leased to Tenant or not otherwise under Landlord's control (such as the ground floor), and that because certain long-lead time items are required to prosecute the Seismic Work, some exceptions to the customary schedule may be required (e.g., steel may need to be ordered before final design and final budget are approved). Tenant shall use its commercially reasonable efforts, in good faith and with all due diligence to cooperate with the Structural Engineer, the Contractor, and Landlord to complete the Seismic Work Preliminary Plans and Seismic Work Final Plans and the permitting process and to receive the permits for the Seismic Work, as soon as possible; in any event, Tenant shall use reasonable and diligent efforts to comply with Tenant's obligations set forth in the Time Deadlines.

1.9. Permits. Landlord shall obtain, or shall cause to be obtained, all necessary building permits and approvals and other authorizations from governmental agencies required in connection with the Seismic Work. The cost of all such permits and approvals, including inspection and other building fees required to obtain the permits for the Seismic Work, shall be included as part of the Seismic Work Costs and included in the estimate described in Section 1.10 below.

1.10. Seismic Work Cost Estimate.

1.10.1 Approved Cost Estimate. Following approval of the Seismic Work Final Plans or at such earlier date as agreed by Landlord and Tenant, Landlord shall cause the Contractor to solicit competitive bids for the Seismic Work from at least three (3) qualified subcontractors for each of the major subtrades and submit the same to Landlord and Tenant for their review and approval. Upon selection of the subcontractors and approval of the bids, Contractor shall prepare a cost estimate for the Seismic Work, based upon the bids submitted by the subcontractors selected. Contractor shall submit such cost estimate to Landlord and Tenant for their review and approval. Within five (5) business days after their receipt of the cost estimate, Landlord and Tenant shall each either approve or disapprove the cost estimate, which approval shall not be unreasonably withheld. If either Landlord or Tenant rejects such cost estimate, Landlord shall cause the Contractor to resolicit bids based as provided in this Section 1.10, and Landlord and Tenant shall again follow the procedures set forth in this Section 1.10 with respect to the submission and reasonable approval of the cost estimate from Contractor until the cost estimate for the Seismic Work is approved (the "**Approved Seismic Cost Estimate**"). Tenant hereby acknowledges and agrees that Tenant shall be responsible for all Seismic Work Costs to the extent the same exceed the Seismic Work Allowance, notwithstanding the content of any costs estimates or proposals submitted to Tenant.

1.10.2 Cost Proposal; Over Allowance. Within ten (10) business days after the parties' approval of the Approved Cost Estimate for the Seismic Work, Tenant shall deliver to

Landlord cash in an amount (the "**Seismic Over-Allowance Amount**") equal to the difference between (i) one hundred percent (100%) of the amount of the Approved Seismic Cost Estimate for such Sub-Phase, and (ii) the Seismic Work Allowance. The Seismic Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any portion of the Seismic Work Allowance. In the event that any revisions, changes, or substitutions shall be made to the Approved Seismic Work Plans, any additional costs which arise in connection with such revisions, changes or substitutions or any other additional costs shall be paid by Tenant to Landlord within ten (10) business days following Landlord's request as an addition to the Seismic Over-Allowance Amount. Tenant hereby acknowledges and agrees that Tenant shall be responsible for all Seismic Work Costs to the extent the same exceed the Seismic Work Allowance, notwithstanding the content of any costs estimates or proposals submitted to Tenant.

1.11. Seismic Work Allowance.

1.11.1 Seismic Work Allowance. Landlord shall contribute the Seismic Work Allowance toward the Seismic Work Costs. In no event shall Landlord be obligated to make disbursements for the Seismic Work Costs in excess of the Seismic Work Allowance.

1.11.2. Reconciliation. Within one hundred twenty (120) days following final completion of the Seismic Work, Landlord shall prepare for Tenant's review and approval a final reconciliation of the total costs of the Seismic Work, setting forth the application of the Seismic Work Allowance and the total amounts paid by Tenant for such Seismic Work (the "**Seismic Work Reconciliation Statement**"). The Seismic Work Reconciliation Statement shall also set forth the remaining unpaid amount owing by Tenant (if any) or any overpayment by Tenant in connection with construction of the Seismic Work. If Tenant has overpaid, then within thirty (30) days after delivery of the Seismic Work Reconciliation Statement, Landlord shall reimburse Tenant for such overpayments. If Tenant has underpaid, then within thirty (30) days following delivery of the Seismic Work Reconciliation Statement, Tenant shall repay to Landlord the remaining unpaid amount of Tenant's obligation for the Seismic Work Costs.

1.11.3. Amortization of Seismic Work Allowance if Tenant Does Not Exercise Purchase Option. If Tenant does not exercise the Purchase Option pursuant to Article 31 of the Lease, then effective as of the first day of the first full calendar month following the last day of the Purchase Option Period, Base Monthly Rent for the Premises shall be increased by an amount per rentable square foot of Office Space of the Premises that will be computed by amortizing Thirty Million Dollars ($30,000,000.00) of the Seismic Allowance over fifteen (15) years at a per annum interest rate of seven percent (7%). An example of this amortization is set forth on Schedule 1 attached hereto. In such event, Landlord shall promptly prepare and deliver to Tenant an amendment to the Lease reflecting the resulting increase in Base Monthly Rent, and Tenant shall execute such amendment within ten (10) business days thereafter; however, the Base Monthly Rent increase shall be effective whether or not Tenant executes such amendment

1.11.4. Tenant's Exercise of Purchase Option. Notwithstanding anything to the contrary in the Lease (including, without limitation, this Work Letter), if Tenant exercises the Purchase Option pursuant to Article 31 of the Lease, then, on and as of the Closing Date, Landlord shall have no further obligation to pay for or perform any then-uncomplete portions of the Seismic Work, and no obligation to fund any portion of the remaining Seismic Work Allowance.

1.12. Construction of Seismic Work

1.12.1 Construction. Landlord shall cause Engineer and Contractor to construct the Seismic Work in a good and workmanlike manner, in accordance with the Approved Seismic Work Plans and in compliance with all Requirements, and using commercially reasonable efforts to comply with the Time Deadlines. Landlord shall work with the Structural Engineer, Contractor and Tenant to coordinate the design and construction of the Seismic Work with that of the Base Building Work, Landlord's Work, and Tenant Improvements, to the extent applicable. As consideration for Landlord's supervision of the Contractor's construction of the Seismic Work, Tenant shall pay to Landlord a construction supervision fee in the amount of three percent (3%) of the total of all hard and soft costs of the Seismic Work, including any Legal Compliance Work (as defined below) and work covered by change orders (the "**Construction Supervision Fee**"); if the Seismic Work Allowance is sufficient for such purpose, the Seismic Work Allowance may be applied by Landlord to pay all or part of the Construction Supervision Fee.

1.13. Governmental Requirements. If any governmental or quasi-governmental authority with jurisdictions requires changes to the design or construction of the Seismic Work for compliance with Requirements and/or if any such changes to the Seismic Work result in required changes or modifications to Base Building Work, Landlord's Work or Tenant Improvements ("**Legal Compliance Work**"), Landlord shall cause Contractor to perform such Legal Compliance Work and Tenant shall, within thirty (30) business days following receipt of invoices therefor, reimburse Landlord for the costs and expenses incurred by Landlord in performing the Legal Compliance Work (provided that, to the extent funds are available from the Seismic Work Allowance, such costs may be paid or reimbursed from such Seismic Work Allowance).

1.14. Change Orders. No material changes or modifications to the Approved Seismic Plans shall be made unless by written Change Order signed by Landlord and Tenant. Landlord may make material changes, additions or alterations to the Approved Seismic Plans only with Tenant's approval. In addition, Tenant may request changes, additions or alterations to the Approved Seismic Plans pursuant to this Section 1.14, which changes shall be subject to Landlord's reasonable approval, not to be unreasonably withheld or delayed. If Tenant requests any changes to the Seismic Work or Approved Seismic Plans (each, a **"Tenant Requested Change**"), Tenant shall notify Landlord in writing, with the date of such request being referred to herein as the **"Tenant Requested Change Date**") and Landlord shall have ten (10) days to provide Tenant notice of Landlord's approval (and if Landlord so disapproves the requested change, it shall provide the reasons why it so disapproves the requested change) together with: (i) the length of time Landlord estimates it will take to implement such change, addition or alteration, (ii) the costs of such change, addition or alteration, and (ii) whether any delay in completion of the Seismic Work or delivery of any Sub-Phase of Phase A is anticipated as a result thereof and the estimated length of time of such delay. Tenant shall thereafter have five (5) days to approve or withdraw its request for such change. If Tenant fails to respond within such five (5) day period, Tenant will be deemed to have withdrawn its request. If Tenant does not withdraw its request, then Landlord shall, subject to its reasonable approval as provided above, cause a change order to be issued to the Seismic Work Contract, implementing Tenant's requested change ("**Tenant Requested Seismic Change Order**"). The date of Landlord's final approval of any Tenant Requested Change or Tenant's withdrawal or deemed withdrawal of such request is referred to herein as "**Tenant Requested**

Change Determination Date". The time period between a Tenant Requested Change Date and the Tenant Requested Change Determination Date for such request may constitute a "Tenant Delay" as described in Section 11 below. To the extent the Seismic Work Costs as a result of the Tenant Requested Seismic Change Order (including costs incurred by Landlord, the Structural Engineer, Contractor and any architect or consultants in reviewing the proposed Tenant Requested Seismic Change Orders, whether or not such Tenant Requested Seismic Change Orders are implemented) plus the amount of the construction supervision fee in the amount of three percent (3%) of the total hard and soft costs of any work performed pursuant to a Tenant Requested Seismic Change Order will exceed the available Seismic Work Allowance, Tenant shall pay such excess amounts within thirty (30) days after Tenant's written approval of such Tenant Requested Seismic Change Order, (provided that, to the extent funds are available from the Seismic Work Allowance, such costs may be paid or reimbursed from such Seismic Work Allowance).

1.15 Allocation of Certain Costs. The parties acknowledge that some shared labor, material, and equipment costs included in the General Conditions and General Requirements may benefit and apply to Landlord's Work, Tenant Improvement Work and/or the Seismic Work. Landlord shall reasonably and equitably allocate such costs among the applicable scopes of work, subject to Tenant's reasonable approval of such allocation.

1.16 Time Periods. To the extent that this Work Letter specifies certain time periods that apply to any approval, disapproval, delivery, time for comment, or other action to be taken by Tenant hereunder (each, a "**Tenant Action**"), those same time periods shall be utilized by Landlord for those same Tenant Actions whenever Landlord establishes any schedules or sets any deadlines that apply to Tenant hereunder, unless otherwise reasonably approved by Tenant. To the extent that this Work Letter does not specify a certain time period for any Tenant Action, then Landlord shall determine a reasonable time period for such Tenant Action.

2. Tenant's Representative. Tenant has designated Tom Crowley ("**Tenant's Representative**") as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter. Tenant may change Tenant's Representative at any time upon not less than five (5) business days advance written notice to Landlord.

3. Landlord's Representative. Landlord has designated Matt Concannon ("**Landlord's Representative**") as its primary representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord regarding this Work Letter. Landlord may change Landlord's Representative at any time upon not less than five (5) business days advance written notice to Tenant.

4. Meetings. Landlord shall schedule and direct weekly construction meetings with the Contractor and, as appropriate, the Contractor and subcontractors for the Seismic Work. Tenant's Representatives shall be entitled to attend all such construction meetings, and Landlord shall provide Tenant's Representative with at least seventy-two (72) hours' notice of the time and place of such weekly construction meetings. In addition, Landlord shall provide Tenant with

copies of all material written communications with the Structural Engineer and Contractor and subcontractors (including copies of all shop drawings) in connection with the Seismic Work.

5. Inspections. Landlord shall permit Tenant and Tenant's authorized agents and authorized representatives (identified in advance in writing to Landlord) to have reasonable access to the Seismic Work throughout the permitting and construction of the Seismic Work, to inspect and observe work in progress, upon reasonable advance written notice from Tenant and provided that no such inspections shall have a material adverse effect on the construction of the Seismic Work or the progress thereof.

6. Accounting Records. All accounting regarding the costs of the Seismic Work shall be on an "open book" basis. Tenant shall have the right to inspect all relevant books and records, receipts, vouchers and other similar data ("**Accounting Records**") of Landlord relating to such work. Landlord shall maintain all Accounting Records in their respective custody or control for a period of three (3) years following the completion of such work. During the course of construction and for such period after the completion date, as applicable, Landlord will promptly provide copies of the Accounting Records requested by Tenant, and Tenant shall also have the right to inspect the Accounting Records at Landlord's office or at such location within the San Francisco Bay Area as Landlord may so designate. Landlord shall use reasonable efforts to require substantially similar review rights for Tenant to inspect Contractor's records in the relevant agreements.

7. Contractor's Warranties and Guaranties. Landlord shall diligently pursue any claims covered by any warranties and guaranties provided by Contractor relating to, or arising out of the construction of, the Seismic Work, Tenant hereby waives the right to pursue any such claims directly against Landlord. Landlord and Tenant shall cooperate with each other in pursuing any such claims. Landlord shall use reasonable efforts, subject to Contractor's approval, to have Tenant named as a third-party beneficiary of any such warranties and guaranties. If Tenant exercises the Purchase Option pursuant to Article 31 of the Lease and purchases the Building, then, on and as of the Closing Date, Landlord shall assign any warranties and guaranties covering the Seismic Work to Tenant at the closing of such purchase

8. Time of the Essence in this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of such period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence.

9. Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an Event of Default as described in the Lease has occurred or if Tenant has failed to make timely payment of any amounts then due under this Work Letter at any time on or before the completion of the Seismic Work, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Seismic Allowance and/or Landlord may cause Contractor to cease the construction of the Seismic Work (in which case, Tenant shall be responsible for any delay in the

Substantial Completion of any portion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Work Letter shall be excused until, as applicable, such Event of Default under the Lease has been cured or Tenant has fully paid any amounts then due under this Work Letter.

10. Tenant Delays. If there shall be any actual delays in the Substantial Completion of any Sub-Phase of the Premises as a direct, indirect, partial, or total result of:

10.1.1. Any request or other matter identified as a "Tenant Delay" in this Work Letter;

10.1.2. Tenant's failure to comply with specified deadlines in the Time Deadlines established pursuant to this Work Letter or Tenant's failure to otherwise timely approve any matter requiring Tenant's approval;

10.1.3. A breach by Tenant of the terms of this Work Letter or the Lease;

10.1.4. Any delays due to suspension of work in order to review pricing, schedule and other impacts of Tenant-requested changes, whether or not such changes are approved or implanted as a final change order;

10.1.5. Tenant's requirement for materials, components, finishes or improvements that are not available in a commercially reasonable time given the anticipated date of Substantial Completion of any Sub-Phase of the Premises; or

10.1.6. Any other acts or omissions of Tenant, or its agents, or employees;

then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of any Sub-Phase of the Premises, the date of the Substantial Completion of such Sub-Phase of the Premises shall be deemed to be the date the Substantial Completion of such Sub-Phase of the Premises would have occurred if no Tenant delay or delays, as set forth above or in any other Work Letter, had occurred.

SCHEDULE 1

EXAMPLE OF AMORTIZATION OF SEISMIC WORK ALLOWANCE
[Intentionally Omitted]

EXHIBIT E

[INTENTIONALLY OMITTED]

EXHIBIT F

RULES AND REGULATIONS

[Intentionally Omitted]

EXHIBIT F-1

RULES AND REGULATIONS FOR USE OF BUILDING STAIRWELLS

[Intentionally Omitted]

EXHIBIT G

SNDA

[Intentionally Omitted]

EXHIBIT H

SUBDIVISION – APPROXIMATE BOUNDARY OF PROPERTY LINE

[Intentionally Omitted]

EXHIBIT I

PURCHASE AGREEMENT

AGREEMENT OF PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS

This Agreement of Purchase and Sale and Joint Escrow Instructions (this "**Agreement**"), dated as of the date set forth in Section 1.1 below (the "**Effective Date**"), is made by and of between [**LANDLORD ENTITY**], a Delaware limited liability company ("**Seller**"), and [**TENANT ENTITY**] ("**Buyer**"). The terms as set forth below shall have the meanings as set forth below when used in this Agreement.

ARTICLE 1.

SUMMARY OF BASIC TERMS

TERMS OF AGREEMENT		DESCRIPTION
1.1	"**Effective Date**":	_____, 20__. **[DRAFTING NOTE: TO BE INSERTED UPON EXECUTION]**
1.2	"**Purchase Price**":	**[DRAFTING NOTE: TO BE INSERTED UPON EXECUTION BASED ON SECTION 31.4 OF THE LEASE]**
1.3	"**Letter of Credit**":	A Letter of Credit in the amount of Seventy Five Million and 00/100 Dollars ($75,000,000.00), in the form as required under the Lease and defined in the Lease as the "Option Payment Letter of Credit".
1.4	"**Escrow Holder**":	First American Title Insurance Company
1.5	"**Lease":**	That certain Lease dated _____ between Seller and Buyer. Terms defined in the Lease, if not defined in this Agreement, shall have the same meaning when used in this Agreement.
1.6	**"Third Party Leases":**	All leases encumbering all or any portion of the Property as of the Closing Date other than the Lease.

1.7 "**Closing Date**": **_____, 20___ [DRAFTING NOTE: TO BE INSERTED BY BUYER AND SELLER WHICH WILL BE A DATE THAT IS 30 DAYS AFTER EXERCISE]**

1.8 "**Property**": All of the following: (i) that certain real property ("**Real Property**") located in the City of Oakland (the "**City**"), County of Alameda ("**County**"), State of California ("**State**"), as more particularly described on **Exhibit A** attached hereto, together with all of the rights, title, interests, privileges and appurtenances, including, without limitation, all minerals, oil, gas and other hydrocarbon substances thereon, air rights, water, water right and water stock relating thereto, all strips and gores, and any streets, alleys, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected thereto or used in connection therewith (ii) all of Seller's right, title and interest in and to the Lease and the Third Party Leases; (iii) all of Seller's right, title and interest in any Contracts (as described in Section 7.1.7 below); (iv) all of Seller's right, title and interest in and to any and all tangible personal property that is (a) located at the Real Property, (b) owned by Seller, and (c) used exclusively in the operation and maintenance of the Real Property; and (v) all governmental permits, licenses and approvals, warranties and guarantees to the extent applicable to the development and construction of, or any work or services performed with respect to, or equipment installed in, the buildings, structures, fixtures and other improvements located on the Real Property. **[DRAFTING NOTE: THE DESCRIPTION OF THE REAL PROPERTY TO BE ATTACHED AS EXHIBIT A SHALL BE THE PARCEL DESCRIBED ON THE FINAL MAP RECORDED FOLLOWING THE SUBDIVISION OF THE PROJECT IN ACCORDANCE WITH THE TERMS OF THE LEASE – ESSENTIALLY, THE TOWER ONLY]**

1.10 "**Title Company**": First American Title Insurance Company

ARTICLE 2.

PURCHASE; ESCROW

2.1. Purchase Price. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property for the sum of the Purchase Price, which shall be paid as set forth below in this Section 2.1. Provided that this Agreement has not previously terminated, on the Closing Date, Buyer shall deliver the balance of the Purchase Price, as adjusted by Buyer's share of costs, expenses and prorations, to Escrow Holder.

2.2. Escrow Opening. Within two (2) business days following the Effective Date, Buyer and Seller shall promptly cause the opening of Escrow by each delivering two (2) executed original copies of this Agreement to Escrow Holder. "**Escrow**" means the escrow opened with Escrow Holder for the consummation of the transaction described in this Agreement. On or immediately after the opening of Escrow, Escrow Holder shall (a) confirm the same by executing and dating the two (2) duplicate original counterparts of this Agreement in the space provided for Escrow Holder, and (b) deliver a fully executed original of this Agreement to each of Seller and Buyer.

2.3 Close of Escrow. For purposes of this Agreement, the Closing Date shall mean the date on which the "Deed" is recorded in the "Official Records" (as those terms are defined in Sections 6.1.1.1 and 6.1.1.5 below, respectively), or if the Closing occurs with Seller's and Buyer's consent prior to the date on which the Deed is recorded as part of a "gap" closing, the date on which such gap Closing occurs. The "**Closing**" or the "**Close of Escrow**" shall occur on the Closing Date.

ARTICLE 3.

CONDITIONS PRECEDENT TO CLOSING

3.1. Conditions Precedent to Buyer's Obligations; Contingencies. The obligations of Buyer to consummate the transactions provided for herein are subject to and contingent upon the satisfaction of the following conditions or the waiver of same by Buyer in writing (collectively, "**Buyer's Conditions**"):

3.1.1 Deliveries and Actions to Close. Seller shall have made the deliveries described in Section 6.1.1 of this Agreement in the form, manner and at the times specified in this Agreement, and shall have taken all other actions expressly required of Seller under this Agreement or customarily required, on a procedural basis (including, without limitation, providing instructions to Escrow Holder) to cause the Closing hereunder to occur, in all cases to the extent such actions are within Seller's control, and at no cost, expense or liability to Seller.

3.1.2 Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date made and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date.

3.1.3 Covenants. Seller shall not be in breach of any of its material covenants contained in this Agreement or in Article 31 of the Lease.

3.1.4 Estoppels. Buyer shall have received the Third Party Tenant Estoppels.

3.1.5 Title Policy. On the Closing Date, the Title Company shall be prepared to issue to Buyer an extended coverage ALTA Owner's Policy of Title Insurance, with liability equal to the Purchase Price, insuring Buyer that fee title to the Property is vested in Buyer subject only to the Permitted Exceptions and with such endorsements as Buyer may reasonably request (the "**Buyer's Title Policy**").

3.2. Conditions Precedent to Seller's Obligations. The obligations of Seller to consummate the transactions provided for herein are subject to and contingent upon the satisfaction of the following conditions or the waiver of same by Seller in writing (collectively, "**Seller's Conditions**"):

3.2.1 Buyer's Deliveries to Escrow. Buyer shall have delivered the balance of the Purchase Price to Escrow Holder by the Closing Date and shall have made the other deliveries in the form, manner and at the times specified in this Agreement.

3.2.2 Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date made and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date.

3.3. Failure of Buyer's Conditions. If any of Buyer's Conditions have not been fulfilled within the applicable time periods, Buyer may pursue the remedies set forth in Section 9.1 to the extent applicable.

3.4. Failure of Seller's Conditions. If any of Seller's Conditions have not been satisfied within the applicable time periods, Seller may pursue the remedies set forth in Section 9.2 to the extent applicable.

ARTICLE 4.

TITLE AND SURVEY

4.1 Permitted Exceptions. ""**Permitted Exceptions**" shall have the meaning as is set forth in Section 31.6(d) of the Lease, excluding Prohibited Exceptions, which Seller shall be obligated to remove at or prior to Closing.

4.2 Survey. Buyer has received and approved a survey of the Project prior to Lease Commencement. Seller has provided an update of the survey of the Property after completion of the Subdivision. Buyer will also have the right, at Buyer's sole cost, to order any recertification of survey or new survey that Buyer elects to obtain (the "**Survey**").

4.3 Prohibited Exceptions. "**Prohibited Exceptions**" shall mean: (a) all new title exceptions and survey matters created or caused solely by the intentional actions of Seller on or after the

Effective Date without the prior written consent of Buyer pursuant to the Lease; and (b) any encumbrance, liens or charges affecting the Property which secure an obligation of Seller to pay money and were intentionally created by Seller (other than: (i) installments of real estate taxes or assessments not delinquent as of the Closing and (ii) any inchoate lien rights relating to any Seismic Work, Landlord's Work, Base Building Work, or Tenant Improvements (as each are defined in the Lease) being performed by Buyer or Seller in accordance with the Lease and taken into account for proration purposes.

ARTICLE 5.

COVENANTS

5.1 Seller's Covenants. Seller shall continue to comply with the Seller Covenants set forth in Section 31.6 of the Lease.

5.2 Tunnel & Bridge Agreements. Buyer may contact (i) the City Planner's Office of the City (including Peter Volmann and Thang Nguyen) in connection with that certain Ordinance 8005 C.M.S. Dated July 24, 1969 Granting a Franchise to Construct, Maintain and Operate a Bridge and Tunnel at 21st Street (The Kaiser Center) in the City of Oakland (the "**City Franchise Ordinance**") and the City Franchise Ordinance Consent (defined below) related thereto, and (ii) any parties to that certain Tunnel and Bridge Agreement, dated December, 1983, as assigned and amended (the "**Tunnel and Bridge Agreement**," and collectively with the City Franchise Ordinance, the "**Tunnel Documents**"), in all cases without the prior written consent of Seller, provided that Buyer shall have delivered one (1) business days' prior notice to Seller (by email to [_____] and [_____]), so long as a representative of Seller is present for any such discussions. So long as Buyer has not terminated (or deemed to have terminated) this Agreement, the parties shall reasonably cooperate and use commercially reasonable efforts to: (x) deliver any and all notices required to be delivered pursuant to the Tunnel Documents as reasonably practicable thereafter; (y) pursue formal termination the City Franchise Ordinance with respect to the Tunnel and release of any obligations of the owner of the Property thereunder and amendment of the Tunnel and Bridge Agreement to release Buyer and the Property from any obligations and liability thereunder (collectively, the "**Tunnel Documents Terminations**"); and (z) in case the parties are unable to obtain the Tunnel Documents Terminations, concurrently (but in the alternative) pursue any formal consents to the transactions contemplated in this Agreement required under the Tunnel Documents (the "**Tunnel Documents Consents**"). Notwithstanding the foregoing, Buyer shall not be entitled to, and shall be expressly prohibited from, taking any action or executing any document in connection with the consent process, the Tunnel Documents Terminations, Tunnel Documents Consents and/or the Tunnel Documents that is irrevocable, could reasonably be expected to bind Seller or the Property or result in liability or any cost to any of the same without the prior written consent of Seller. If the Tunnel Documents Terminations or the Tunnel Documents Consents have not been issued as of the Closing Date, then at the Closing, Seller and Buyer shall execute a holdback agreement (the "**Tunnel Holdback Agreement**"). The Tunnel Holdback Agreement shall (i) be in form and substance reasonably satisfactory to Seller and Buyer and (ii) provide for a holdback in an amount equal to $500,000 (the "**Tunnel Holdback Amount**"), otherwise payable to Seller at Closing, which shall be retained and held in escrow by Escrow Agent in accordance with the terms thereof until the date that is sixty (60) days after the Tunnel Documents Terminations or the

Tunnel Documents Consents are finalized (or such earlier date as agreed by the parties), at which time the Tunnel Holdback Amount, less an amount equal to any one-time fees or other one-time costs imposed by the City in connection with the Tunnel Documents Terminations for which the parties applied (excluding any costs or legal fees of Buyer or Buyer's agents), shall be released to Seller. Seller and Buyer shall share any fees of Escrow Agent required under the Tunnel Holdback Agreement equally. Notwithstanding anything to the contrary in this Section 5.2, in the event that the Tunnel Holdback Amount is released as the result of obtaining the Tunnel Documents Consents rather than obtaining the Tunnel Documents Terminations, the parties' obligations to reasonably cooperate and use commercially reasonable efforts to continue to pursue the Tunnel Documents Terminations, shall survive the Closing Date for a period of twelve (12) months.

ARTICLE 6.

CLOSING/ESCROW

6.1 Deliveries to Escrow Holder.

6.1.1 Seller's Deliveries to Escrow Holder. On or before 11:00 a.m. PST on the Closing Date, Seller shall deliver to Escrow Holder (collectively, the "**Seller Deliveries**"):

6.1.1.1 One (1) original of the grant deed ("**Deed**"), duly executed by Seller and acknowledged, in the form of **Exhibit B** attached hereto;

6.1.1.2 A transferor's certification of non-foreign status ("**FIRPTA Certificate**") duly executed by Seller in the applicable current statutory form as of the Closing Date evidencing that seller is not a "foreign person" for purposes of the Foreign Investment in Real Property Tax Act (FIRPTA);

6.1.1.3 A California Form 593C duly completed and executed by Seller, stating that Seller is not an out-of-state resident ("**Form 593-C**");

6.1.1.4 Such proof of Seller's authority and authorization to enter into this Agreement and consummate the transaction contemplated hereby, and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller as may be reasonably required by Title Company;

6.1.1.5 An owner's affidavit in the form attached hereto as **Exhibit D**, and any further documents as may be reasonably required by the Title Company to remove from the official records of Alameda County (the "**Official Records**") any Memorandum of Lease and Option (as that term is defined in the Lease) recorded on the Property's title; and

6.1.1.6 Two (2) counterparts of an Assignment of Leases and Contracts (the "**Assignment of Leases**") duly executed by Seller, substantially in the form of **Exhibit E** attached hereto.

6.1.1.7 One (1) bill of sale, duly executed by Seller, substantially in the form of **Exhibit C** attached hereto.

6.1.1.8 One (1) Landlord Certificate (as defined in the Lease) reflecting the true and correct information required thereunder as of the Closing Date; *provided, however*, that in the event such Landlord Certificate discloses any adverse changes from the Baseline Condition (as described therein), Buyer's Condition shall not be considered satisfied.

6.1.1.9 Two (2) counterparts of the Tunnel Holdback Agreement duly executed by Seller, if applicable.

6.1.1.10 The original Letter of Credit, and originals or copies of all amendments, if any, to the Letter of Credit, together with any necessary original, executed, and authenticated forms filled out to cancel the Letter of Credit.

6.1.2 Buyer's Deliveries to Escrow Holder. By the Closing Date, Buyer shall deliver to Escrow Holder the following instruments and documents (collectively, the "**Buyer Deliveries**"): and

6.1.2.1 The balance of the Purchase Price;

6.1.2.2 A Preliminary Change of Ownership Report ("**PCOR**") duly executed by Buyer;

6.1.2.3 Such proof of Buyer's authority and authorization to enter into this Agreement and consummate the transaction contemplated hereby, and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Buyer to act for and bind Buyer as may be reasonably required by Title Company;

6.1.2.4 Any further documents as may be necessary or appropriate to remove from the Official Records any Memorandum of Lease and Option; and

6.1.2.5 Two (2) counterparts of the Assignment of Leases duly executed by Buyer.

6.1.2.6 Two (2) counterparts of the Tunnel Holdback Agreement duly executed by Buyer, if applicable.

6.2 Actions by Escrow Holder. Provided that Escrow Holder shall not have received written notice from Buyer or Seller of the failure of any condition to the Closing or of the termination of the Escrow and this Agreement, when Buyer and Seller have deposited into Escrow the documents and funds required by this Agreement, Escrow Holder shall, in the order and manner herein below indicated take the following actions.

(a) Following Title Company's acknowledgment that it is prepared and irrevocably committed to cause the Deed and any other documents which the parties hereto may

mutually direct to be recorded in the Official Records and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) Upon receipt of confirmation of the recordation of the Deed and such other documents as were recorded pursuant to Section 6.2(a) above, disburse all funds deposited in Escrow by Buyer as follows:

(i) Pursuant to the "Closing Statement" (as that term is defined in Section 6.3, below), retain for Escrow Holder's own account all escrow fees and costs, disburse to Title Company the fees and expenses incurred in connection with the issuance of the Buyer's Title Policy, and disburse to any other persons or entities entitled thereto the amount of any other Closing Costs (as defined below).

(ii) Disburse to Seller an amount equal to the Purchase Price, less or plus the net debit or credit to Seller by reason of the "Prorations" (as that term is defined in Section 6.8, below) and adjustments and allocation of Closing Costs provided for in this Agreement. Seller's portion of the Closing Costs shall be paid pursuant to clause (i) above.

(iii) Disburse to Buyer any remaining funds in the possession of Escrow Holder after payments pursuant to clauses (i) and (ii) above have been completed.

(c) Cause Title Company to issue the Buyer's Title Policy to Buyer.

(d) Deliver to Buyer and Seller originals or copies of all documents deposited into Escrow.

6.3 Preliminary Closing Statement. At least ten (10) days prior to the Closing, Escrow Holder shall deliver to each of the parties for their review and approval a preliminary closing statement (the "**Preliminary Closing Statement**") based on an income expense statement prepared by Seller, approved by Buyer, and delivered to Escrow Holder prior to said date, setting forth (i) the proration amounts allocable to each of the parties pursuant to this Agreement, and (ii) the "Closing Costs" (as that term is defined in Section 6.8, below), allocable to each of the parties pursuant to this Agreement. Based on each of the party's comments, if any, regarding the Preliminary Closing Statement, Escrow Holder shall revise the Preliminary Closing Statement and deliver a final version of a closing statement to each of the parties (the "**Closing Statement**")

6.4 Real Estate Reporting Person. Escrow Holder is designated the "**real estate reporting person**" for purposes of section 6045 of title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Holder shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Holder shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation.

6.5 Destruction of Documents; Survival. Escrow Holder is hereby authorized to destroy or otherwise dispose of any and all documents, papers, instructions and other material concerning the Escrow at the expiration of six (6) years from the later of (a) the Closing, (b) the final disbursement of

any funds maintained in Escrow after the Closing or termination of this Agreement, or (c) the termination of this Agreement. The provisions of this Article 6 shall survive the Closing or earlier termination of this Agreement until Escrow Holder's duties and obligations hereunder are fully and finally discharged.

6.6 Delay in Closing; Authority to Close. If Closing does not occur on or before the Closing Date, then unless on or before the Closing Date, as applicable, Escrow Holder receives a written notice from both Buyer and Seller to the contrary, Escrow Holder will deliver all monies and documents in accordance with the provisions of this Agreement.

6.7 Costs and Expenses. If the transaction contemplated by this Agreement is consummated, then, upon the Closing, the following costs (the "**Closing Costs**") shall be allocated as follows: (i) Seller shall pay (A) all County transfer taxes and one-half (½) of all City transfer taxes, (B) all costs related to the release of Prohibited Exceptions pursuant to Article 4 above, (C) Seller's share of the prorations set forth in this Agreement, and (E) the CLTA or standard portion of the premium for the Buyer's Title Policy; and (ii) Buyer shall pay (w) the premium for any ALTA or extended coverage portion of the Buyer's Title Policy and the cost of any endorsements requested by Buyer, (x) any document recording charges and one-half (½) of all City transfer taxes, (y) all escrow fees and costs, and (z) Buyer's share of prorations; and (iii) Buyer and Seller shall each pay all legal and professional fees and fees of other consultants incurred by them, respectively. All other costs and expenses shall be allocated between Buyer and Seller in accordance with the customary practice in the City of Oakland and County of Alameda.

6.8 Prorations. Except as otherwise indicated, for purposes of calculating prorations (the "**Prorations**"), Buyer shall be deemed to be in title to the Property, and therefore entitled to the income and responsible for the expenses, after 12:01 a.m. (Oakland, California time) on the Closing Date (the "**Cut-off Time**"). All such prorations shall be made on the basis of the actual number of days of the month which shall have elapsed as of the day of the Closing and based upon the actual number of days in the month and a three hundred sixty-five (365) day year. Prorations shall be made in accordance with the following provisions.

6.8.1 Preliminary Statement. At least fifteen (15) Business Days prior to the Closing Date, Seller shall prepare and deliver to Buyer draft settlement statements setting forth all of the closing prorations to be made at the Closing, together with such other information as Buyer may reasonably request with respect thereto, including Seller's current general ledger regarding the Property. Without limiting the generality of the foregoing, the following items shall be prorated as of the Cut-off Time as described above; to the extent that any prorations are performed based upon estimated information, the same shall be reprorated promptly after Closing when actual information is available.

6.8.2 Taxes. All current real and personal property taxes, non-delinquent bonds or improvement assessments, general and special, non-delinquent public or governmental charges or assessments affecting the Property (including current assessments, liens or encumbrances for sewer, water, drainage or other public improvements whether completed or commenced on, or prior to, the date of this Agreement) shall be prorated as of the Cut-off Time. If the Closing Date occurs before the tax rate or assessment is fixed, the proration of such taxes and assessments by Title Company shall be made at the Closing based upon the most recent tax bills available. If Seller receives any refunds as a result of

any tax appeals for any period of Seller's ownership of the Property and such refunds are owed to a tenant at the Property under the term of any former or existing Third Party Lease, then Seller shall, to the extent required by the terms of any such former or existing Third Party Lease, pay such refund to the tenant thereunder. If the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined by applicable governmental authority to be more than the amount of such real property taxes and assessments that is prorated pursuant to this Agreement or that was paid by Seller for any prior year due to a reassessment of the value of the Property or otherwise, Seller and Buyer shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Seller shall pay to Buyer any increase in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall not be required to pay to Buyer any portion of such increase that is payable by tenants under their respective Third Party Leases. If the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined by applicable governmental authority to be less than the amount of such real property taxes and assessments that is prorated pursuant to this Agreement or that was paid by Seller for any prior year for any reason, Seller and Buyer shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Buyer shall pay to Seller any refund actually received by Buyer applicable to any period before Closing (after deduction of any amount payable to any current or former tenant of the Property).

6.8.3 Fixed Rent. Subject to this Section 6.8.3, all fixed rent and regularly scheduled items of additional rent under the Third Party Leases, and other tenant charges if, as and when received shall be prorated as of the Cut-off Time. Seller shall provide a credit in an amount equal to all prepaid rentals for periods after the Closing Date and all refundable cash security deposits (to the extent the foregoing were made by tenants under the Third Party Leases and are not applied or forfeited prior to the Closing Date) to Buyer on the Closing Date. For a period of six (6) months following the Closing, provided that Seller delivers to Buyer all books, records and other documents related to such delinquencies, Buyer shall include such delinquencies in its normal billing and shall use commercially reasonable efforts to pursue the collection thereof in good faith after the Closing Date (but Buyer shall not be required to litigate or declare a default under any of the Third Party Leases). Seller shall deliver to Buyer at Closing any tenant security deposits which are held in the form of letters of credit. Rents and other tenant charges which are delinquent as of the Closing Date shall not be prorated on the Closing Date. To the extent Buyer receives rents or other tenant charges on or after the Closing Date, such payments shall be applied (i) first, to Buyer's actual out-of-pocket third-party costs of collection incurred with respect to such Tenant to the extent any such rent was delinquent and was collected outside the ordinary course; (ii) second, to rents due from such Tenant for the month in which such payment is received by Buyer, including, as applicable, the month of Closing; (iii) third, to rents attributable to any period after the Closing which are due or past due on the date of receipt in inverse order of maturity (such that amounts shall be applied first against rents which have been outstanding for the shortest period of time); and (iv) finally, to rents and other charges delinquent as of the Closing (and Buyer promptly shall remit such amounts to Seller). Buyer agrees that it shall use commercially reasonable efforts to collect any such delinquent rents for a period of twelve (12) months following the Closing Date; provided, however, that Buyer shall have no obligation to institute legal proceedings, including an action for unlawful detainer, against a tenant owing delinquent rents. Buyer may not waive any delinquent rents or other tenant charges nor modify any of the leases as to reduce or otherwise affect

amounts owed thereunder for any period in which Seller is entitled to receive a share of charges or amounts without first obtaining Seller's written consent, which consent may be given or withheld in Seller's sole and absolute discretion. Seller shall have no right to take any action against any tenant (other than Buyer) to collect any past due rents from and after the Closing, and Seller hereby waives any rights it may have to take any action against any tenant to collect such past due rents from and after the Closing Date; provided, however, with respect to delinquent rents and any other amounts or other rights of any kind respecting tenants who are no longer tenants of the Real Property on the Closing Date, Seller shall retain all rights relating thereto. Seller agrees to promptly deliver to Buyer any rents received by Seller for the period from and after the Closing Date, without offset.

6.8.4 Additional Rents. Tenants are obligated to pay, as additional rent, certain escalations in base rent and pass throughs of operating and similar expenses pursuant to the terms of the Third Party Leases (collectively, "**Additional Rents**"). On or before the date that is ninety (90) days following the Closing, Seller shall deliver to Buyer a reconciliation of all expenses reimbursable by tenants under the Third Party Leases, and the amount of Additional Rents received by Seller (the "**Seller's Reconciliation**"), and Buyer shall promptly, following Seller's request, deliver to Seller all information reasonably requested by Seller pertinent to Seller's Reconciliation. Upon reasonable notice and during normal business hours, (i) Seller shall make available to Buyer all information reasonably required to confirm final agreement on the Seller's Reconciliation, including, without limitation, a copy of Seller's general ledger for the Property, and (ii) Buyer shall make available to Seller all information reasonably required to confirm final agreement on the Seller's Reconciliation, including, without limitation, a copy of Buyer's general ledger for the Property. Seller and Buyer shall use reasonable efforts to agree upon the accuracy of the Seller's Reconciliation within thirty (30) days after delivery of Seller's Reconciliation to Buyer. In the event of any overpayment of Additional Rents to Seller by the tenants under the Third Party Leases, Seller shall promptly, but in no event later than ten (10) Business Days after Buyer and Seller agree upon the accuracy of the Seller's Reconciliation, pay to Buyer the amount of such overpayment to the extent not previously credited to Buyer, and Buyer, as the landlord under the particular Third Party Leases, shall pay or credit, in accordance with the applicable Third Party Lease, to each applicable tenant the amount of such overpayment. In the event of an underpayment of Additional Rents by the tenants to Seller, then the collection and remitting of such amounts shall be governed by the provisions of Section 6.8.3 above regarding the post-closing application of rents. With respect to reimbursable expenses paid by Seller prior to Closing, but not billed to tenants prior to Closing, Seller will provide to Buyer all relevant information including supporting documentation and Seller's calculation of the amount to be billed to each tenant and Buyer shall make efforts to collect such amounts pursuant to Section 6.8.3.

6.8.5 Amounts Owed Under the Lease. Seller shall be entitled to a credit for any amounts owed by Buyer under the Lease, including any Additional Rents. Such credit may be estimated at Closing and re-prorated after Closing to reflect any additional information learned thereafter.

6.8.6 Contracts. Charges and payments under Contracts (if any) assigned to Buyer. To the extent not previously included in Seller's Additional Rent calculations, annual permit, license and inspection fees, which are transferred to Buyer at the Closing and any other pre-payments which are transferred to Buyer at the Closing shall be prorated as of the Cut-off Time.

6.8.7 Utilities. Utilities in connection with the Property, including, without limitation, telephone, steam, electricity, water, sewer and gas, except to the extent that tenants pay such costs directly to the supplier of such services, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings shall be prorated as of the Cut-off Time. Notwithstanding the foregoing, it is the intention of the parties that all utility accounts shall be closed by Seller on the Closing Date, and Buyer shall establish its own accounts.

6.8.8 Deposits. Deposits with telephone and other utility companies, and any other Persons who supply goods or services in connection with the Property if the same are properly and fully assigned to Buyer at the Closing (as acknowledged in writing by such Persons), which shall be credited in their entirety to Seller.

6.9 Method of Proration. If any of the items described in Section 6.8 cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Closing Date or the date such error is discovered, as applicable; provided that neither party shall have the right to request apportionment or reapportionment of any such item at any time following the date that is the last day of the Survival Period (as defined below) (the "**Reproration Outside Date**"). The provisions of Sections 6.8 – 6.10 shall survive the Closing until the Reproration Outside Date.

6.10 Commissions and Tenant Costs. Buyer shall be responsible for all brokerage and leasing commissions, tenant improvement costs, other out-of-pocket tenant inducements, free rent abatement, and attorneys' fees for any leases that remain unpaid as of the Closing Date.

ARTICLE 7.

REPRESENTATIONS AND WARRANTIES

7.1 Seller's Representations and Warranties. The following constitute representations and warranties of Seller to Buyer which shall be true and correct as of the Effective Date and as of the Closing Date as if remade in a separate certificate at that time. "**To Seller's knowledge**" shall mean only the actual knowledge of Matthew Field and Sean Donnelly (the "**Designated Representatives of Seller**"). Seller represents and warrants that the Designated Representatives of Seller are those persons affiliated with Seller most knowledgeable regarding the ownership and operation of the Property, possessing the greatest experience and familiarity with the Property, that no other person presently affiliated with Seller possesses a greater familiarity and experience with the Property. Seller's representations and warranties shall survive the Closing Date for a period of twelve (12) months (the "**Survival Period**").

7.1.1 Authority. Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby. All requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with the entering into this Agreement and the instruments referenced herein, and the consummation of the transaction contemplated hereby. Other than in connection with the City Franchise

Ordinance, no consent of any partner, shareholder, creditor, investor, judicial or administrative body, authority or other party is required. The individuals executing this Agreement and the instruments referenced herein on behalf of Seller and the partners, officers or trustees of Seller, if any, have the legal power, right, and actual authority to bind Seller to the terms and conditions hereof and thereof. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principals affecting or limiting the rights of contracting parties generally. This Agreement and all other documents delivered prior to or at Closing are collectively sufficient to transfer all of Seller's rights to the Property.

7.1.2. No Conflict. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and compliance with the terms of this Agreement will not conflict with, or, with or without notice or the passage of time or both, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, deed of trust, mortgage, loan agreement, or other document, or instrument or agreement, oral or written, to which Seller is a party or by which Seller or the Property is bound, or any applicable regulation of any governmental agency, or any judgment, order or decree of any court having jurisdiction over Seller or all or any portion of the Property (other than in connection with the City Franchise Ordinance).

7.1.3. Insolvency. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or, to Seller's knowledge, threatened against Seller, nor are any of such proceedings contemplated by Seller.

7.1.4. Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986 (the "**Code**"), as amended.

7.1.5 Condemnation. Prior to the Closing Date, Seller has delivered to Buyer a copy of any written notice of pending or threatened condemnation proceedings with respect to the Property that has been delivered to Seller prior to the Closing Date.

7.1.6 OFAC Compliance. As an inducement to Buyer to enter into this Agreement, Seller hereby represents and warrants that: (i) Seller is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the United States Treasury ("**OFAC**") (any such person, group, entity or nation being hereinafter referred to as a "**Prohibited Person**"); (ii) Seller is not (nor is it owned or controlled, directly or indirectly by, any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) Seller (and any person, group, or entity which Seller controls, directly or indirectly) has not conducted nor will conduct business nor has engaged nor will engage in any transaction or dealing with any Prohibited Person that either may cause or causes Buyer to be in violation of any OFAC rule or regulation, including without limitation any assignment of this Agreement.

7.1.7 No Options, Leases or Contracts. Seller has not granted any options or rights of first refusal or rights of first offer to third parties to purchase or otherwise acquire an interest in the Property other than as set forth in the Lease. There are no leases, rental agreements, third party

occupancy agreements or licenses currently affecting the Property, or any portion thereof to which Seller is a party other than the Lease, the Third Party Leases and any new leases approved by Buyer in accordance with the terms of this Agreement. As of the Closing Date, Seller shall terminate all service, vendor and maintenance contracts affecting the Property, or any portion thereof, unless Buyer agrees, within sixty (60) days before Closing, to assume the obligations of Seller under any such agreements (such assumed agreements shall be referred to as the "**Contracts**"). The term "Contracts" shall include any construction, engineering or other contracts relating to any on-going tenant improvement or base building work, and such contracts shall be dealt with in accordance with the terms of the Escrow Agreement. Any Contracts shall be assigned to, and assumed by, Buyer pursuant to the terms of the Assignment of Leases.

7.1.8 Litigation. Prior to the Closing Date, Seller has delivered to Buyer a copy of any written notice of any action, suit or proceeding before any judicial or quasi-judicial body, against or affecting all or any portion of the Property that has been delivered to Seller prior to the Closing Date.

7.1.9 Brokers. Seller has not dealt with any real estate broker or finder in connection with the sale of the Property to Buyer or this Agreement.

7.2 Buyer's Representations and Warranties. In addition to any express agreements of Buyer contained herein, the following constitute representations and warranties of Buyer to Seller which shall be true and correct as of the Effective Date and as of the Closing Date as if remade in a separate certificate at that time.

7.2.1 Organization. Buyer is duly organized, validly existing and in good standing under the laws of [_____] **[DRAFTING NOTE: TO BE INSERTED BY BUYER PRIOR TO SIGNING]** and is authorized to do business in the State of California.

7.2.2 Authority. Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby. All requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with the entering into this Agreement and the instruments referenced herein, and the consummation of the transaction contemplated hereby. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, authority or other party is required. The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof. This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of and enforceable against Buyer in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principals affecting or limiting the rights of contracting parties generally.

7.2.3 No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and compliance with the terms of this Agreement will not conflict with, or, with or without notice or the passage of time or both, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, deed of trust, mortgage, loan agreement, or other document or instrument to which Buyer is a party or by which Buyer

is bound, or any applicable regulation of any governmental agency, or any judgment, order or decree of any court having jurisdiction over Buyer or all or any portion of the Property.

7.2.4 OFAC Compliance. As an inducement to Seller to enter into this Agreement, Buyer hereby represents and warrants that: (i) Buyer is not to the knowledge of Buyer, no director, officer, agent, or employee of Buyer is a Prohibited Person; and (ii) Buyer is not in violation of any OFAC rule or regulation in any material respect.

7.2.5 Bankruptcy. Except for matters relating to the jointly administered cases under chapter 11 of title 11 of the United States Code, commenced by PG&E Corporation and Pacific Gas and Electric Company on the January 29, 2019 in the United States Bankruptcy Court for the Northern District of California and currently styled In re PG&E Corporation and Pacific Gas and Electric Company, Ch. 11 Case No. 19-30088 (DM) (Jointly Administered), to the extent still in effect, no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or, to Buyer's knowledge, threatened against Buyer, nor are any of such proceedings contemplated by Buyer.

7.2.6 Brokers. Buyer has not dealt with any real estate broker or finder in connection with the purchase of the Property from Seller or this Agreement.

ARTICLE 8.

DISCLAIMERS; "AS IS" CONVEYANCE; INDEMNIFICATION; DISCHARGE; LIMITATION ON CLAIMS

8.1 Disclaimers. Except for the Seller Liabilities (as defined below), Seller hereby disclaims and shall not be liable for any and all verbal and/or written statements, conversations, representations and information, if any, made or given by Seller, or any other person to Buyer, to any agent or employee of Buyer or to any other person with respect to any aspect or feature of the Property (including, without limitation, any information related to the Property's value, condition, or compliance with laws, the status of permits or approvals, or the existence of any hazardous materials on the Property). Except for the Seller Liabilities, all such statements, conversations, representations and information, if any, are merged into and superseded by this Agreement, and Buyer hereby agrees that Buyer shall not be entitled to rely upon any such statements, conversations, representations or information.

8.2 As-Is Conveyance. Buyer acknowledges that except for Seller Liabilities neither Seller nor its employees, agents or representatives have made any representation or warranty as to the condition of the Property, and none of the same shall have any liability with respect to the value, uses, habitability, condition, design, operation, financial condition or prospects, or fitness for purpose or use of the Property, or any part thereof, or any other aspect, portion or component of the Property. Buyer hereby agrees that, upon the Closing Date, except for Seller Liabilities, Buyer shall conclusively be deemed to have accepted the Property in its then existing condition, "AS IS, WHERE IS AND WITH ALL FAULTS" without representation or warranty of any kind or nature whatsoever, and with all faults and problems of any kind and/or nature whatsoever that may then exist, whether the same are of a legal nature, a physical nature, or otherwise. Buyer further acknowledges that such existing conditions, faults,

and problems include or may include (by way of illustration only, and without in any way limiting the generality of the foregoing) the following: (a) any possibility that the construction and/or use of the Property may not be in accordance with applicable statutes, ordinances, rules, regulations, building codes, zoning restrictions, master plan restrictions, or administrative or judicial orders or holdings, whether or not appearing in the public records or in material supplied to Buyer by Seller, if any, or otherwise; (b) any possibility that construction defects may exist in the Property; and (c) any possibility that the Property is contaminated with hazardous materials. Further, Buyer shall have no liability for any latent, hidden, or patent defect as to the Property or the failure of the Property, or any part thereof, to comply with any applicable laws and regulations. Except Seller Liabilities, Buyer acknowledges and agrees that the information and materials made available to Buyer under this Agreement (and any other information Buyer may have obtained regarding in any way any of the Property, including without limitation, its operations or its financial history or prospects from Seller or its agents, employees or other representatives but not including information prepared by Seller) is delivered to Buyer as a courtesy, without representation or warranty as to its accuracy or completeness and not as an inducement to acquire the Project; that nothing contained in any deliveries of information shall constitute or be deemed to be a guarantee, representation or warranty, express or implied, in any regard as to any of the Property; and that Buyer shall, at Buyer's sole cost and expense, conduct and rely exclusively upon its own independent investigation and evaluation of the Property and the transaction contemplated by this Agreement.

8.3 Indemnification.

8.3.1 Seller's Indemnification. Seller's obligations pursuant to this Section 8.3.1 shall survive the Closing Date for the Survival Period. From and after Closing, Seller at its sole cost and expense hereby agrees to indemnify, defend (with counsel reasonably acceptable to Buyer), protect and hold harmless Buyer, any successors to Buyer's interest in the Property and their respective affiliates, partners, lenders, directors, officers, employees and agents from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, and all costs and expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and costs of defense and reasonable costs and expenses of all experts and consultants (collectively, the "**Losses**"), arising out of any one or more of the following: (i) subject to Section 8.5, below, the breach of any covenant of Seller contained in the Lease, this Agreement (or in any document delivered at Closing by Seller) or the inaccuracy of any representation or warranty of Seller contained in this Agreement (or in any document delivered at Closing by Seller); or (ii) lawsuits, actions or proceedings, brought by a third party against Buyer arising from Seller's ownership of, or any other Seller actions with respect to, the Property prior to the Closing Date (but excluding lawsuits, actions or proceedings relating to any physical aspect of the Property, including hazardous materials).

8.3.2 Buyer's Indemnification. Buyer’s obligations pursuant to this Section 8.3.2 shall survive the Closing Date for the Survival Period. From and after Closing, Buyer, at its sole cost and expense, hereby agrees to indemnify, defend (with counsel reasonably acceptable to Seller), protect and hold harmless Seller, any successors to Seller's interest in the Property and their respective affiliates, partners, lenders, directors, officers, employees and agents from and against any and all Losses arising out of any one or more of the following: (i) subject to Section 8.5 below, the breach of any covenant of

Buyer contained in this Agreement (or in any document delivered at Closing by Buyer), or the inaccuracy of any representation or warranty of Buyer contained in this Agreement (or in any document delivered at Closing by Buyer); or (ii) Buyer's ownership of the Property or the operation of the Property on or after the Closing Date (but excluding lawsuits, actions or proceedings relating to any physical aspect of the Property, including hazardous materials).

8.4 Discharge. Except for Seller Liabilities, Buyer, on behalf of itself and its agents, heirs, successors and assigns, hereby waives, releases, acquits and forever discharges Seller and its employees, officers, directors, managers, members, partners, representatives, agents, servants, attorneys, affiliates, parent, subsidiaries, successors and assigns, and all persons, firms, corporations and organizations in its behalf (collectively, the "**Seller Parties**") of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen ("**Claims**"), which Buyer or any of Buyer's heirs, successors, or assigns now has or which may arise in the future on account of or in any way related to or in connection with any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Property and Buyer specifically waives the provisions of California Civil Code Section 1542 which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." The provisions of this Section 8.4 shall not, however, release Seller from any of Seller's obligations under the Lease, this Agreement (including any breach of Seller's covenants, representations and warranties set forth herein) or any documents delivered by Seller at Closing (including any breach of Seller's covenants, representations and warranties set forth therein) nor from any fraud or intentional misrepresentation.

Buyer hereby agrees, represents and warrants, which representation and warranty shall survive the Closing, that Buyer understands that factual matters now unknown to it may have given or may hereafter give rise to Claims which are presently unknown, unanticipated and unsuspected, and Buyer further agrees that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge and acquit Seller and all other Seller Parties from any such unknown Claims.

Notwithstanding anything to the contrary set forth in this Section 8.4, the foregoing release is not intended to and does not cover (i) any claims arising from a breach of Seller's representations or warranties set forth in this Agreement, (ii) any breach by Seller of an express obligation or covenant of Seller under this Agreement, (iii) any breach by Seller of a "**Seller Covenant**" under the Lease (as defined in the Lease), , or (iv) any claims arising as a result of Seller's intentional fraud or intentional misrepresentation (collectively, "**Seller Obligations**") or (iv) any claims resulting from a breach the most recently delivered Landlord Certificate or any other document delivered by Seller pursuant to the terms of this Agreement or under any other term of the Lease (together with Seller Obligations", collectively "**Seller Liabilities**").

Seller Initials: _____ Buyer Initials: _____

The provisions of this Section 8.4 shall survive Closing.

8.5 Limitation on Claims. Notwithstanding any provision of this Agreement to the contrary, in no event shall either party be liable to the other party for indirect, special, consequential (including lost profits) or punitive damages arising out of or in connection with this Agreement. In any event, the total liability each of Buyer and Seller shall be subject to the terms of Section 9.3 of this Agreement, below. Notwithstanding anything to the contrary herein, Buyer's election to proceed with the Closing shall result in Buyer's waiver of any damages resulting from the incorrectness in any of Seller's representations or warranties set forth in this Agreement (or the documents to be delivered by Seller at Closing) of which Buyer has actual knowledge at or prior to Closing. For purposes of this Agreement, the term "**buyer's actual knowledge**" means only the actual knowledge of the Designated Representatives of Buyer (as defined below). As used herein, the term "**Designated Representative of Buyer**" refers to [_____ and _____], who are the employees of Buyer primarily responsible for acquisition of the Property. **[DRAFTING NOTE: BUYER TO INSERT TWO NAMES PRIOR TO SIGNING]** Buyer represents and warrants that, to Buyer's knowledge, the Designated Representatives of Buyer are those persons affiliated with Buyer most knowledgeable regarding the Property, possessing the greatest experience and familiarity with the Property, that no other person presently affiliated with Buyer possesses a greater familiarity and experience with the Property.

ARTICLE 9.

DEFAULT, TERMINATION AND REMEDIES

9.1 Buyer Remedies. If Closing does not occur as a result of a failure of Buyer's Condition and/or a breach of Seller Liabilities, Buyer shall have the following remedies, to the extent available:

9.1.1 Specific Performance. In the event of a breach of Seller Obligation, bring an action against Seller for specific performance; provided that if Buyer elects the remedy in this Section 9.1.1, then Buyer must commence and file such specific performance action in the appropriate court not later than one hundred eighty (180) days following the Scheduled Closing Date, as the same may have been extended; or

9.1.2 Waive and Close. Waive the Buyer's Condition and close Escrow in accordance with this Agreement; or

9.1.3 Terminate. Terminate this Agreement by delivering written notice to Seller and to Escrow Holder, in which event (i) Seller and Buyer shall each pay one-half (½) of any Escrow cancellation fees or charges (unless such failure is due to Seller's breach of this Agreement, in which event Seller shall pay all Escrow cancellation fees and charges), (ii) except for any indemnity and confidentiality obligations and any other provisions under this Agreement or the Lease which expressly survive termination of the Agreement (including the remedies under Section 31.9 of the Lease), the parties shall have no further rights or obligations to one another under this Agreement, and (iii) the Lease shall remain in full force and effect.

9.2 Seller's Remedies. If Closing does not occur as a result of a failure of Seller's Condition or a Buyer's breach of this Agreement, Seller shall have the following remedies, to the extent available:

9.2.1 Waive and Close. Waive the Seller's Condition and close Escrow in accordance with this Agreement; or

9.2.2 Terminate. Terminate this Agreement by delivery of written notice to Buyer and Escrow Holder, in which event (i) Seller and Buyer shall each pay one-half (½) of any Escrow cancellation fees or charges (unless such failure is due to Buyer's breach of this Agreement, in which event Buyer shall pay all Escrow cancellation fees and charges), (ii) except for any indemnity and confidentiality obligations and any other provisions under this Agreement or the Lease which expressly survive termination of the Agreement (including the remedies under Section 9.2.3 for Liquidated Damages and/or Section 31.9 of the Lease), the parties shall have no further rights or obligations to one another under this Agreement, and (iii) the Lease shall remain in full force and effect.

9.2.3 Liquidated Damages. THE PARTIES HAVE DETERMINED THAT IF THE TRANSACTION FAILS TO CLOSE AS A RESULT OF BUYER'S BREACH OF THIS AGREEMENT, THE DAMAGES TO SELLER WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL INCUR AS A RESULT OF SUCH FAILURE; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT WAIVE OR AFFECT SELLER'S RIGHTS AND BUYER'S OBLIGATIONS UNDER ANY INDEMNITY PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT. IN ADDITION, BUYER WISHES TO LIMIT ITS LIABILITY IN THE EVENT OF ITS BREACH OF THIS AGREEMENT AND FAILURE TO PURCHASE THE PROPERTY, AND SELLER HAS AGREED TO A LIMITATION. THE PARTIES THUS AGREE THAT SHOULD BUYER BREACH THIS AGREEMENT AND REFUSE OR FAIL TO PURCHASE THE PROPERTY AS CONTEMPLATED HEREIN, THE SOLE AND EXCLUSIVE REMEDY OF SELLER SHALL BE TO DRAW ON AND RETAIN PART OR ALL OF THE AMOUNT OF THE LETTER OF CREDIT PURSUANT TO SELLER'S RIGHTS UNDER THE LEASE, PLUS ANY INTEREST ACCRUED THEREON WHICH SHALL BE PAID TO SELLER ("LIQUIDATED AMOUNT"), WITH ANY INTEREST ACCRUED ON THE LETTER OF CREDIT AMOUNT TO BE RETAINED BY SELLER, AND UPON RECEIPT OF THE LIQUIDATED AMOUNT SELLER SHALL BE DEEMED TO HAVE ABSOLUTELY WAIVED ALL OTHER REMEDIES AT LAW OR IN EQUITY WHICH IT MAY HAVE RELATED TO SUCH REFUSAL OR FAILURE OF BUYER TO CLOSE (INCLUDING, WITHOUT LIMITATION, THE REMEDIES OF SPECIFIC PERFORMANCE AND DAMAGES) EXCEPT FOR REMEDIES IN CONNECTION WITH ANY INDEMNITY PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT. THE PARTIES HAVE SET FORTH THEIR INITIALS BELOW TO INDICATE THEIR AGREEMENT WITH THE LIQUIDATED DAMAGE PROVISION CONTAINED IN THIS SECTION.

_____ _____
Seller's Initials Buyer's Initials

9.3 Seller's Maximum Aggregate Liability. Notwithstanding any provision to the contrary contained in this Agreement or any documents executed by Seller pursuant hereto or in connection herewith, after Closing (i) Seller shall have no liability for any breach of this Agreement unless all losses resulting therefrom shall exceed, in the aggregate, the amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "**Threshold Liability Amount**"), in which event, Seller's liability respecting any final judgment concurring such claim(s) shall be for the entire amount thereof, subject to the "Maximum Liability Amount" (as defined below), and (ii) the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer, for any breach of this Agreement by Seller and any and all documents executed pursuant hereto or in connection herewith for which a claim is timely made (which claim must be made within and before the date that is twelve (12) months after the Closing Date) by Buyer shall not exceed one and one half percent (1.5%) of the Purchase Price ("**Maximum Liability Amount**"). Notwithstanding anything herein to the contrary, in no event shall the limitations and restrictions of Seller's liabilities set forth in this Section 9.3 apply to any covenant or obligation of Seller that expressly survives the Closing. If Seller sells or otherwise disposes of its entire fee interest in all real estate assets owned by Seller prior to the last day of the Survival Period, then starting on the date of such sale (the "**Final Sale Date**") and continuing until the expiration of the Survival Period, Seller shall retain liquid assets in excess of the Maximum Liability Amount; provided, however, if Buyer notifies Seller, in writing and in reasonable detail, during the Survival Period of any pending claim against Seller (with the date of delivery of such notice being referred to herein as the "**Buyer's Claim Notice Date**"), then Seller shall retain liquid assets in excess of total amount of such claim until such claim is resolved. The provisions of this Section 9.3 shall survive the Close of Escrow and shall not be merged with the Deed.

9.4 Cure. Neither party shall be in default with respect to any of its obligations hereunder unless and until (i) it receives written notice from the other party specifying such default and (ii) it fails to cure such default within fifteen (15) business days after receipt of such notice. To the extent any Section or provision of this Agreement provides for a specific cure period, then such cure period shall be in-lieu of, and not in addition to, the cure period set forth in this Section 9.4.

ARTICLE 10.

MISCELLANEOUS

10.1 Notices. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) delivered by a nationally recognized overnight courier, or (B) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Seller at the appropriate addresses set forth for "Landlord" in Article 23 of the Lease, or to such other place as Seller may from time to time designate in a Notice to Buyer, or to Buyer at the addresses set forth for "Tenant" in the Summary of Basic Lease Information in the Lease, or to such other places as Buyer may from time to time designate in a Notice to Seller. Any Notice will be deemed given (i) the

date the overnight courier delivery is made or refused, or (ii) the date personal delivery is made or refused.

10.2 Broker. Seller represents and warrants to Buyer, and Buyer represents and warrants to Seller, that no broker or finder has been engaged by it, respectively, in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. If any such claims for additional brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Agreement, then Buyer shall indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any statement, representation or agreement made by Buyer, and Seller shall indemnify, save harmless and defend Buyer if such claims shall be based upon any statement, representation or agreement made by Seller.

10.3 Assignment. Buyer shall have no right to assign this Agreement, without Seller's prior written consent, which may be withheld in Seller's sole and absolute discretion, except to an entity as permitted under Section 17.9 of the Lease.

10.4 Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

10.5 Waivers. No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

10.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

10.7 Professional Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements or provisions on the part of the other party arising out of this Agreement, then in that event the prevailing party shall be entitled to have and recover from the other party all costs and expenses of the action, suit or arbitration proceeding, including actual attorneys' fees, accounting and engineering fees, and any other professional fees resulting therefrom. The terms of this Section 10.7 shall survive the Closing and shall not be merged with the Deed, and shall survive the termination of this Agreement and Escrow.

10.8 Entire Agreement. This Agreement (including all Exhibits attached hereto) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto.

10.9 Time of Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable default under this Agreement by the party so failing to perform.

10.10 Construction. Headings at the beginning of each Section and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. Unless otherwise indicated, all references to Sections and subparagraphs are to this Agreement. All exhibits referred to in this Agreement are attached and incorporated by this reference. As used herein, "business day" shall mean any day other than Saturday, Sunday, any Federal holiday, or any holiday in the State of California. If the date on which Buyer or Seller is required to take any action under the terms of this Agreement occurs on a non-business day, then, the action shall be taken on the next succeeding business day.

10.11 Governing Law. The parties hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The parties hereto expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

10.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

10.13 No Joint Venture. This Agreement shall not create a partnership or joint venture relationship between Buyer and Seller.

10.14 Confidentiality. Each party hereto agrees to maintain in confidence, unless otherwise required by applicable law to disclose, all materials and information received from the other party or otherwise regarding or relating to the Premises and the other matters which are the subject of this Agreement. Seller and Buyer agree that neither of them, without the prior written consent of the other party, shall publicly or privately reveal any information relating to the existence of terms and conditions of the transactions contemplated hereby, except as permitted below in this Section 10.14 or except as such information has already been publicly disclosed. The foregoing shall not preclude Buyer from making customary disclosures on investor/earnings calls or meetings or earnings releases. Seller and Buyer further agree that nothing in this Section 10.14 shall prevent either of them from disclosing or accessing any information otherwise deemed confidential under this Section 10.14 to its respective investors, agents, employees, counsel, partners (and prospective partners), lenders (and prospective lenders), and brokers. Furthermore, any disclosure by either party to a third party pursuant to the foregoing sentence prior to the Closing Date shall indicate that the information is confidential and should be so treated by the third party. Notwithstanding anything to the contrary or otherwise set forth herein, the parties hereto being aware that the securities of Buyer are traded on the New York Stock Exchange, acknowledges that Buyer may be compelled by legal requirements to issue a public press release announcing that it has entered into this Agreement and stating the material terms hereof. Buyer

agrees to send a copy of such press release directly to Seller prior to its release. Seller consents to the dissemination of such press release and to all such additional statements and disclosures Buyer may reasonably make in responding to inquiries arising as a result of any such press release. Notwithstanding any other provision of this Agreement, the provisions of this Section 10.14 shall survive the Closing Date.

10.15 Required Actions of Buyer and Seller. Buyer and Seller agree to execute all such instruments and documents and to take all actions pursuant to the provisions hereof in order to consummate the purchase and sale herein contemplated and shall use their commercially reasonable best efforts to consummate the transaction contemplated by this Agreement in accordance with the provisions hereof.

10.16 Section 1031 Exchange. Buyer and Seller may consummate the purchase and or sale of the Property as part of a so-called like kind exchange (the "**Exchange**") pursuant to Section 1031 of the Code, provided that: (i) the Closing shall not be delayed or adversely affected by reason of the Exchange, nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to any obligations under this Agreement, (ii) the Exchange shall be effected through a qualified intermediary, and neither Buyer nor Seller shall be required to take an assignment of this Agreement or hold title to any real property for purposes of consummation the Exchange, and (iii) the party making the Exchange shall pay any additional costs that would not otherwise have been incurred by the other had the Exchange not been made. The terms of this Section 10.16 shall not affect or diminish the rights of either party hereto, and neither party shall be deemed to have warranted that the Exchange complies with Section 1031 of the Code.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

"BUYER"

__,
a __

By: __
Name: __
Its: __

_____
a _____
By: _____
Name: _____
Its: _____

"SELLER"

[INSERT]
a Delaware limited liability company

By: __
Name: __
Its: __

[INSERT]
a Delaware limited liability company
By: _____
Name: _____
Its: _____

"ESCROW HOLDER"

By: __
Name: __
Its: __

Date: __

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

FORM OF GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL AND
MAIL TAX STATEMENTS TO:

—
—
—
Attention: —

(Space above this line for Recorder's use)

Documentary Transfer Tax: $_____. **[NOTE:** add "(signature of declarant or agent determining tax)" if required by county**]**

☐ Computed on full value of property conveyed, or
☐ Computed on full value less liens and encumbrances remaining at time of sale

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, [LANDLORD], a Delaware limited liability company ("**Grantor**"), hereby grants to [_____], a [_____] ("**Grantee**"), all that certain real property in the City of Oakland, County of Alameda, State of California, described on **Schedule 1** attached hereto and made a part hereof, together with any and all structures and improvements located thereon, all of Grantor's right, title and interest in and to the rights, benefits, privileges, easements, tenements, hereditaments and appurtenances to the extent belonging or appertaining to the real property or such structures and improvements (collectively, the "**Property**"), subject to (a) all title matters of record and (b) all title matters relating to the Property that are discoverable by means of an accurate survey or inspection of the Property.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Grantor has caused its name to be hereunto subscribed as of _____, 20__.

GRANTOR: a Delaware limited liability company

By: __
Name: __
Title: __

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, __,
(insert name of notary)
Notary Public, personally appeared ___, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__ (Seal)

SCHEDULE "1" to EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

[to be inserted]

EXHIBIT C

FORM OF BILL OF SALE

For valuable consideration, receipt of which is acknowledged, _____, a _____ ("**Seller**"), hereby sells, assigns, transfers and delivers to _____, a _____ ("**Buyer**"), all of the personal property, tangible or intangible, owned by Seller and relating to or used in connection with the operation of the real property described on Exhibit 1 attached hereto, but excluding those items described in Exhibit 2 attached hereto (the "**Personal Property**").

SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE PERSONAL PROPERTY THAT HAS BECOME ANY BASIS OF THIS BARGAIN, AND FURTHER, SELLER HAS MADE NO AFFIRMATION OF FACT OR PROMISE RELATING TO THE PERSONAL PROPERTY THAT WOULD CONFORM TO ANY SUCH AFFIRMATION OR PROMISE. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATEVER WITH RESPECT TO THE PERSONAL PROPERTY. THE PERSONAL PROPERTY IS SOLD ON AN "AS IS" BASIS.

Dated: _____, 20__.

[*Signature page follows*]

SELLER:

[INSERT]
a Delaware limited liability company

By: __
Name: __
Its: __

Exhibit 1

Description of Real Property

[to be attached]

Exhibit 2

Excluded Property

[to be attached]

EXHIBIT D

FORM OF OWNER'S AFFIDAVIT

The undersigned hereby certifies to First American Title Insurance Company (the "Title Company") that, to the undersigned's knowledge:

1. The undersigned is the owner (the "Owner") of the "Subject Property" (which, as used herein, means the improved real property [located at _____], more particularly described in Exhibit A attached hereto. However, the foregoing statement as to Owner's ownership of the Subject Property is based upon First American Title Insurance Company Owner's Policy No. _____, dated as of _____, and the fact that the Owner has not transferred fee title to the Subject Property since the date of such policy.

2. To the knowledge of the undersigned, no work of improvement has been performed at the Subject Property during the 120 day period prior to the date hereof, and there are no past due bills for the performance of labor at, or the provision of materials or supplies for, the Subject Property performed or provided at the written request of the undersigned.

3. There are no leases or other rental or possession agreements (collectively, "Leases") covering the Subject Property, except for those Leases listed on Exhibit B attached hereto; provided, however, Owner makes no certification about subleases or other sharing arrangements affecting the Subject Property to which Owner is not a party. The undersigned has not entered into any options to purchase the Subject Property or rights of first refusal to purchase the Subject Property either pursuant to written leases or by separate agreements.

4. Except for the Leases listed on Exhibit B attached hereto, the undersigned has not executed any easements or other agreements, whether recorded or unrecorded, by which any other person or entity has been granted a right to use or occupy any portion of the Subject Property.

The undersigned makes these statements for the purpose of inducing the Title Company to issue an owner's title policy with certain endorsements in connection with the sale of the Subject Property by Owner to _____ .

Any statement "to the undersigned's knowledge" (or similar phrase) shall mean that the undersigned Owner has no knowledge that such statement is untrue (and, for this purpose, the undersigned's knowledge shall mean the present actual knowledge (excluding constructive or imputed knowledge) of _____ and _____of [TMG Partners], but such individuals shall not have any liability in connection herewith. Notwithstanding anything to the contrary herein, (1) any cause of action for a breach of this Certificate shall survive until that date that is one (1) year after the date hereof, at which time the provisions hereof (and any cause of action resulting from any breach not then in litigation in the [City and County of San Francisco, California]) shall terminate; and (2) to the extent the Title Company shall have knowledge as of the date hereof that any of the statements contained herein is false or inaccurate,

then the undersigned shall have no liability with respect to the same. Without limitation on item (2) above, Title Company shall be deemed to have knowledge of any matters of record.

Neither the person signing this document on behalf of Owner nor any present or future member, advisor, trustee, director, officer, employee, beneficiary, shareholder, participant, direct or indirect partner or agent of Owner, shall have any personal liability, directly or indirectly, under or in connection with this Owner's Affidavit; and the Title Company and its successors and assigns and co-insurers, and, without limitation, all other persons and entities, shall look solely to Owner for the payment of any claim or for any performance; and the Title Company hereby waives any and all such personal liability. The limitations of liability provided in this paragraph are in addition to, and not in limitation of, any limitation on liability applicable to the undersigned provided by law or by any other contract, agreement or instrument.

This Owner's Affidavit is dated as of _____.

OWNER:

EXHIBIT A:
LEGAL DESCRIPTION OF SUBJECT PROPERTY
[see attached]

EXHIBIT B

LEASES AND LICENSE AGREEMENTS

[see attached]

EXHIBIT E

FORM OF ASSIGNMENT OF LEASES AND CONTRACTS

THIS ASSIGNMENT OF LEASES AND CONTRACTS (this "Assignment"), made as of _____, ___, by and between _____, a _____ ("Seller"), and _____, a _____ ("Buyer"),

W I T N E S S E T H:

For valuable consideration, receipt of which is acknowledged, Seller and Buyer agree as follows:

1. Assignment and Assumption of Leases.

(a) Seller hereby assigns and transfers to Buyer all right, title and interest of Seller in, to and under the leases, lease amendments, lease guaranties, work letter agreements, improvement agreements, subleases, assignments, licenses, concessions and other agreements (the "**Leases**") described in Exhibit 1 attached hereto and made a part hereof.

(b) Buyer hereby accepts the foregoing assignment, and assumes, agrees to perform all of the covenants and agreements in the Leases to be performed by the landlord thereunder.

2. Assignment and Assumption of Contracts.

(a) Seller hereby assigns and transfers to Buyer all right, title and interest of Seller in, to and under the contracts (the "**Contracts**") described in Exhibit 2 attached hereto and made a part hereof and all warranties, guarantees, building permits, certificates of occupancy, and other certificates, permits, licenses and approvals associated with the property described in Exhibit 2 (to the extent assignable).

(b) Buyer hereby accepts the foregoing assignment, assumes and agrees to perform all of the covenants and agreements in the Contracts to be performed by Seller thereunder that arise or accrue from and after the date of this Assignment.

3. Further Assurances. Seller and Buyer agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effect this Assignment.

4. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

5. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Seller and Buyer and their respective personal representatives, heirs, successors and assigns.

6. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the

same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Assignment to physically form one document.

[Signatures appear on next page]

IN WITNESS WHEREOF, Seller and Buyer have executed this Assignment as of the date first hereinabove written.

SELLER:

BUYER:

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EXHIBIT J

RECIPROCAL EASEMENT AGREEMENT TERMS

In connection with the Subdivision, Landlord shall execute and record one or more Declarations of Reciprocal Easement Agreements (collectively, the "**Easement**"), pursuant to which (i) the owner of the Property (the "**Building Owner**") will have certain rights and obligations with respect to the other parcel or parcels in the Project aside from the Property (the "**Other Parcels**") and (ii) the owner or owners of the Other Parcels (the "**Other Owners**", and, together with Building Owner, the "**Project Owners**") will have certain rights and obligations with respect to the Property. The parties acknowledge that the terms set forth in this Exhibit J are the currently anticipated terms and that either party may require additional or modified terms, including: (i) as necessary to accommodate elements Landlord's anticipated redevelopment of the Other Parcels; (ii) comments from Landlord's prospective lender for the financing of the redevelopment of the Project and (iii) additional information determined while processing the Subdivision, all of which shall be subject to approval by both Parties.

Rights Granted

Parking Rights:	The Building Owner shall be entitled to the Allocated Parking Spaces within the Exclusive Use Area subject to substantially similar provisions as set forth in Article 29 of the Lease with respect to: the Building Owners rights and obligations with respect to Parking Equipment; the applicable Other Owner's right to relocate the Exclusive Use Area, the Building Owner's obligations to pay for such use and for electricity associated with vehicle charging facilities, the Building Owner's rights to reduce the size of the Exclusive Use Area and the number of the Allocated Parking Spaces; and management of the Parking Facility.
No-Build Areas:	The Building Owner and the Other Owners shall grant no-build easements in such areas on which structures are not already built or which may be necessary to ensure that the existing structures continue to comply with the building code notwithstanding the new property line.
Pedestrian Bridge:	In the event that the Pedestrian Bridge is not removed as part of the Subdivision, ownership and maintenance of the Pedestrian bridge shall be addressed and easements granted as may be appropriate and approved by both Parties

Bridge/Tunnel Agreements:	So long as the terms of the Bridge/Tunnel Agreements remain an Encumbrance on the Building Parcel or by their terms may affect the Building Parcel: • The Other Owners shall comply with all terms and conditions of such Bridge/Tunnel Agreements applicable to any portion of the Project and relating to the bridge referenced thereunder and shall indemnify the Building Owner for all liability, cost, expense and other claims related to the bridge thereunder. • All Project Owners shall cooperate to terminate the Bridge/Tunnel Agreements with respect to the tunnel and release the Building Parcel of any obligations or liability under the Bridge/Tunnel Agreements (the "Building Release"). • The Building Owner shall comply with all terms and conditions of such Bridge/Tunnel Agreements applicable to any portion of the Project and relating to the tunnel referenced thereunder and shall indemnify the Other Owner for all liability, cost, expense and other claims related to the tunnel thereunder.

Access to Roof Garden:	The Building Owner shall have the non-exclusive right to use the Roof Garden. The Building Owner will acknowledge that the Roof Garden shall not be used solely by the Building Owner and the Building Owner's employees and guests, and Other Owners and their employees and guests, but shall also be open to the public, subject to Recorded Documents. The Building Owner shall be required to use the Roof Garden in a manner consistent with its intended uses. The applicable Other Owner will reserve the right to deny or restrict access to the Roof Garden from time to time as the applicable Other Owner determines is reasonably necessary or desirable in connection with the repair, replacement, alteration, improvement, or redevelopment of the Project, including the Renovations. The Building Owner shall agree not to (a) cause or maintain, or permit its employees or guests to cause or maintain, any nuisance in, on, or about the Roof Garden, (b) create any safety hazard, or (c) permit music, noises, odors, lights, or other installations or activities that would unreasonably annoy or interfere with any other tenants of the Project or their employees or guests. The Building Owner shall comply with, and cause its employees and guests to comply with, all rules and regulations adopted by the applicable Other Owner regarding the use of the Roof Garden from time to time. The Building Owner shall agree to reimburse the applicable Other Owner for Roof Garden Expenses, its Pro-rata Share of Roof Garden Expenses subject terms and conditions substantially similar to those set forth in the Lease applicable to the calculation and payment of such expenses; provided that for purposes of this REA Pro-rata Share shall be established at signing of the REA based on the rentable square footage of the Building compared to the total projected rentable square footage of the Project as contemplated by the then current development plans, as reasonably agreed between TMG and PG&E. The definitive Easement shall include provisions allowing exclusive use of the Roof Garden by the Other Owners from time to time for specific events.
Utility Easements:	The Project Owners shall grant to each other utility easements as reasonably necessary to ensure normal utility service to the property of both parties, in locations to be reasonably approved. In addition the parties shall have the right to request additional easements for future utilities provided that such future easements do not impose additional costs or impair use of the existing property.
Access:	The Project Owners shall grant each other non-exclusive pedestrian and vehicle access easements on their respective parcels as necessary for the normal operation of the Property and the Other Parcels as currently configured and operated, and as will be configured given the 20th Street streetscape improvements to be undertaken by the City.

Construction Rights	The Project Owner shall grant each other: (i) certain rights to temporary staging on the shared drive aisle provided that certain minimum required usage can still be achieved; (ii) the right to temporary crane swing areas subject to customary protections and limitations, including restrictions on picked loads over occupied areas; and (iii) the right to access other Project Parcels for purposes of performing work necessary to ensure lateral and subjacent support pursuant to Civil Code Section 832 subject to customary protections and limitations including provisions with respect to any underpinning equipment that may be left in place.
Other Rights:	Landlord and PG&E may mutually agree upon other terms to be added to the Easement, provided that (i) such terms are reasonably necessary to operate the Building and/or the Project or are reasonably necessary in connection with the redevelopment of the Other Parcels, and (ii) no material increased costs shall be imposed on the Building.

General Terms

Maintenance Obligations	Except as expressly set forth in the specific use rights, each Project Owner shall be responsible for the maintenance of its own Property that is the subject of an easement or use right hereunder and all costs associated therewith.
Breach and Remedies:	Following reasonable notice and opportunity to cure, in the event of a breach or threatened breach by any Project Owner of any of the terms, covenants, restrictions or conditions of the Easement, the other Project Owners shall be entitled to seek relief by injunction and/or all other available legal and equitable remedies for the consequences of such breach, including payment of any amounts due and/or specific performance. However, no breach under any of the provisions of the Easement shall entitle any Project Owner to cancel, rescind, or otherwise terminate the Easement.

Indemnity:	Each party shall hold free and harmless, defend (with counsel reasonably approved by the other party), and indemnify the other party and its Indemnified Parties from all liabilities penalties, costs (including, without limitation, reasonable attorneys' fees), losses, damages, expenses, causes of action, claims or judgements to the extent resulting from injury to or the death of any person (including, without limitation, any of the Indemnified Parties and the indemnifying party's employees and agents) or physical damage to property of any kind wherever located and by whomever owned (including, without limitation, the Building and property of any of the Indemnified Parties) but excluding consequential damages to the extent resulting from (i) that party's use of its rights under the Easement, (ii) that party's breach of the Easement, (iii) that party's gross negligence or willful misconduct, or (iv) the gross negligence or willful misconduct of the other party's tenants, employees, invitees, agents, contractors or consultants, excepting (w) pre-existing conditions and minor settlement cracks, (x) damages to the extent caused by the other party's gross negligence or breach of the Easement, (y) the gross negligence of the other party's tenants, employees, invitees, agents, contractors or consultants, and (z) damage arising from or related to natural disaster, casualty or conduct of third parties not under the control of the indemnifying party.

Insurance:	Subject to reasonable input from insurance advisors and lenders to each party, it is the intent of the parties that each party shall cause a program of liability insurance ("**Policy**") to be procured covering their use of the Easement. Such program shall include terms substantially as follows (subject to modification based on input received before the Lease Date: (i) commercial general liability insurance with a limit of at least Ten Million and No/100 Dollars ($10,000,000.00) for each occurrence and aggregate occurrences per year, subject to an escalation of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00) on each five-year anniversary of the Easement. Such insurance shall include contractual liability coverage for all insurable indemnity obligations of the insured party under the Easement, and all of the Indemnified Parties (as defined below) shall be named additional assureds under a blanket additional assured endorsement. Such insurance shall be a separate policy from the insured party's other insurance policies or shall have a per location endorsement consistent with the limits described in this term sheet. The parties shall, unless otherwise provided in the Easement, cover all costs related to their individual Policy. The Policy shall: (a) cover all of the following claims and losses ("**Covered Claims**"): bodily injury and property damage (including claims and losses arising from criminal acts committed by any person, including but not limited to, claims and losses based on an allegation of inadequate, or a failure of, security, subject to exclusions then customarily contained in commercial general liability insurance policies); independent contractors; and personal injury arising from or based on the design, materials, construction, installation, maintenance, operation of, condition of, or use of the 300 Lakeshore Building; (b) be issued by an insurance company duly authorized to do business in the State of California and with a current rating of A-:VIII or better by Best's Key Rating Guide; (c) hold free and harmless, defend (with counsel reasonably approved by the other party), and indemnify the other party and the respective members, employee's, agents, tenants, licensees and invitees of that party (herein collectively called "**Indemnified Parties**") from all liabilities penalties, costs (including, without limitation, reasonable attorneys' fees), losses, damages, expenses, causes of action, claims or judgements to the extent resulting from injury to or the death of any person (including, without limitation, any of the Indemnified Parties and the indemnifying party's employees and agents) or physical damage to property of any kind wherever located and by whomever owned (including, without limitation, the Building and property of any of the Indemnified Parties) resulting from that party's use of its rights under the Easement, excepting pre-existing conditions, minor settlement cracks, or damages caused by the other party's gross negligence or breach of the Easement, or the gross negligence of the other party's tenants, employees, invitees, agents, contractors or consultants, and excepting damage arising from or related to natural disaster, casualty or conduct of third parties not under the control of the indemnifying party. Each party shall provide written notice to the other party within five (5) business days following notice from their insurer of any cancellation or modification of the terms of the Policy and shall replace such Policy with a Policy that complies with all of the requirements of the Easement within five (5) business days after giving the notice to the other party. Each party shall provide written notice to the other party within three (3) business days following their failure to pay all or part of the premium for the Policy when due. The insured party's failure to pay all or part of the premium for the Policy when due shall be an immediate default under the Easement without any requirement for notice or cure. If a party fails to pay a premium for their Policy when due, the other party may, at its election, pay the premium and all interest and penalties, if any, and shall have all legal and equitable remedies against the other party for reimbursement of the amount paid, whether or not that party gives written notice of the failure to pay the premium. If either party fails to carry a policy of commercial general liability insurance meeting the requirements of the Easement during any period which they are required to carry such insurance pursuant to the Easement, then that party shall perform the duties which would have been performed by the carrier had the party carried such a policy as herein required, but only to the extent of the duties which such carrier would have had to perform.

	Notwithstanding the foregoing, PG&E and its Permitted Transferee shall be entitled to self-insure on the same terms and conditions as provided in Section 14.4 of the Lease.

Estoppels/ Mortgagee Protections:	The following provisions are subject to reasonable input from the initial lender for the Project and to any commercially reasonable modifications to reflect customary mortgagee protection provisions for a comparable reciprocal easement agreement. Each party shall, within ten (10) business days after a written request of the other party, issue to such other party, or to any purchaser or Mortgagee, or to any prospective purchaser or prospective Mortgagee specified by such requesting party, or to any other person reasonably designated by the requesting party, an estoppel certificate stating: (i) whether the party to whom the request has been directed knows of any default under the Easement, and if there are known defaults specifying the nature thereof; (ii) whether the Easement has been modified or amended in any way (or if it has, then stating the nature thereof); and (iii) that to the party's current and actual knowledge the Easement as of that date is in full force and effect or, if not, so stating. Such statement shall act as a waiver of any claim by the party furnishing it to the extent such claim is based upon facts contrary to those asserted in the statement and to the extent the claim is asserted against a bona fide encumbrancer or purchaser for value without knowledge of facts to the contrary of those contained in the statement, and who has acted in reasonable reliance upon the statement. "**Mortgage**" shall mean any mortgage, deed of trust or other instrument primarily given to secure a loan or other obligation and constituting a lien on all or any portion of the Project, or any ground lease or master lease with respect to all or any portion of the Project. "**Mortgagee**" shall mean any mortgagee or beneficiary under a Mortgage or any ground lessor under any ground lease or master lessor under any master lease with respect to all or any portion of the Project, and any successor-in-interest to any of the foregoing. No Mortgagee shall be obligated or liable for the obligations and liabilities of any Project Owner hereunder unless and until such Mortgagee acquires fee title to all or a portion of the Project (whereupon such Mortgagee shall be and become entitled to all of the benefits and protections of the applicable Project Owner under the Easement), and then such Mortgagee shall be liable for the obligations and liabilities of the applicable Project Owner only (i) upon Mortgagee's acquisition of fee title to the Property or the Other Parcel, and (ii) for the duration of such ownership. Each Mortgagee with respect to any portion of the Project shall be an intended third-party beneficiary of the provisions of the Easement, but only with respect to those provisions that expressly benefit such Mortgagee. No breach under the Easement shall defeat or render invalid the lien of any Mortgage upon the Property or the Other Parcels, or any portion thereof, made in good faith for value, but the easements, covenants and conditions of the Easement shall be binding upon and effective against any Project Owner whose title thereto is acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Governing Law:	The Easement shall be governed by the laws of the State of California.
Run with the Land:	The Easement shall run with the land and shall benefit and burden the Building Owner and the Other Owners.
Miscellaneous:	The definitive Declarations of Reciprocal Easement Agreement(s) will contain other customary terms, including notice, counterparts, and representations and warranties.

City of Oakland as Beneficiary

If required by the City of Oakland for the Subdivision, some of the rights may be contained in a separate easement which will name the City of Oakland as a third-party beneficiary of such Declaration, provided that such easement shall only contain those rights for which the City of Oakland is required to be a third-party beneficiary, and no other rights.

EXHIBIT K

DISCLOSURE NOTICE REGARDING

HAZARDOUS MATERIALS AND LIST OF ENVIRONMENTAL DOCUMENTS
[Intentionally Omitted]

EXHIBIT L

MEMORANDUM OF LEASE AND OPTION

[Intentionally Omitted]

EXHIBIT M

FORM OF ESTOPPEL CERTIFICATE

[Intentionally Omitted]

EXHIBIT N

LANDLORD CERTIFICATE

_____, 20__

[PG&E]

Re: 300 Lakeside Drive, Oakland, California (the "Property")

Ladies and Gentlemen:

Reference is hereby made to that certain Office Lease, dated [_____] (the "Lease"), by and between Pacific Gas and Electric Company, a California corporation ("PG&E"), and [BA2 300 LAKESIDE LLC, a Delaware limited liability company] ("TMG"), pursuant to which PG&E has an option to purchase the Property, as is more particularly set forth therein.

Pursuant to Section 31.7 of the Lease, TMG hereby certifies that, as of the date of this Landlord Certificate, to the knowledge of TMG:

1. The List of Contracts attached hereto as Exhibit A is a true and correct list of all material written contracts or material written agreements that are binding on the Property to which TMG is a party or by which it is bound that are currently in effect, relating to operations, leasing, construction, architectural services, parking, maintenance or other supplies or services, management, leasing or brokerage services, or any equipment leases; it being understood for purposes hereof that any agreement or contract that is not terminable on thirty (30) days' notice without penalty shall be considered material. The List of Contracts does not include any contracts or agreements that will terminate before close of escrow of the sale of the Property to PG&E, including, without limitation, any agreements between TMG and any affiliate of TMG, and also does not include insurance or contracts for the engagement of attorneys, accountants, brokers (only to the extent such agreements are not related to any disposition or lease of the Property), surveyors, title companies, environmental consultants, or appraisers.

2. The List of Leases attached hereto as Exhibit B, is a true and correct list of all leases, guarantees, extensions, renewals, amendments, assignments, consents, and approvals for the use, possession, or occupancy of any portion of the Property (each, a "Property Lease"), to which TMG is a party.

3. Except as is listed on Exhibit C hereto:

(a) Except as may relate to the Lease, TMG has not received or sent any written notice of default under any Property Lease or contract, and all leasing commissions due and payable and tenant improvement allowances or landlord work with respect to the current unexpired term of each Property Lease, have been paid in full.

(b) TMG has not received written notice of any action, suit or proceeding before any judicial or quasi-judicial body, against or affecting all or any portion of the Property.

(c) TMG has not received any written condemnation notice from a governmental or quasi-governmental entity, authority, body or agency with respect to all or part of the Property.

(d) TMG has not granted to any person any option or other right to purchase the Property, other than pursuant to the Lease.

(e) TMG has not received any written notice that any part of the Property is in violation or breach of, or material default under, any law, ordinance, judgment, order, or decree that is applicable to the Property or any agreement to which TMG is a party or by which TMG or the Property is bound, and no claim based on any such violation, breach, or default has been filed with a court or administrative body or is being threatened.

(f) TMG has not received any written notice that any governmental or quasi-governmental entity, authority, body or agency has requested in writing or required in writing TMG or any person occupying the Property to take any remedial or corrective action under any environmental laws with respect to any Hazardous Materials (as such term is defined in the Lease) on or under the Property.

(g) TMG has not received any written notice that any governmental or quasi-governmental entity, authority, body or agency having jurisdiction over the Property has, in writing, requested or required that any work or repairs be done at or to the Property, which work or repairs has not been completed.

(h) TMG has not caused the generation, use, treatment, storage or disposal on or near the Property of any Hazardous Materials (as such term is defined in the Lease).

When used herein, the phrase "to the knowledge of TMG" shall mean and refer to the actual knowledge, with no obligation of inquiry, of any of (i) Matt Field, (ii) Lynn Tolin, or (ii) any other individuals who may later fulfill the management duties of Matt Field or Lynn Tolin with respect to the Property.

Very truly yours,

BA2 300 LAKESIDE LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Exhibit N

EXHIBIT A

LIST OF CONTRACTS

The "Baseline Conditions" for this Exhibit are set forth below. TMG shall make any necessary changes to update the Baseline Conditions as necessary to make this Landlord Certificate true prior to providing this Landlord Certificate to PG&E.

[NOTE: SEE ATTACHED]

EXHIBIT A

List of Contracts

[Intentionally Omitted]

EXHIBIT B

LIST OF LEASES

The "Baseline Conditions" for this Exhibit are set forth below. TMG shall make any necessary changes to update the Baseline Conditions as necessary to make this Landlord Certificate true prior to providing this Landlord Certificate to PG&E.

[NOTE: SEE ATTACHED]

EXHIBIT B

LIST OF LEASES

[Intentionally Omitted]

EXHIBIT C

DISCLOSURE ITEMS

The "Baseline Conditions" for this Exhibit are set forth below. TMG shall make any necessary changes to update the Baseline Conditions as necessary to make this Landlord Certificate true prior to providing this Landlord Certificate to PG&E.

[NOTE: SEE ATTACHED]

EXHIBIT C

DISCLOSURE ITEMS

[Intentionally Omitted]

EXHIBIT O

LANDLORD BUDGET

[Intentionally Omitted]

EXHIBIT P

OPTION PAYMENT LETTER OF CREDIT FORM

[Intentionally Omitted]

EXHIBIT A

REQUEST FOR FULL TRANSFER OF LETTER OF CREDIT

[Intentionally Omitted]

EXHIBIT Q

LETTER OF CREDIT TERMS

[Intentionally Omitted]

EXHIBIT R

SECURITY DEPOSIT LETTER OF CREDIT FORM

[Intentionally Omitted]

EXHIBIT A

REQUEST FOR FULL TRANSFER OF LETTER OF CREDIT

[Intentionally Omitted]

SCHEDULE 1: PHASES AND SUBPHASES; OFFICE SPACE

[Intentionally Omitted]

EXHIBIT 10.31

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD

PG&E CORPORATION, a California corporation, hereby grants Restricted Stock Units to the Recipient named below (sometimes referred to as "you"). The Restricted Stock Units have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Restricted Stock Units are set forth in this cover sheet and in the attached Restricted Stock Unit Agreement (the "Agreement").

Date of Grant: August 3, 2020

Name of Recipient: William L. Smith Recipient's Participant ID: <Emp Id> Number of Restricted Stock Units: 163,934

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Restricted Stock Units.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 90 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Restricted Stock Units, subject to the terms of the LTIP. Any prior agreements, commitments, or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Restricted Stock Units

PG&E Corporation grants you the number of Restricted Stock Units shown on the cover sheet of this Agreement. The Restricted Stock Units are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Restricted Stock Units

As long as you remain employed with PG&E Corporation, the total number of Restricted Stock Units originally subject to this Agreement, as shown on the cover sheet, will vest upon the earlier of (1) one year after the Date of Grant or (2) PG&E Corporation's election of a permanent Chief Executive Officer to replace the recipient.

Dividends

Restricted Stock Units will accrue Dividend Equivalents in the event that cash dividends are paid with respect to PG&E Corporation common stock having a record date prior to the date on which the RSUs are settled. Such Dividend Equivalents will be converted into cash and paid, if at all, upon settlement of the underlying Restricted Stock Units.

Settlement

Vested Restricted Stock Units will be settled in an equal number of shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. PG&E Corporation will issue shares as soon as practicable after the Restricted Stock Units vest in accordance with the Normal Vesting Schedule (but not later than sixty (60) days after the applicable vesting date); provided, however, that such issuance will, if earlier, be made with respect to all of your outstanding vested Restricted Stock Units (after giving effect to the

vesting provisions described below) as soon as practicable after (but not later than sixty (60) days after) the earliest to occur of your (1) Disability (as defined under Code Section 409A), (2) death, or (3) "separation from service," within the meaning of Code Section 409A within 2 years following a Change in Control.

Voluntary Termination

In the event of your voluntary termination, all unvested Restricted Stock Units will be cancelled on the date of termination.

Termination for Cause

If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause, all unvested Restricted Stock Units will be cancelled on the date of termination. In general, termination for "cause" means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause

If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause, all unvested Restricted Stock Units will vest and be settled as soon as practicable after (but not later than sixty (60) days after) the date of your termination of employment.

Death/Disability

In the event of your death or Disability (as defined in Code Section 409A) while you are employed, all of your Restricted Stock Units will vest and be settled as soon as practicable after (but not later than sixty (60) days after) the date of such event. If your death or Disability occurs following the termination of your employment and your Restricted Stock Units are then outstanding under the terms hereof, then all of your vested Restricted Stock Units plus any Restricted Stock Units that would have otherwise vested during any continued vesting period hereunder will be settled as soon as practicable after (but not later than sixty (60) days after) the date of your death or Disability.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Restricted Stock Units subject to this Agreement.

If the Restricted Stock Units are neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Restricted Stock Units, all of your unvested Restricted Stock Units will vest immediately preceding and contingent on, the Change in Control and be settled in accordance with the Normal Vesting Schedule, subject to the earlier settlement provisions of this Agreement.

Termination In Connection with a Change in Control

If you separate from service (other than termination for cause or your voluntary termination) in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Restricted Stock Units (including Restricted Stock Units that you would have otherwise forfeited after the end of the continued vesting period) will vest on the date of the Change in Control and will be settled in accordance with the Normal Vesting Schedule (without regard to the requirement that you be employed) subject to the earlier settlement provisions of this Agreement.

In the event of such a separation in connection with a Change in Control within two years following the Change in Control, your Restricted Stock Units (to the extent they did not previously vest upon, for example, failure of the Acquiror to assume or continue this award) will vest on the date of such separation and will be settled as soon as practicable after (but not later than sixty (60) days after) the date of such separation. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Delay

PG&E Corporation will delay the issuance of any shares of common stock to the extent it is necessary to comply with Code Section 409A(a)(2)(B)(i) (relating to payments made to certain "key employees" of certain publicly- traded companies); in such event, any shares of common stock to which you would otherwise be entitled during the six (6) month period following the date of your "separation from service" under Section 409A (or shorter period ending on the date of your death following such separation) will instead be issued on the first business day following the expiration of the applicable delay period.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of Restricted Stock Units will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Restricted Stock Units determined using the applicable minimum statutory withholding rates**,** including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including

through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

Notwithstanding the foregoing, if the leave of absence exceeds six (6) months, and a return to service upon expiration of such leave is not guaranteed by statute or contract, then you will be deemed to have had a "separation from service" for purposes of any Restricted Stock Units that are settled hereunder upon such separation. To the extent an authorized leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of at least six (6) months and such impairment causes you to be unable to perform the duties of your position of employment or any substantially similar position of employment, the six (6) month period in the prior sentence will be twenty-nine (29) months.

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

Voting and Other Rights

You will not have voting rights with respect to the Restricted Stock Units until the date the underlying shares are issued (as evidenced by appropriate entry on the books of PG&E Corporation or its duly authorized transfer agent). No Restricted Stock Units and no shares of Stock that have not been issued hereunder may be sold, assigned, transferred, pledged, or otherwise encumbered, other than by will or the laws of decent and distribution, and the Restricted Stock Units may be exercised during the life of the Recipient only by the Recipient or the Recipient's guardian or legal representative.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E

Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work internet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

EXHIBIT 10.32

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

NON-ANNUAL RESTRICTED STOCK UNIT AWARD

PG&E CORPORATION, a California corporation, hereby grants Restricted Stock Units to the Recipient named below (sometimes referred to as "you"). The Restricted Stock Units have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Restricted Stock Units are set forth in this cover sheet and in the attached Restricted Stock Unit Agreement (the "Agreement").

Date of Grant: August 14, 2020

Name of Recipient: John Simon Recipient's Participant ID: <Emp Id> Number of Restricted Stock Units: 139,479

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Restricted Stock Units dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

NON-ANNUAL RESTRICTED STOCK UNIT AGREEMENT

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Restricted Stock Units, subject to the terms of the LTIP. Any prior agreements, commitments, or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Restricted Stock Units

PG&E Corporation grants you the number of Restricted Stock Units shown on the cover sheet of this Agreement. The Restricted Stock Units are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Restricted Stock Units

As long as you remain employed with PG&E Corporation, the total number of Restricted Stock Units originally subject to this Agreement, as shown on the cover sheet, will vest in accordance with the below vesting schedule (the "Normal Vesting Schedule").

69,739 on August 13, 2021

69,740 on August 13, 2022

The amounts payable upon each vesting date are hereby designated separate payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended ("Code"). Except as described below, all Restricted Stock Units subject to this Agreement which have not vested upon termination of your employment will then be cancelled. As set forth below, the Restricted Stock Units may vest earlier upon the occurrence of certain events.

Dividends

Restricted Stock Units will accrue Dividend Equivalents in the event that cash dividends are paid with respect to PG&E Corporation common stock having a record date prior to the date on which the RSUs are settled. Such Dividend Equivalents will be converted into cash and paid, if at all, upon settlement of the underlying Restricted Stock Units.

Settlement

Vested Restricted Stock Units will be settled in an equal number of shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. PG&E Corporation will issue shares as soon as practicable after the Restricted Stock Units vest in accordance with the Normal Vesting Schedule (but not later than sixty (60) days after the applicable vesting date); provided, however, that such issuance will, if earlier, be made with respect to all of your outstanding vested Restricted Stock Units (after giving effect to the vesting provisions described below) as soon as practicable after (but not later than sixty (60) days after) the earliest to occur of your (1) Disability (as defined under Code Section 409A), (2) death, or (3) "separation from service," within the meaning of Code Section 409A within 2 years following a Change in Control.

Voluntary Termination
In the event of your voluntary termination (other than Retirement), all unvested Restricted Stock Units will be cancelled on the date of termination.

Termination for Cause

If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause, all unvested Restricted Stock Units will be cancelled on the date of termination. In general, termination for "cause" means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause

If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause, any unvested Restricted Stock Units that would have vested within the 12 months following such termination had your employment continued will continue to vest and
be settled pursuant to the Normal Vesting Schedule (without regard to the requirement that you be employed), subject to the earlier settlement provisions of this Agreement. All other unvested Restricted Stock Units will be cancelled unless your termination of employment was in connection with a Change in Control as provided below.

Death/Disability

In the event of your death or Disability (as defined in Code Section 409A) while you are employed, all of your Restricted Stock Units will vest and be settled as soon as practicable after (but not later than sixty (60) days after) the date of such event. If your death or Disability occurs following the termination of your employment and your Restricted Stock Units are then outstanding under the terms hereof, then all of your vested Restricted Stock Units plus any Restricted Stock Units that would have otherwise vested during any continued vesting period hereunder will be settled as soon as practicable after (but not later than sixty (60) days after) the date of your death or Disability.

Termination Due to Disposition of Subsidiary

If your employment is terminated (other than for cause, or your voluntary termination) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Code Section 424(f), or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your Restricted Stock Units will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Restricted Stock Units subject to this Agreement.

If the Restricted Stock Units are neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Restricted Stock Units, all of your unvested Restricted Stock Units will vest immediately preceding and contingent on, the Change in Control and be settled in accordance with the Normal Vesting Schedule, subject to the earlier settlement provisions of this Agreement.

Termination In Connection with a Change in Control

If you separate from service (other than termination for cause, or your voluntary termination) in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Restricted Stock Units (including Restricted Stock Units that you would have otherwise forfeited after the end of the continued vesting period) will vest on the date of the Change in Control and will be settled in accordance with the Normal Vesting

Schedule (without regard to the requirement that you be employed) subject to the earlier settlement provisions of this Agreement.

In the event of such a separation in connection with a Change in Control within two years following the Change in Control, your Restricted Stock Units (to the extent they did not previously vest upon, for example, failure of the Acquiror to assume or continue this award) will vest on the date of such separation and will be settled as soon as practicable after (but not later than sixty (60) days after) the date of such separation. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Delay

PG&E Corporation will delay the issuance of any shares of common stock to the extent it is necessary to comply with Code Section 409A(a)(2)(B)(i) (relating to payments made to certain "key employees" of certain publicly- traded companies); in such event, any shares of common stock to which you would otherwise be entitled during the six (6) month period following the date of your "separation from service" under Section 409A (or shorter period ending on the date of your death following such separation) will instead be issued on the first business day following the expiration of the applicable delay period.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of Restricted Stock Units will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Restricted Stock Units determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

Notwithstanding the foregoing, if the leave of absence exceeds six (6) months, and a return to service upon expiration of such leave is not guaranteed by statute or contract, then you will be deemed to have had a "separation from service" for purposes of any Restricted Stock Units that are settled hereunder upon such separation. To the extent an authorized leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of at least six (6) months and such impairment causes you to be unable to perform the duties of your position of employment or any substantially similar position of employment, the six (6) month period in the prior sentence will be twenty-nine (29) months. PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

Voting and Other Rights

You will not have voting rights with respect to the Restricted Stock Units until the date the underlying shares are issued (as evidenced by appropriate entry on the books of PG&E Corporation or its duly authorized transfer agent). No Restricted Stock Units and no shares of Stock that have not been issued hereunder may be sold, assigned, transferred, pledged, or otherwise encumbered, other than by will or the laws of decent and distribution, and the Restricted Stock Units may be exercised during the life of the Recipient only by the Recipient or the Recipient's guardian or legal representative.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work internet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

EXHIBIT 10.33

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

NON-ANNUAL RESTRICTED STOCK UNIT AWARD

PG&E CORPORATION, a California corporation, hereby grants Restricted Stock Units to the Recipient named below (sometimes referred to as "you"). The Restricted Stock Units have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Restricted Stock Units are set forth in this cover sheet and in the attached Restricted Stock Unit Agreement (the "Agreement").

Date of Grant: August 14, 2020

Name of Recipient: Jason Wells Recipient's Participant ID: <Emp Id> Number of Restricted Stock Units: 139,479

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Restricted Stock Units dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

NON-ANNUAL RESTRICTED STOCK UNIT AGREEMENT

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Restricted Stock Units, subject to the terms of the LTIP. Any prior agreements, commitments, or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Restricted Stock Units

PG&E Corporation grants you the number of Restricted Stock Units shown on the cover sheet of this Agreement. The Restricted Stock Units are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Restricted Stock Units

As long as you remain employed with PG&E Corporation, the total number of Restricted Stock Units originally subject to this Agreement, as shown on the cover sheet, will vest in accordance with the below vesting schedule (the "Normal Vesting Schedule").

69,739 on August 13, 2021

69,740 on August 13, 2022

The amounts payable upon each vesting date are hereby designated separate payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended ("Code"). Except as described below, all Restricted Stock Units subject to this Agreement which have not vested upon termination of your employment will then be cancelled. As set forth below, the Restricted Stock Units may vest earlier upon the occurrence of certain events.

Dividends

Restricted Stock Units will accrue Dividend Equivalents in the event that cash dividends are paid with respect to PG&E Corporation common stock having a record date prior to the date on which the RSUs are settled. Such Dividend Equivalents will be converted into cash and paid, if at all, upon settlement of the underlying Restricted Stock Units.

Settlement

Vested Restricted Stock Units will be settled in an equal number of shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. PG&E Corporation will issue shares as soon as practicable after the Restricted Stock Units vest in accordance with the Normal Vesting Schedule (but not later than sixty (60) days after the applicable vesting date); provided, however, that such issuance will, if earlier, be made with respect to all of your outstanding vested Restricted Stock Units (after giving effect to the vesting provisions described below) as soon as practicable after (but not later than sixty (60) days after) the earliest to occur of your (1) Disability (as defined under Code Section 409A), (2) death, or (3) "separation from service," within the meaning of Code Section 409A within 2 years following a Change in Control.

Voluntary Termination
In the event of your voluntary termination (other than Retirement), all unvested Restricted Stock Units will be cancelled on the date of termination.

Termination for Cause

If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause, all unvested Restricted Stock Units will be cancelled on the date of termination. In general, termination for "cause" means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause

If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause, any unvested Restricted Stock Units that would have vested within the 12 months following such termination had your employment continued will continue to vest and
be settled pursuant to the Normal Vesting Schedule (without regard to the requirement that you be employed), subject to the earlier settlement provisions of this Agreement. All other unvested Restricted Stock Units will be cancelled unless your termination of employment was in connection with a Change in Control as provided below.

Death/Disability

In the event of your death or Disability (as defined in Code Section 409A) while you are employed, all of your Restricted Stock Units will vest and be settled as soon as practicable after (but not later than sixty (60) days after) the date of such event. If your death or Disability occurs following the termination of your employment and your Restricted Stock Units are then outstanding under the terms hereof, then all of your vested Restricted Stock Units plus any Restricted Stock Units that would have otherwise vested during any continued vesting period hereunder will be settled as soon as practicable after (but not later than sixty (60) days after) the date of your death or Disability.

Termination Due to Disposition of Subsidiary

If your employment is terminated (other than for cause, or your voluntary termination) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Code Section 424(f), or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your Restricted Stock Units will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Restricted Stock Units subject to this Agreement.

If the Restricted Stock Units are neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Restricted Stock Units, all of your unvested Restricted Stock Units will vest immediately preceding and contingent on, the Change in Control and be settled in accordance with the Normal Vesting Schedule, subject to the earlier settlement provisions of this Agreement.

Termination In Connection with a Change in Control

If you separate from service (other than termination for cause, or your voluntary termination) in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Restricted Stock Units (including Restricted Stock Units that you would have otherwise forfeited after the end of the continued vesting period) will vest on the date of the Change in Control and will be settled in accordance with the Normal Vesting Schedule (without regard to the requirement that you be employed) subject to the earlier settlement provisions of this Agreement.

In the event of such a separation in connection with a Change in Control within two years following the Change in Control, your Restricted Stock Units (to the extent they did not previously vest upon, for example, failure of the Acquiror to assume or continue this award) will vest on the date of such separation and will be settled as soon as practicable after (but not later than sixty (60) days after) the date of such separation. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Delay

PG&E Corporation will delay the issuance of any shares of common stock to the extent it is necessary to comply with Code Section 409A(a)(2)(B)(i) (relating to payments made to certain "key employees" of certain publicly- traded companies); in such event, any shares of common stock to which you would otherwise be entitled during the six (6) month period following the date of your "separation from service" under Section 409A (or shorter period ending on the date of your death following such separation) will instead be issued on the first business day following the expiration of the applicable delay period.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of Restricted Stock Units will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Restricted Stock Units determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

Notwithstanding the foregoing, if the leave of absence exceeds six (6) months, and a return to service upon expiration of such leave is not guaranteed by statute or contract, then you will be deemed to have had a "separation from service" for purposes of any Restricted Stock Units that are settled hereunder upon such separation. To the extent an authorized leave of absence is

due to a medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of at least six (6) months and such impairment causes you to be unable to perform the duties of your position of employment or any substantially similar position of employment, the six (6) month period in the prior sentence will be twenty-nine (29) months. PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

Voting and Other Rights

You will not have voting rights with respect to the Restricted Stock Units until the date the underlying shares are issued (as evidenced by appropriate entry on the books of PG&E Corporation or its duly authorized transfer agent). No Restricted Stock Units and no shares of Stock that have not been issued hereunder may be sold, assigned, transferred, pledged, or otherwise encumbered, other than by will or the laws of decent and distribution, and the Restricted Stock Units may be exercised during the life of the Recipient only by the Recipient or the Recipient's guardian or legal representative.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work internet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

EXHIBIT 10.34

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AWARD

PG&E CORPORATION, a California corporation, hereby grants Performance Shares to the Recipient named below (sometimes referred to as "you"). The Performance Shares have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Performance Shares are set forth in this cover sheet and the attached Performance Share Agreement (the "Agreement").

Date of Grant: March 2, 2020

Name of Recipient: James Welsch Recipient's Participant ID: <Emp Id> Number of Performance Shares: 53,333

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Performance, dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AGREEMENT - FINANCIAL

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Performance Shares, subject to the terms of the LTIP. Any prior agreements, commitments or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. The LTIP provides the Committee with discretion to adjust the performance award formula.

For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Performance Shares

PG&E Corporation grants you the number of Performance Shares shown on the cover sheet of this Agreement (the "Performance Shares"). The Performance Shares are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Performance Shares

As long as you remain employed with PG&E Corporation, the Performance Shares will vest upon, and to the extent of, the Committee's certification of the extent to which performance goals have been attained for this award, which certification will occur on or after January 1 but before March 15 of the third year following the calendar year of grant specified in the cover sheet (the "Vesting Date"), in all cases subject to any requirements that awards be held for at least three years following the Date of Grant. Except as described below, all Performance Shares that have not vested will be cancelled upon termination of your employment.

Settlement in Shares/ Performance Goals

Vested Performance Shares will be settled in shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. The number of shares you are entitled to receive will be calculated by multiplying the number of vested Performance Shares by the "payout percentage" determined as follows during the three-year performance period from January 1, 2020 through December 31, 2022 (Performance Period) (except as set forth elsewhere in this Agreement), rounded to the nearest whole number.

The Performance Shares have both Customer Experience and Public Safety measures (as described in Exhibit A), in the following weights:

1. Customer Satisfaction Score – 25%
2. PSPS Notification Accuracy – 25%
3. System Hardening – 25%
4. Substation Enablement – 25%

Subject to rounding considerations, for each measure, if performance is below threshold, the payout percentage will be 0%; if performance is at threshold, the payout percentage will be 50%; if performance is at target, the payout percentage will be 100%; and if performance is at or better than maximum, the payout percentage will be 200%. The actual payout percentage for performance between threshold and maximum will be determined based on linear interpolation between the payout percentages for threshold and target, or target and maximum, as appropriate.

Notwithstanding the foregoing, if the score for the Financial Stability modifier set forth on Exhibit A is below or at threshold level, then the payout percentage will be multiplied by 75%; if the score for the financial stability modifier is at target, the payout percentage will be multiplied by 100%; and if the score for the finnanical stability modifier is at maximum, the payout percentage will be multiplied by 125%. The actual modifier for performance between threshold and maximum will be determined based on linear interpolation between the multiplier percentages for threshold and target, or target and maximum, as appropriate.

The final score will be determined in the discretion of the PG&E Corporation Board of Directors or its delegate, including any decision to reduce or forego payment entirely. As part of exercising such discretion, the Board or its delegate (including, as appropriate, the Committee or the Pacific Gas and Electric Company Board) will take into consideration public, employee and contractor safety performance.

The final payout percentage, if any, will be determined as soon as practicable following the date that the Committee or an equivalent body certifies the extent to which the performance goal has been attained. PG&E Corporation will issue shares as soon as practicable after such determination, but no earlier than the Vesting Date, and not later than March 15 of the calendar year following completion of the Performance Period.

Dividends	Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the dividend multiplied by the number of Performance Shares granted to you by this Agreement will be accrued on your behalf. If you receive a Performance Share settlement in accordance with the preceding paragraph, at that same time you also will receive a cash payment equal to the amount of any dividends accrued with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Voluntary Termination	If you terminate your employment with PG&E Corporation voluntarily before the Vesting Date (other than for Retirement), all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited.
Termination for Cause	If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause before the Vesting Date, all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited. In general, termination for “cause” means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause	If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause or Retirement before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited, unless your termination of employment was in connection with a Change in Control as provided below. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Retirement	If you retire before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. Your termination of employment will be considered a Retirement if you are age 55 or older on the date of termination and if you were employed by PG&E Corporation for at least eight consecutive years ending on the date of termination of your employment.
Death/Disability	If your employment terminates due to your death or disability before the Vesting Date, all of your Performance Shares will immediately vest as to the service requirement and will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.

Termination Due to Disposition of Subsidiary

If your employment is terminated (other than for cause, your voluntary termination, or Retirement) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Section 424(f) of the Internal Revenue Code of 1986, as amended, or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your outstanding Performance Shares will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under this Agreement or substitutes a substantially equivalent award, Performance Shares will vest on the Vesting Date, and performance will be deemed to have been achieved at target, resulting in a payout percentage of 100%. Settlement will occur as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares over the Performance Period multiplied by a payout percentage of 100%.

If the Change in Control of PG&E Corporation occurs before the Vesting Date, and if this award is neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement, all of your outstanding Performance Shares will vest and become nonforfeitable on the date of the Change in Control. Such vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date and no later than March 15 of the year following completion of the Performance Period. Performance will be deemed to have been achieved at target and the payout percentage will be 100%. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares to the date of the Change in Control multiplied by a payout percentage of 100%.

Termination In Connection with a Change in Control

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within two years following the Change in Control, all of your outstanding Performance Shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue this award) will vest and become nonforfeitable on the date of termination of your employment.

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Performance Shares will vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested Performance Shares through the date of termination of your employment) as of the date of the Change in Control.

Your vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date but no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees (which in this case will be deemed to be at target, consistent with the "Change in Control" section, above). At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of your Performance Shares will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Performance Shares determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work intranet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

Exhibit A

CUSTOMER EXPERIENCE

Customer Satisfaction Score – 25%

- Measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?"

  Final metric score will be based on the average of the quarterly scores in 2022 (the last year in the Performance Period).

- Targets for threshold, target and maximum payouts are as follows:

  - Threshold, 0.5: CSS score of 71.7
  - Target, 1.0: CSS score of 72.3
  - Maximum, 2.0: CSS score of 74.4

PSPS Notification Accuracy – 25%

- Measured as the percentage of PSPS-affected customers who receive notifications at least 12 hours in advance of a PSPS outage.

  Final metric score based on the average of the percentages across all PSPS events during the three year Performance Period.

- Threshold, target and maximum scores for PSPS impacted customers receiving notifications at least 12 hours ahead of the event are as follows:

  - 0.5: 98.0%
  - 1.0: 99.0%
  - 2.0: 99.9%

PUBLIC SAFETY

System Hardening – 25%

- Completion of (i) rebuild of overhead circuitry to current hardening design standards; (ii) targeted undergrounding; or (iii) elimination of overhead circuitry, measures in miles of circuit.

Circuit miles are recorded as complete when individual spans/sections for each project are constructed, inspected for quality control and quality assurance against the hardening design standard, and passed as "fire safe."

Final metric score is total circuit miles completed during the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 919 miles

- 1.0: 1,021 miles
- 2.0: 1, 225 miles

Substation Enablement – 25%

- Measured as the number of substations out of a possible 64 substations that are "energizable" during a Transmission-Level PSPS event. "Energizable" includes microgrid temporary or permanent generation solutions or other yet-to-be-identified solutions that allow a substation to be energized during a Transmission-Level PSPS event.

  Final metric score is the count of "energizable" substations at the end of the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 30
  - 1.0: 40
  - 2.0: 50

FINANCIAL STABILITY MODIFIER

Total Shareholder Return (TSR)

Performance share payouts are targeted at the 50th percentile of TSR performance of the 2020 Performance Comparator Group.

- Seventy-five (75) percent modifier for TSR performance below the threshold 25th percentile of the Performance Comparator Group. One hundred (100) percent modifier for TSR performance at the target 50th percentile. One hundred fifty (125) percent modifier for TSR performance at the maximum 80th percentile.

- If TSR performance is between the 25th percentile and the target, or between the target and the 80th percentile, the settlement percentage for award payouts is determined by straight-line interpolation between (1) the Performance Percentile associated with each Comparator Rank and (2) the Rounded Modifier associated with each Performance Percentile (including the 25th, 50th, and 80th percentiles), as shown in the "2020 Performance Modifier Scale" set forth below, adjusted to the nearest whole number.

2020 Performance Comparator Group

Alliant Energy
Ameren Corporation
American Electric Power
CMS Energy
Consolidated Edison, Inc.
DTE Energy
Duke Energy
Edison International, Inc.
Evergy, Inc.
Eversource Energy
NiSource, Inc.
Pinnacle West Capital
Southern Company
WEC Energy Group, Inc.
Xcel Energy, Inc.

2020 Performance Modifier

Comparator Rank	Performance Percentile	Rounded Modifier
1	100%	125%
2	93%	125%
3	87%	125%
4 Maximum	80%	125%
5	73%	139%
6	67%	128%
7	60%	117%
8	53%	106%
Target	50%	100%
9	47%	97%
10	40%	90%
11	33%	83%
12	27%	77%
Threshold	25%	75%
13	20%	75%
14	13%	75%
15	7%	75%

- TSR performance is measured using an average of closing prices for 20 trading days immediately prior to the beginning and end of the performance period.
- If any member of the 2020 group ceases to be publicly traded, that member will be removed from the 2020 group and the payout methodology will be applied to the revised smaller 2020 group.

[1] Interpolation shall be used in the event that PG&E's TSR does not fall directly on one of the TSR ranks listed. For example, if PG&E Corporation's TSR is one-quarter of the way between the TSRs of comparator companies ranked at 5 and 6, then the applicable Performance Percentile will be one- quarter of the way between the percentiles for the fifth- and sixth-ranked comparator group companies, and the modifier will be one-quarter of the way between the associated Rounded Modifier values.

EXHIBIT 10.35

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AWARD

PG&E CORPORATION, a California corporation, hereby grants Performance Shares to the Recipient named below (sometimes referred to as "you"). The Performance Shares have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Performance Shares are set forth in this cover sheet and the attached Performance Share Agreement (the "Agreement").

Date of Grant: March 2, 2020

Name of Recipient: Michael Lewis Recipient's Participant ID: <Emp Id> Number of Performance Shares: 5,464

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Performance, dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AGREEMENT - FINANCIAL

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Performance Shares, subject to the terms of the LTIP. Any prior agreements, commitments or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. The LTIP provides the Committee with discretion to adjust the performance award formula.

For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Performance Shares

PG&E Corporation grants you the number of Performance Shares shown on the cover sheet of this Agreement (the "Performance Shares"). The Performance Shares are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Performance Shares

As long as you remain employed with PG&E Corporation, the Performance Shares will vest upon, and to the extent of, the Committee's certification of the extent to which performance goals have been attained for this award, which certification will occur on or after January 1 but before March 15 of the third year following the calendar year of grant specified in the cover sheet (the "Vesting Date"), in all cases subject to any requirements that awards be held for at least three years following the Date of Grant. Except as described below, all Performance Shares that have not vested will be cancelled upon termination of your employment.

Settlement in Shares/ Performance Goals

Vested Performance Shares will be settled in shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. The number of shares you are entitled to receive will be calculated by multiplying the number of vested Performance Shares by the "payout percentage" determined as follows during the three-year performance period from January 1, 2020 through December 31, 2022 (Performance Period) (except as set forth elsewhere in this Agreement), rounded to the nearest whole number.

The Performance Shares have both Customer Experience and Public Safety measures (as described in Exhibit A), in the following weights:

1. Customer Satisfaction Score – 25%
2. PSPS Notification Accuracy – 25%
3. System Hardening – 25%
4. Substation Enablement – 25%

Subject to rounding considerations, for each measure, if performance is below threshold, the payout percentage will be 0%; if performance is at threshold, the payout percentage will be 50%; if performance is at target, the payout percentage will be 100%; and if performance is at or better than maximum, the payout percentage will be 200%. The actual payout percentage for performance between threshold and maximum will be determined based on linear interpolation between the payout percentages for threshold and target, or target and maximum, as appropriate.

Notwithstanding the foregoing, if the score for the Financial Stability modifier set forth on Exhibit A is below or at threshold level, then the payout percentage will be multiplied by 75%; if the score for the financial stability modifier is at target, the payout percentage will be multiplied by 100%; and if the score for the finnanical stability modifier is at maximum, the payout percentage will be multiplied by 125%. The actual modifier for performance between threshold and maximum will be determined based on linear interpolation between the multiplier percentages for threshold and target, or target and maximum, as appropriate.

The final score will be determined in the discretion of the PG&E Corporation Board of Directors or its delegate, including any decision to reduce or forego payment entirely. As part of exercising such discretion, the Board or its delegate (including, as appropriate, the Committee or the Pacific Gas and Electric Company Board) will take into consideration public, employee and contractor safety performance.

The final payout percentage, if any, will be determined as soon as practicable following the date that the Committee or an equivalent body certifies the extent to which the performance goal has been attained. PG&E Corporation will issue shares as soon as practicable after such determination, but no earlier than the Vesting Date, and not later than March 15 of the calendar year following completion of the Performance Period.

Dividends	Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the dividend multiplied by the number of Performance Shares granted to you by this Agreement will be accrued on your behalf. If you receive a Performance Share settlement in accordance with the preceding paragraph, at that same time you also will receive a cash payment equal to the amount of any dividends accrued with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Voluntary Termination	If you terminate your employment with PG&E Corporation voluntarily before the Vesting Date (other than for Retirement), all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited.
Termination for Cause	If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause before the Vesting Date, all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited. In general, termination for “cause” means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause	If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause or Retirement before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited, unless your termination of employment was in connection with a Change in Control as provided below. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Retirement	If you retire before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. Your termination of employment will be considered a Retirement if you are age 55 or older on the date of termination and if you were employed by PG&E Corporation for at least eight consecutive years ending on the date of termination of your employment.
Death/Disability	If your employment terminates due to your death or disability before the Vesting Date, all of your Performance Shares will immediately vest as to the service requirement and will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.

Termination Due to Disposition of Subsidiary

If your employment is terminated (other than for cause, your voluntary termination, or Retirement) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Section 424(f) of the Internal Revenue Code of 1986, as amended, or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your outstanding Performance Shares will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under this Agreement or substitutes a substantially equivalent award, Performance Shares will vest on the Vesting Date, and performance will be deemed to have been achieved at target, resulting in a payout percentage of 100%. Settlement will occur as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares over the Performance Period multiplied by a payout percentage of 100%.

If the Change in Control of PG&E Corporation occurs before the Vesting Date, and if this award is neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement, all of your outstanding Performance Shares will vest and become nonforfeitable on the date of the Change in Control. Such vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date and no later than March 15 of the year following completion of the Performance Period. Performance will be deemed to have been achieved at target and the payout percentage will be 100%. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares to the date of the Change in Control multiplied by a payout percentage of 100%.

Termination In Connection with a Change in Control

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within two years following the Change in Control, all of your outstanding Performance Shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue this award) will vest and become nonforfeitable on the date of termination of your employment.

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Performance Shares will vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested Performance Shares through the date of termination of your employment) as of the date of the Change in Control.

Your vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date but no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees (which in this case will be deemed to be at target, consistent with the "Change in Control" section, above). At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of your Performance Shares will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Performance Shares determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work intranet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

Exhibit A

CUSTOMER EXPERIENCE

Customer Satisfaction Score – 25%

- Measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?"

  Final metric score will be based on the average of the quarterly scores in 2022 (the last year in the Performance Period).

- Targets for threshold, target and maximum payouts are as follows:

  - Threshold, 0.5: CSS score of 71.7
  - Target, 1.0: CSS score of 72.3
  - Maximum, 2.0: CSS score of 74.4

PSPS Notification Accuracy – 25%

- Measured as the percentage of PSPS-affected customers who receive notifications at least 12 hours in advance of a PSPS outage.

  Final metric score based on the average of the percentages across all PSPS events during the three year Performance Period.

- Threshold, target and maximum scores for PSPS impacted customers receiving notifications at least 12 hours ahead of the event are as follows:

  - 0.5: 98.0%
  - 1.0: 99.0%
  - 2.0: 99.9%

PUBLIC SAFETY

System Hardening – 25%

- Completion of (i) rebuild of overhead circuitry to current hardening design standards; (ii) targeted undergrounding; or (iii) elimination of overhead circuitry, measures in miles of circuit.

Circuit miles are recorded as complete when individual spans/sections for each project are constructed, inspected for quality control and quality assurance against the hardening design standard, and passed as "fire safe."

Final metric score is total circuit miles completed during the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 919 miles

- 1.0: 1,021 miles
- 2.0: 1, 225 miles

Substation Enablement – 25%

- Measured as the number of substations out of a possible 64 substations that are "energizable" during a Transmission-Level PSPS event. "Energizable" includes microgrid temporary or permanent generation solutions or other yet-to-be-identified solutions that allow a substation to be energized during a Transmission-Level PSPS event.

  Final metric score is the count of "energizable" substations at the end of the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 30
  - 1.0: 40
  - 2.0: 50

FINANCIAL STABILITY MODIFIER

Total Shareholder Return (TSR)

Performance share payouts are targeted at the 50th percentile of TSR performance of the 2020 Performance Comparator Group.

- Seventy-five (75) percent modifier for TSR performance below the threshold 25th percentile of the Performance Comparator Group. One hundred (100) percent modifier for TSR performance at the target 50th percentile. One hundred fifty (125) percent modifier for TSR performance at the maximum 80th percentile.

- If TSR performance is between the 25th percentile and the target, or between the target and the 80th percentile, the settlement percentage for award payouts is determined by straight-line interpolation between (1) the Performance Percentile associated with each Comparator Rank and (2) the Rounded Modifier associated with each Performance Percentile (including the 25th, 50th, and 80th percentiles), as shown in the "2020 Performance Modifier Scale" set forth below, adjusted to the nearest whole number.

2020 Performance Comparator Group

Alliant Energy
Ameren Corporation
American Electric Power
CMS Energy
Consolidated Edison, Inc.
DTE Energy
Duke Energy
Edison International, Inc.
Evergy, Inc.
Eversource Energy
NiSource, Inc.
Pinnacle West Capital
Southern Company
WEC Energy Group, Inc.
Xcel Energy, Inc.

2020 Performance Modifier

Comparator Rank	Performance Percentile	Rounded Modifier
1	100%	125%
2	93%	125%
3	87%	125%
4 Maximum	80%	125%
5	73%	139%
6	67%	128%
7	60%	117%
8	53%	106%
Target	50%	100%
9	47%	97%
10	40%	90%
11	33%	83%
12	27%	77%
Threshold	25%	75%
13	20%	75%
14	13%	75%
15	7%	75%

- TSR performance is measured using an average of closing prices for 20 trading days immediately prior to the beginning and end of the performance period.
- If any member of the 2020 group ceases to be publicly traded, that member will be removed from the 2020 group and the payout methodology will be applied to the revised smaller 2020 group.

[1] Interpolation shall be used in the event that PG&E's TSR does not fall directly on one of the TSR ranks listed. For example, if PG&E Corporation's TSR is one-quarter of the way between the TSRs of comparator companies ranked at 5 and 6, then the applicable Performance Percentile will be one- quarter of the way between the percentiles for the fifth- and sixth-ranked comparator group companies, and the modifier will be one-quarter of the way between the associated Rounded Modifier values.

EXHIBIT 10.36

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AWARD

PG&E CORPORATION, a California corporation, hereby grants Performance Shares to the Recipient named below (sometimes referred to as "you"). The Performance Shares have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Performance Shares are set forth in this cover sheet and the attached Performance Share Agreement (the "Agreement").

Date of Grant: August 3, 2020

Name of Recipient: William L. Smith Recipient's Participant ID: <Emp Id> Number of Performance Shares: 382,514

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Performance Shares.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 90 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AGREEMENT - FINANCIAL

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Performance Shares, subject to the terms of the LTIP. Any prior agreements, commitments or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. The LTIP provides the Committee with discretion to adjust the performance award formula.

For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Performance Shares

PG&E Corporation grants you the number of Performance Shares shown on the cover sheet of this Agreement (the "Performance Shares"). The Performance Shares are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Performance Shares

As long as you remain employed with PG&E Corporation, the Performance Shares will vest upon, and to the extent of, the Committee's certification of the extent to which performance goals have been attained for this award as of December 31, 2020 (the "Vesting Date"), which certification will occur on or after January 1, 2021 but before March 15, 2021. Except as described below, all Performance Shares that have not vested will be cancelled upon termination of your employment. Vested Performance Shares will be settled in shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. The number of shares you are entitled to receive will be calculated by multiplying the number of vested Performance Shares by the "payout percentage" determined as follows (except as set forth elsewhere in this Agreement), rounded to the nearest whole number.

Settlement in Shares/ Performance Goals

The Performance Shares have performance goals consistent with those in the 2020 Short Term Incentive Plan, and as set forth in Exhibit A. The resulting payout percentage will be based on the achievement of the applicable performance goals as measured over the period January 1, 2020 through December 31, 2020.

Achievement of the Performance Shares' performance goals will be certified by the Committee. Subject to rounding considerations, if performance is below threshold, the payout percentage will be 0%; if performance is at threshold, the payout percentage will be 50%; if performance is at target, the payout percentage will be 100%; and if performance is at or better than maximum, the payout percentage will be 200%. The actual payout percentage for performance between threshold and maximum will be determined based on linear interpolation between the payout percentages for threshold and target, or target and maximum, as appropriate. The final score will be determined in the discretion of the PG&E Corporation Board of Directors or its delegate, including any decision to reduce or forego payment entirely.

The final payout percentage, if any, will be determined as soon as practicable following the date that the Committee or an equivalent body certifies the extent to which the performance goals have been attained. PG&E Corporation will issue shares as soon as practicable after such determination, but no earlier than the Vesting Date, and not later than March 15 of the calendar year following the Vesting Date.

Dividends	Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the dividend multiplied by the number of Performance Shares granted to you by this Agreement will be accrued on your behalf. If you receive a Performance Share settlement in accordance with the preceding paragraph, at that same time you also will receive a cash payment equal to the amount of any dividends accrued with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Voluntary Termination	If you terminate your employment with PG&E Corporation voluntarily before the Vesting Date (other than for Retirement), all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited.
Termination for Cause	If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause before the Vesting Date, all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited. In general, termination for “cause” means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause	If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months prior to the Vesting Date that you were employed by PG&E (rounded down) during 2020. All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited, unless your termination of employment was in connection with a Change in Control as provided below. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following the Vesting Date, based on the payout percentage certified by the Committee. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued from the date of grant through the Vesting Date with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Death/Disability	If your employment terminates due to your death or disability before the Vesting Date, all of your Performance Shares will immediately vest as to the service requirement and will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under this Agreement or substitutes a substantially equivalent award, Performance Shares will vest on the Vesting Date, and performance will be deemed to have been achieved at target, resulting in a payout percentage of 100%. Settlement will occur as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares over the Performance Period multiplied by a payout percentage of 100%.

If the Change in Control of PG&E Corporation occurs before the Vesting Date, and if this award is neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement, all of your outstanding Performance Shares will vest and become nonforfeitable on the date of the Change in Control. Such vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date and no later than March 15 of the year following completion of the Performance Period. Performance will be deemed to have been achieved at target and the payout percentage will be 100%. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares to the date of the Change in Control multiplied by a payout percentage of 100%.

Termination In Connection with a Change in Control

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within two years following the Change in Control, all of your outstanding Performance Shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue this award) will vest and become nonforfeitable on the date of termination of your employment.

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Performance Shares will vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested Performance Shares through the date of termination of your employment) as of the date of the Change in Control.

Your vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date but no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees (which in this case will be deemed to be at target, consistent with the "Change in Control" section, above). At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of your Performance Shares will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Performance Shares determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work intranet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

EXHIBIT A

Performance Shares Performance Metrics and Weightings

1. Customer Welfare (prioritizing public and employee safety) (75%):
    a. Electrical Operations (25%), consisting of:
        i. Reportable Fire Ignitions (10%)
        ii. Electric Asset Failure (10%)
        iii. Distribution Circuit Sectionalization (5%)
    b. Gas Operations (15%), consisting of:
        i. Large Overpressure Events (7.5%)
        ii. Dig-Ins Reduction (7.5%)
    c. Generation (10%), consisting of:
        i. Safe Dam Operating Capacity (5%)
        ii. DCPP Reliability and Safety Indicator (5%)
    d. Workforce Safety (15%), consisting of:
        i. Days Away, Restricted and Transferred Rate
    e. Reliability (10%), consisting of:
        i. Gas Customer Emergency Response (3.33%)
        ii. 911 Emergency Response (3.33%)
        iii. Customers Experiencing Multiple Interruptions (3.33%)

1. Financial Stability (25%)

EXHIBIT 10.37

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AWARD

PG&E CORPORATION, a California corporation, hereby grants Performance Shares to the Recipient named below (sometimes referred to as "you"). The Performance Shares have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Performance Shares are set forth in this cover sheet and the attached Performance Share Agreement (the "Agreement").

Date of Grant: March 2, 2020

Name of Recipient: David Thomason Recipient's Participant ID: <Emp Id> Number of Performance Shares: 32,787

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Performance, dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AGREEMENT - FINANCIAL

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Performance Shares, subject to the terms of the LTIP. Any prior agreements, commitments or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. The LTIP provides the Committee with discretion to adjust the performance award formula.

For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Performance Shares

PG&E Corporation grants you the number of Performance Shares shown on the cover sheet of this Agreement (the "Performance Shares"). The Performance Shares are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Performance Shares

As long as you remain employed with PG&E Corporation, the Performance Shares will vest upon, and to the extent of, the Committee's certification of the extent to which performance goals have been attained for this award, which certification will occur on or after January 1 but before March 15 of the third year following the calendar year of grant specified in the cover sheet (the "Vesting Date"), in all cases subject to any requirements that awards be held for at least three years following the Date of Grant. Except as described below, all Performance Shares that have not vested will be cancelled upon termination of your employment.

Settlement in Shares/ Performance Goals

Vested Performance Shares will be settled in shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. The number of shares you are entitled to receive will be calculated by multiplying the number of vested Performance Shares by the "payout percentage" determined as follows during the three-year performance period from January 1, 2020 through December 31, 2022 (Performance Period) (except as set forth elsewhere in this Agreement), rounded to the nearest whole number.

The Performance Shares have both Customer Experience and Public Safety measures (as described in Exhibit A), in the following weights:

1. Customer Satisfaction Score – 25%
2. PSPS Notification Accuracy – 25%
3. System Hardening – 25%
4. Substation Enablement – 25%

Subject to rounding considerations, for each measure, if performance is below threshold, the payout percentage will be 0%; if performance is at threshold, the payout percentage will be 50%; if performance is at target, the payout percentage will be 100%; and if performance is at or better than maximum, the payout percentage will be 200%. The actual payout percentage for performance between threshold and maximum will be determined based on linear interpolation between the payout percentages for threshold and target, or target and maximum, as appropriate.

Notwithstanding the foregoing, if the score for the Financial Stability modifier set forth on Exhibit A is below or at threshold level, then the payout percentage will be multiplied by 75%; if the score for the financial stability modifier is at target, the payout percentage will be multiplied by 100%; and if the score for the finnanical stability modifier is at maximum, the payout percentage will be multiplied by 125%. The actual modifier for performance between threshold and maximum will be determined based on linear interpolation between the multiplier percentages for threshold and target, or target and maximum, as appropriate.

The final score will be determined in the discretion of the PG&E Corporation Board of Directors or its delegate, including any decision to reduce or forego payment entirely. As part of exercising such discretion, the Board or its delegate (including, as appropriate, the Committee or the Pacific Gas and Electric Company Board) will take into consideration public, employee and contractor safety performance.

The final payout percentage, if any, will be determined as soon as practicable following the date that the Committee or an equivalent body certifies the extent to which the performance goal has been attained. PG&E Corporation will issue shares as soon as practicable after such determination, but no earlier than the Vesting Date, and not later than March 15 of the calendar year following completion of the Performance Period.

Dividends	Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the dividend multiplied by the number of Performance Shares granted to you by this Agreement will be accrued on your behalf. If you receive a Performance Share settlement in accordance with the preceding paragraph, at that same time you also will receive a cash payment equal to the amount of any dividends accrued with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Voluntary Termination	If you terminate your employment with PG&E Corporation voluntarily before the Vesting Date (other than for Retirement), all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited.
Termination for Cause	If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause before the Vesting Date, all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited. In general, termination for “cause” means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.

Termination other than for Cause	If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause or Retirement before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited, unless your termination of employment was in connection with a Change in Control as provided below. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Retirement	If you retire before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. Your termination of employment will be considered a Retirement if you are age 55 or older on the date of termination and if you were employed by PG&E Corporation for at least eight consecutive years ending on the date of termination of your employment.
Death/Disability	If your employment terminates due to your death or disability before the Vesting Date, all of your Performance Shares will immediately vest as to the service requirement and will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.

Termination Due to Disposition of Subsidiary

If your employment is terminated (other than for cause, your voluntary termination, or Retirement) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Section 424(f) of the Internal Revenue Code of 1986, as amended, or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your outstanding Performance Shares will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under this Agreement or substitutes a substantially equivalent award, Performance Shares will vest on the Vesting Date, and performance will be deemed to have been achieved at target, resulting in a payout percentage of 100%. Settlement will occur as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares over the Performance Period multiplied by a payout percentage of 100%.

If the Change in Control of PG&E Corporation occurs before the Vesting Date, and if this award is neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement, all of your outstanding Performance Shares will vest and become nonforfeitable on the date of the Change in Control. Such vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date and no later than March 15 of the year following completion of the Performance Period. Performance will be deemed to have been achieved at target and the payout percentage will be 100%. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares to the date of the Change in Control multiplied by a payout percentage of 100%.

Termination In Connection with a Change in Control

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within two years following the Change in Control, all of your outstanding Performance Shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue this award) will vest and become nonforfeitable on the date of termination of your employment.

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Performance Shares will vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested Performance Shares through the date of termination of your employment) as of the date of the Change in Control.

Your vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date but no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees (which in this case will be deemed to be at target, consistent with the "Change in Control" section, above). At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of your Performance Shares will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Performance Shares determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work intranet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

Exhibit A

CUSTOMER EXPERIENCE

Customer Satisfaction Score – 25%

- Measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?"

  Final metric score will be based on the average of the quarterly scores in 2022 (the last year in the Performance Period).

- Targets for threshold, target and maximum payouts are as follows:

  - Threshold, 0.5: CSS score of 71.7
  - Target, 1.0: CSS score of 72.3
  - Maximum, 2.0: CSS score of 74.4

PSPS Notification Accuracy – 25%

- Measured as the percentage of PSPS-affected customers who receive notifications at least 12 hours in advance of a PSPS outage.

  Final metric score based on the average of the percentages across all PSPS events during the three year Performance Period.

- Threshold, target and maximum scores for PSPS impacted customers receiving notifications at least 12 hours ahead of the event are as follows:

  o 0.5: 98.0%
  o 1.0: 99.0%
  o 2.0: 99.9%

PUBLIC SAFETY

System Hardening – 25%

- Completion of (i) rebuild of overhead circuitry to current hardening design standards; (ii) targeted undergrounding; or (iii) elimination of overhead circuitry, measures in miles of circuit.

Circuit miles are recorded as complete when individual spans/sections for each project are constructed, inspected for quality control and quality assurance against the hardening design standard, and passed as "fire safe."

Final metric score is total circuit miles completed during the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 919 miles

- o 1.0: 1,021 miles

- o 2.0: 1, 225 miles

Substation Enablement – 25%

- Measured as the number of substations out of a possible 64 substations that are "energizable" during a Transmission-Level PSPS event. "Energizable" includes microgrid temporary or permanent generation solutions or other yet-to-be-identified solutions that allow a substation to be energized during a Transmission-Level PSPS event.

  Final metric score is the count of "energizable" substations at the end of the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - o 0.5: 30
  - o 1.0: 40
  - o 2.0: 50

FINANCIAL STABILITY MODIFIER

Total Shareholder Return (TSR)

Performance share payouts are targeted at the 50th percentile of TSR performance of the 2020 Performance Comparator Group.

- Seventy-five (75) percent modifier for TSR performance below the threshold 25th percentile of the Performance Comparator Group. One hundred (100) percent modifier for TSR performance at the target 50th percentile. One hundred fifty (125) percent modifier for TSR performance at the maximum 80th percentile.

- If TSR performance is between the 25th percentile and the target, or between the target and the 80th percentile, the settlement percentage for award payouts is determined by straight-line interpolation between (1) the Performance Percentile associated with each Comparator Rank and (2) the Rounded Modifier associated with each Performance Percentile (including the 25th, 50th, and 80th percentiles), as shown in the "2020 Performance Modifier Scale" set forth below, adjusted to the nearest whole number.

2020 Performance Comparator Group

Alliant Energy
Ameren Corporation
American Electric Power
CMS Energy
Consolidated Edison, Inc.
DTE Energy
Duke Energy
Edison International, Inc.
Evergy, Inc.
Eversource Energy
NiSource, Inc.
Pinnacle West Capital
Southern Company
WEC Energy Group, Inc.
Xcel Energy, Inc.

2020 Performance Modifier

Comparator Rank	Performance Percentile	Rounded Modifier
1	100%	125%
2	93%	125%
3	87%	125%
4 Maximum	80%	125%
5	73%	139%
6	67%	128%
7	60%	117%
8	53%	106%
Target	50%	100%
9	47%	97%
10	40%	90%
11	33%	83%
12	27%	77%
Threshold	25%	75%
13	20%	75%
14	13%	75%
15	7%	75%

- TSR performance is measured using an average of closing prices for 20 trading days immediately prior to the beginning and end of the performance period.
- If any member of the 2020 group ceases to be publicly traded, that member will be removed from the 2020 group and the payout methodology will be applied to the revised smaller 2020 group.

[1] Interpolation shall be used in the event that PG&E's TSR does not fall directly on one of the TSR ranks listed. For example, if PG&E Corporation's TSR is one-quarter of the way between the TSRs of comparator companies ranked at 5 and 6, then the applicable Performance Percentile will be one- quarter of the way between the percentiles for the fifth- and sixth-ranked comparator group companies, and the modifier will be one-quarter of the way between the associated Rounded Modifier values.

EXHIBIT 10.38

SEPARATION AGREEMENT
September 21, 2020

This Separation Agreement ("Agreement") is made and entered into by and between Andrew Vesey and Pacific Gas and Electric Company (the "Company" or "PG&E") (collectively the "Parties") and sets forth the terms and conditions of Mr. Vesey's separation from employment with the Company. The "Effective Date" of this Agreement is defined in paragraph 18(a).

1. **Employment Termination.** Mr. Vesey's employment as Chief Executive Officer and President of the Company was terminated by the Company as of August 3, 2020 (for purposes of this Agreement, the "Date of Termination"). Mr. Vesey shall have until October 13, 2020, to accept this Agreement by submitting a signed copy to the Company. Regardless of whether Mr. Vesey accepts this Agreement, Mr. Vesey has or will be paid all salary or wages and vacation accrued, unpaid and owed to him as of that date (including 30 days' pay in lieu of notice) and he will receive notice of the right to continue his existing health-insurance coverage pursuant to COBRA. Mr. Vesey will also remain entitled to any other benefits to which he is otherwise entitled under the provisions of the Company's plans and programs, excluding the Company's 2020 Short Term Incentive Program ("STIP") except as set forth in paragraph 2b, below.

   Mr. Vesey previously received a sign-on bonus and a relocation allowance at the start of his employment with the Company. The Company agrees that it will not seek the return of any portion of the sign on bonus or relocation allowance from Mr. Vesey and it waives its right to collect any portion of the bonus and allowance under the respective agreements signed by him. The benefits set forth in paragraph 2 below are conditioned upon Mr. Vesey's acceptance and non-revocation of this Agreement.

2. **Separation Benefits.** In consideration of his acceptance and non-revocation of this Agreement, the Company will provide to Mr. Vesey the following separation benefits, conditioned in each case on Mr. Vesey's execution of this Agreement and the occurrence of the Effective Date of this Agreement as set forth in paragraph 18(a) below:

   a. **Severance Payment.** Under the terms of the PG&E Corporation 2012 Officer Severance Policy, Mr. Vesey's severance payment amount is $1,850,000.00 (One million eight hundred and fifty thousand dollars). The Company will make the severance payment, less applicable withholdings and deductions, to Mr. Vesey within 30 days following the Effective Date.

   b. **STIP.** The Company will also make a payment to Mr. Vesey equal to his full target award of $850,000 under the Company's 2020 Short Term Incentive Program ("STIP"), without any proration and less applicable withholdings and deductions.

   c. **Stock.** Upon the Effective Date all unvested restricted stock unit grants and performance share grants provided to Mr. Vesey under PG&E's 2014 Long-Term Incentive Plan ("LTIP"), each of which is set forth on Schedule A, shall continue to vest, terminate, or be canceled as provided in the LTIP agreements.

   d. **Career Transition Services.** For a maximum period of one year following the Date of Termination, the Company will provide Mr. Vesey with executive career transition services from Lee Hecht Harrison, with total payments to the firm not to exceed $19,500 (Nineteen thousand five hundred dollars). Lee Hecht Harrison shall bill the Company directly for their services to Mr. Vesey. Mr. Vesey's entitlement to services under this Agreement will terminate when he becomes employed, either by another employer or through self- employment other than consulting with the Company.

   e. **Payment of COBRA premium**. In addition to the severance payment described in paragraph 2(a), the Company will pay Mr. Vesey the amount of $52,876.00 (Fifty-Two Thousand Eight Hundred and Seventy-Six dollars), which is an estimated value of his monthly COBRA premiums for the eighteen month period commencing the first full month after the Date of Termination. The Company will make this payment, less applicable withholdings and deductions, to Mr. Vesey within 30 days following the Effective Date.

f. **Payment of Relocation Expenses.** The Company agrees to reimburse, or pay on behalf of Mr. Vesey, an amount not to exceed$25,000 (twenty-five thousand dollars) for reasonable personal moving and relocation expenses incurred for relocation after his resignation. Mr. Vesey will provide receipts and documentation for relocation expenses in accordance with the Company's regular accounting and relocation policies.

3. **Defense and Indemnification in Third-Party Claim.** The Company and/or its affiliates, or subsidiaries will provide Mr. Vesey with legal representation and indemnification protection against any claims, losses, harm, costs and fees in any legal proceeding in which he is a party or is threatened to be made a party by reason of the fact that he is or was an employee or officer of the Company and/or its affiliate or subsidiary, in accordance with the terms of the resolution of the Board of Directors of PG&E dated July 19, 1995, any subsequent PG&E policy or plan providing greater protection to Mr. Vesey, or as otherwise required by law.

4. **Cooperation with Legal Proceedings.** Mr. Vesey will, upon reasonable notice, furnish information and proper assistance to the Company and/or its affiliate or subsidiary (including truthful testimony and document production) as may reasonably be required by them or any of them in connection with any legal, administrative or regulatory proceeding in which they or any of them is, or may become, a party, or in connection with any filing or similar obligation imposed by any taxing, administrative or regulatory authority having jurisdiction, provided, however, that the Company and/or its affiliate or subsidiary will pay all reasonable expenses, including legal fees and costs, incurred by Mr. Vesey in complying with this paragraph.

5. **Release of Claims and Covenant Not to Sue.**

a. In consideration of the benefits the Company is providing under this Agreement, Mr. Vesey, on behalf of himself and his representatives, agents, heirs and assigns, waives, releases, discharges and promises never to assert any and all claims, liabilities or obligations of every kind and nature, whether known or unknown, suspected or unsuspected that he ever had, now has or might have as of the Effective Date against the Company or its predecessors, affiliates, subsidiaries, shareholders, owners, directors, officers, employees, agents, attorneys, successors, or assigns. These released claims include, without limitation, any claims arising from or related to Mr. Vesey's employment with the Company, or any of its affiliates and subsidiaries, and the termination of that employment. These released claims also specifically include, but are not limited to, any claims arising under any federal, state and local statutory or common law, such as (as amended and as applicable) Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans With Disabilities Act, the Employee Retirement Income Security Act, the California Fair Employment and Housing Act, the California Labor Code, any other federal, state or local law governing the terms and conditions of employment or the termination of employment, and the law of contract and tort; and any claim for attorneys' fees. Nothing in this Section 5.a. is intended to release or waive Mr. Vesey's rights (i) under COBRA, (ii) to accrued and vested stock options or restricted shares as set forth herein; (iii) to commence an action or proceeding to enforce the terms of this Agreement, (iv) to any claims arising or that may arise out of Executive's status as a consumer, client, insured, shareholder and/or investor that are unrelated to his employment, compensation or separation of employment with the Company, or (v) to indemnification as set forth in Section 3 herein and pursuant to applicable statutes, Certificates of Incorporation, By-laws, resolutions of the Board of Directors, policies of insurance and plans of the Company its affiliates or subsidiaries.

b. Mr. Vesey acknowledges that there may exist facts or claims in addition to or different from those which are now known or believed by his to exist. Nonetheless, this Agreement extends to all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, past or present, and Mr. Vesey specifically waives all rights under Section 1542 of the California Civil Code which provides that:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE**

MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

c. With respect to the claims released in the preceding paragraphs, Mr. Vesey will not initiate or maintain any legal or administrative action or proceeding of any kind against the Company or its predecessors, affiliates, subsidiaries, shareholders, owners, directors, officers, employees, agents, attorneys, successors, or assigns, for the purpose of obtaining any personal relief, nor (except as otherwise required or permitted by law) assist or participate in any such proceedings, including any proceedings brought by any third parties.

d. In consideration of the foregoing releases Mr. Vesey is providing under this Agreement, the Company, on behalf of itself and its subsidiaries, waives, releases, discharges and promises never to assert any and all claims, liabilities or obligations of every kind and nature, whether known or unknown, suspected or unsuspected that it ever had, now has or might have as of the Effective Date against Mr. Vesey; provided that the foregoing release shall not apply to any claims, liabilities, or obligations (x) arising out of any misconduct, breaches of duty of loyalty, criminal acts, or fraud on the part of Mr. Vesey or any right of the Company or its shareholders to disgorge profits or clawback compensation required under applicable securities or other law or company policies and/or (y) initiated in your capacity as a member of the board of directors of the Company.

e. The Company acknowledges that there may exist facts or claims in addition to or different from those which are now known or believed by his to exist. Nonetheless, this Agreement extends to all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, past or present, and the Company specifically waives all rights under Section 1542 of the California Civil Code which provides that:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

f. With respect to the claims released in the paragraphs (d) and (e), the Company will not initiate or maintain any legal or administrative action or proceeding of any kind against Mr. Vesey for the purpose of obtaining any personal relief, nor (except as otherwise required or permitted by law) assist or participate in any such proceedings, including any proceedings brought by any third parties.

6. Non-disclosure.

a. Except to the extent previously disclosed publicly by the Company in SEC or regulatory filings, Mr. Vesey will not disclose, publicize, or circulate to anyone in whole or in part, any information concerning the terms, and/or conditions of this Agreement without the express written consent of PG&E's Senior Vice President of Human Resources or, as reasonably necessary to enforce the terms of this Agreement, unless otherwise required or permitted by law. Notwithstanding the preceding sentence, Mr. Vesey may disclose the terms and conditions of this Agreement to his family members, and any attorneys, financial or tax advisors, if any, to whom there is a bona fide need for disclosure in order for them to render professional services to him, provided that the person first agrees to keep the information confidential and not to make any disclosure of the terms and conditions of this Agreement unless otherwise required or permitted by law.

b. Mr. Vesey will not use, disclose, publicize, or circulate any confidential or proprietary information concerning the Company or its subsidiaries or affiliates, which has come to his attention during his employment with the Company, unless doing so is expressly authorized in writing by PG&E's Senior Vice President of Human Resources, or is otherwise required or permitted by law. Nothing in this Agreement prohibits Mr. Vesey from reporting possible violations of federal law or regulation to any governmental agency or regulatory authority, including but not limited to the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. For the purposes of this Agreement, neither “proprietary information” nor “confidential information” shall be understood

to mean information that: (a) is or becomes generally known in the industry or available to the public other than through Mr. Vesey's breach of this Agreement; (b) is communicated to Mr. Vesey by a third party that had no confidentiality obligations with respect to such information; (c) was in Mr. Vesey's possession prior to Mr. Vesey's employment with the Company including information located on Mr. Vesey's Rolodex (whether paper or electronic); (d) is documented by Mr. Vesey as having been developed by Mr. Vesey outside the scope of his employment with the Company and independently; or (e) is required to be disclosed by law, including without limitation, pursuant to the terms of a court order or other legal process; provided that Mr. Vesey has given the Company prior notice of such disclosure and an opportunity to contest such disclosure.

c. Notwithstanding Section 6.d., the parties understand that Mr. Vesey will retain access to his personal LinkedIn and Twitter accounts, which he used to post information about the Company during the term of his employment.

d. Mr. Vesey shall be subject to the protections of the Defend Trade Secrets Act, 18 U.S.C. § 1833 which provides that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (i) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (iii) to her attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7. Non-Disparagement. The Parties agree to refrain from performing any act, engaging in any conduct or course of action or making or publishing any statements, claims, allegations or assertions, which have or may reasonably have the effect of demeaning the name or business reputation of the other Party, or in the case of the Company, any of its subsidiaries or affiliates, or any of their respective employees, officers, directors, agents or advisors in their capacities as such or which adversely affects (or may reasonably be expected adversely to affect) the best interests (economic or otherwise) of any of them. Nothing in this paragraph 7 shall preclude either Party from fulfilling any legal duty it may have, including responding to any subpoena or official inquiry from any court or government agency, or from reporting possible violations of federal law or regulation to any governmental agency or regulatory authority, including but not limited to the California Public Utilities Commission, the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation.

8. No Solicitation.

a. For a period of 12 months after the Effective Date, Mr. Vesey will not, directly or indirectly, solicit or contact for the purpose of diverting or taking away or attempt to solicit or contact for the purpose of diverting or taking away:

(1) any existing employee, agent or consultant of the Company or its affiliates or subsidiaries, to terminate or otherwise alter the person's or entity's employment, agency or consultant relationship with the Company or its affiliates or subsidiaries; or

(2)any existing employee, agent or consultant of the Company or its affiliates or subsidiaries, to work in any capacity for or on behalf of any person, Company or other business enterprise that is in competition with the Company or its affiliates or subsidiaries.

9. Material Breach by Employee. In the event Mr. Vesey breaches any material provision of this Agreement, including but not necessarily limited to paragraphs 4, 5, 6, 7 and/or 8 and fails to cure said breach within 45 days of notice of such breach, the Company will be entitled to recover any actual damages and/or seek injunctive relief. Despite any breach by Mr. Vesey, his other duties and obligations under this Agreement, including his waivers and releases, will remain in full force and effect. For avoidance of doubt, in the event of a breach or threatened breach by Mr. Vesey of any of the provisions in paragraphs 4, 5, 6, 7 and/or 8, the Company will, in addition to any other remedies provided in this Agreement, be entitled to equitable and/or injunctive relief and because the damages for such a breach or threatened breach may be difficult to

determine and may not provide a full and adequate remedy, the Company will also be entitled to specific performance by Mr. Vesey of his obligations under paragraphs 4, 5, 6, 7 and/or 8.

10. **Material Breach by the Company.** Mr. Vesey will be entitled to recover actual damages in the event of any material breach of this Agreement by the Company, including any unexcused late or non-payment of any amounts owed under this Agreement, or any unexcused failure to provide any other benefits specified in this Agreement. In the event of a breach or threatened breach by the Company of any of its material obligations to him under this Agreement, Mr. Vesey will be entitled to seek, in addition to any other remedies provided in this Agreement, specific performance of the Company's obligations and any other applicable equitable or injunctive relief.

11. **No Admission of Liability.** This Agreement is not, and will not be considered by either party, an admission of liability or of a violation of any applicable contract, law, rule, regulation, or order of any kind.

12. **Complete Agreement.** This Agreement together with Schedule A sets forth the entire agreement between the Parties pertaining to the subject matter of this Agreement and fully supersedes any prior or contemporaneous negotiations, representations, agreements, or understandings between the Parties with respect to any such matters, whether written or oral (including any that would have provided Mr. Vesey with any different severance arrangements). The Parties acknowledge that they have not relied on any promise, representation or warranty, express or implied, not contained in this Agreement. Parole evidence will be inadmissible to show agreement by and among the Parties to any term or condition contrary to or in addition to the terms and conditions contained in this Agreement.

13. **Severability**. If any provision of this Agreement is determined to be invalid, void, or unenforceable, the remaining provisions will remain in full force and effect.

14. **Arbitration.** With the exception of any request for specific performance, injunctive or other equitable relief, any dispute or controversy of any kind arising out of or related to this Agreement, Mr. Vesey's employment with the Company (or with the employing subsidiary), the separation of Mr. Vesey from that employment and from his positions as an officer and/or director of the Company or any subsidiary or affiliate, or any claims for benefits, rights under, or interpretation of this Agreement, will be resolved exclusively by final and binding arbitration using one arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association currently in effect, provided, however, that in rendering their award, the arbitrators will be limited to those legal rights and remedies provided for by law. The only claims not covered by this paragraph are any non-waivable claims for benefits under workers' compensation or unemployment insurance laws, which will be resolved under those laws. Any arbitration pursuant to this paragraph will take place in San Francisco, California. The Parties may be represented by legal counsel at the arbitration but must bear their own fees for such representation in the first instance. The prevailing party in any dispute or controversy covered by this paragraph, or with respect to any request for specific performance, injunctive or other equitable relief in any forum, will be entitled to recover, in addition to any other available remedies specified in this Agreement, all litigation expenses and costs, including any arbitrator, administrative or filing fees and reasonable attorneys' fees, except as prohibited or limited by law. The Parties specifically waive any right to a jury trial on any dispute or controversy covered by this paragraph. Judgment may be entered on the arbitrators' award in any court of competent jurisdiction. Subject to the arbitration provisions of this paragraph, the sole jurisdiction and venue for any action related to the subject matter of this Agreement will be the California state and federal courts having within their jurisdiction the location of the Company's principal place of business in California at the time of such action, and both Parties thereby consent to the jurisdiction of such courts for any such action.

15. **Governing Law.** This Agreement will be governed by and construed under the laws of the United States and, to the extent not preempted by such laws, by the laws of the State of California, without regard to their conflicts of law provisions.

16. **No Waiver.** The failure of either Party to exercise or enforce, at any time, or for any period of time, any of the provisions of this Agreement will not be construed as a waiver of that provision, or any portion of that provision, and will in no way affect that party's right to exercise or enforce such provisions. No waiver or default of any provision of this Agreement will be deemed to be a waiver of any succeeding breach of the same or any other provisions of this Agreement.

17. Successors and Assigns. The Company agrees that this Agreement shall be binding upon and inure to the benefit of the parties and their respective affiliates, successors and assigns.

18. Acceptance of Agreement.

a. Mr. Vesey was provided over 21 days to consider and accept the terms of his Agreement and was advised to (and did) consult with an attorney about the Agreement before signing it. After signing the Agreement, Mr. Vesey will have an additional seven (7) days in which to revoke in writing acceptance of this Agreement. To revoke, Mr. Vesey will submit a signed statement to that effect to PG&E's Senior Vice President of Human Resources before the close of business on the seventh day. If Mr. Vesey does not submit a timely revocation, the Effective Date of this Agreement will be the eighth day after he has signed it.

b. Mr. Vesey acknowledges reading and understanding the contents of this Agreement, being afforded the opportunity to review carefully this Agreement with an attorney of his choice, not relying on any oral or written representation not contained in this Agreement, signing this Agreement knowingly and voluntarily, and, after the Effective Date of this Agreement, being bound by all of its provisions.

[*Signature Pages Follow*]

Dated: 9/21/20

PACIFIC GAS AND ELECTRIC COMPANY

By: /s/ JOHN R. SIMON

Name: John R. Simon
Title: Counsel for Pacific Gas and Electric Company
Senior Vice President, General Counsel and Chief Ethics and Compliance Officer of PG&E Corporation, Its Parent

Dated: 9/22/20

ANDREW VESEY

/s/ ANDREW VESEY

[*Signature Page to Separation Agreement*]

Schedule A

Unvested Restricted Stock Unit Grants and Performance Share Grants

Last Name	First Name	Plan	Award Date	Award Type	Award Amount	Vested	Unvested
Vesey	Andrew	2014 Long-Term Incentive Plan	11/12/2019	Restricted Stock Unit	12,004	—	12,004

EXHIBIT 10.39

SEPARATION AGREEMENT
July 17, 2020
Amended July 23, 2020

This Separation Agreement ("Agreement") is made and entered into by and between Janet Loduca and Pacific Gas and Electric Company (the "Company" or "PG&E") (collectively the "Parties") and sets forth the terms and conditions of Ms. Loduca's separation from employment with the Company. The "Effective Date" of this Agreement is defined in paragraph 18(a).

1. **Resignation.** Ms. Loduca shall resign from her position as Senior Vice President and General Counsel on August 15, 2020 (for purposes of this Agreement, the "Date of Resignation.") Ms. Loduca shall have until August 20, 2020 to accept this Agreement by submitting a signed copy to the Company. Regardless of whether Ms. Loduca accepts this Agreement, on the Date of Resignation, she will be paid all salary or wages and vacation accrued, unpaid and owed to her as of that date, and receive notice of the right to continue her existing health insurance coverage pursuant to COBRA. She will remain entitled to any other benefits to which she is otherwise entitled under the provisions of the Company's plans and programs, including any pro-rata share of the Company's 2020 Short Term Incentive Plan ("STIP") earned at the time of her resignation, if that plan is declared and approved by the Board of Directors, to be paid in accordance with the normal schedule outlined in the STIP plan.

The benefits set forth in paragraph 2 below are conditioned upon Ms. Loduca's acceptance of this Agreement.

2. **Separation benefits.** In consideration of her acceptance of this Agreement, the Company will provide to Ms. Loduca the following separation benefits:

   a. **Severance payment.** Under the terms of the PG&E Corporation Officer Severance Policy, Ms. Loduca's severance payment amount is $1,045,925 (One Million Forty Five Thousand Nine Hundred Twenty Five Dollars). Following her execution of this Agreement as set forth in paragraph 18(a) below, and on or after her Date of Resignation, the Company will make the severance payment, less applicable withholdings and deductions, to Ms. Loduca.

   b. **Stock.** Upon the Date of Resignation but conditioned on the occurrence of the Effective Date of this Agreement as set forth in paragraph 18(a) below, all unvested restricted stock unit grants and performance share grants provided to Ms. Loduca under PG&E's 2014 Long-Term Incentive Plan ("LTIP") shall continue to vest, terminate, or be canceled as provided in the LTIP award agreements.

   c. **Career transition services.** For a maximum period of one year following the Date of Resignation, the Company will provide Ms. Loduca with executive career

transition services from Lee Hecht Harrison, with total payments to the firm not to exceed $19,500 (Nineteen Thousand Five Hundred Dollars). Lee Hecht Harrison shall bill the Company directly for their services to Ms. Loduca. Ms. Loduca's entitlement to services under this Agreement will terminate when she becomes employed, either by another employer or through self-employment other than consulting with the Company.

d. **Payment of COBRA premium.** In addition to the severance payment described in paragraph 2a, the Company will pay Ms. Loduca the amount of $52,876 (Fifty Two Thousand Eight Hundred and Seventy Six Dollars), which is an estimated value of her monthly COBRA premiums for the eighteen-month period commencing the first full month after the Date of Resignation.

3. **Defense and indemnification in third-party claim.** The Company and/or its affiliate, or subsidiary will provide Ms. Loduca with legal representation and indemnification protection in any legal proceeding in which she is a party or is threatened to be made a party by reason of the fact that she is or was an employee or officer of the Company and/or its affiliate or subsidiary, in accordance with the terms of the resolution of the Board of Directors of PG&E dated July 19, 1995, any subsequent PG&E policy or plan providing greater protection to Ms. Loduca, or as otherwise required by law.

4. **Cooperation with legal proceedings.** Ms. Loduca will, upon reasonable notice, furnish information and proper assistance to the Company and/or its affiliate or subsidiary (including truthful testimony and document production) as may reasonably be required by them or any of them in connection with any legal, administrative or regulatory proceeding in which they or any of them is, or may become, a party, or in connection with any filing or similar obligation imposed by any taxing, administrative or regulatory authority having jurisdiction, provided, however, that the Company and/or its affiliate or subsidiary will pay all reasonable expenses incurred by Ms. Loduca in complying with this paragraph.

5. **Release of claims and covenant not to sue.**

a. In consideration of the separation benefits and other benefits the Company is providing under this Agreement, Ms. Loduca, on behalf of herself and her representatives, agents, heirs and assigns, waives, releases, discharges and promises never to assert any and all claims, liabilities or obligations of every kind and nature, whether known or unknown, suspected or unsuspected that she ever had, now has or might have as of the Effective Date against the Company or its predecessors, affiliates, subsidiaries, shareholders, owners, directors, officers, employees, agents, attorneys, successors, or assigns. These released claims include, without limitation, any claims arising from or related to Ms. Loduca's employment with the Company, or any of its affiliates and subsidiaries, and the termination of that employment. These released claims also specifically include, but are not limited, any claims arising under any federal, state and local statutory or common law, such as (as amended and as applicable) Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans With Disabilities Act, the Employee Retirement Income Security Act, the California

Fair Employment and Housing Act, the California Labor Code, any other federal, state or local law governing the terms and conditions of employment or the termination of employment, and the law of contract and tort; and any claim for attorneys' fees.

b. Ms. Loduca acknowledges that there may exist facts or claims in addition to or different from those which are now known or believed by her to exist. Nonetheless, this Agreement extends to all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, past or present, and Ms. Loduca specifically waives all rights under Section 1542 of the California Civil Code which provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

c. With respect to the claims released in the preceding paragraphs, Ms. Loduca will not initiate or maintain any legal or administrative action or proceeding of any kind against the Company or its predecessors, affiliates, subsidiaries, shareholders, owners, directors, officers, employees, agents, attorneys, successors, or assigns, for the purpose of obtaining any personal relief, nor (except as otherwise required or permitted by law) assist or participate in any such proceedings, including any proceedings brought by any third parties.

6. **Re-employment.** Ms. Loduca will not seek any future re-employment with the Company, or any of its subsidiaries or affiliates. This paragraph will not, however, preclude Ms. Loduca from accepting an offer of future employment from the Company, or any of its subsidiaries or affiliates.

7. **Non-disclosure.**

a. Ms. Loduca will not disclose, publicize, or circulate to anyone in whole or in part, any information concerning the existence, terms, and/or conditions of this Agreement without the express written consent of the PG&E Corporation's Chief Executive Officer or, as reasonably necessary to enforce the terms of this Agreement, unless otherwise required or permitted by law. Notwithstanding the preceding sentence, Ms. Loduca may disclose the terms and conditions of this Agreement to her family members, and any attorneys or tax advisors, if any, to whom there is a *bona fide* need for disclosure in order for them to render professional services to her, provided that the person first agrees to keep the information confidential and not to make any disclosure of the terms and conditions of this Agreement unless otherwise required or permitted by law.

b. Ms. Loduca will not use, disclose, publicize, or circulate any confidential or proprietary information concerning the Company or its subsidiaries or affiliates, which has come to her attention during her employment with the Company, unless doing so is expressly authorized in writing by PG&E Corporation's Chief Executive Officer, or is otherwise required or permitted by law. Nothing in this Agreement prohibits Ms. Loduca from reporting possible violations of federal law or regulation to any governmental agency or regulatory authority, including but not limited to the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation.

8. Non-Disparagement. The Parties agree to refrain from performing any act, engaging in any conduct or course of action or making or publishing any statements, claims, allegations or assertions, which have or may reasonably have the effect of demeaning the name or business reputation of the other Party, or in the case of the Company, any of its subsidiaries or affiliates, or any of their respective employees, officers, directors, agents or advisors in their capacities as such or which adversely affects (or may reasonably be expected adversely to affect) the best interests (economic or otherwise) of any of them. Nothing in this paragraph 7 shall preclude either Party from fulfilling any legal duty it may have, including responding to any subpoena or official inquiry from any court or government agency, or from reporting possible violations of federal law or regulation to any governmental agency or regulatory authority, including but not limited to the U.S. Securities and Exchange Commission, or from making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation.

9. No unfair competition.

a. For a period of 12 months after the Effective Date, Ms. Loduca will not engage in any unfair competition against the Company, or any of its subsidiaries or affiliates.

b. For a period of 12 months after the Effective Date, Ms. Loduca will not, directly or indirectly, solicit or contact for diverting or taking away or attempt to solicit or contact for diverting or taking away:

i. any existing customer of the Company or its affiliates or subsidiaries;

ii. any prospective customer of the Company or its affiliates or subsidiaries about whom Ms. Loduca acquired information as a result of any solicitation efforts by the Company or its affiliates or subsidiaries, or by the prospective customer, during Ms. Loduca's employment with the Company;

iii. any existing vendor of the Company or its affiliates or subsidiaries;

iv. any prospective vendor of the Company or its affiliates or subsidiaries, about whom Ms. Loduca acquired information as a result of any solicitation efforts by the Company or its affiliates or subsidiaries, or by

the prospective vendor, during Ms. Loduca's employment with the Company;

v. any existing employee, agent or consultant of the Company or its affiliates or subsidiaries, to terminate or otherwise alter the person's or entity's employment, agency or consultant relationship with the Company or its affiliates or subsidiaries; or

vi. any existing employee, agent or consultant of the Company or its affiliates or subsidiaries, to work in any capacity for or on behalf of any person, Company or other business enterprise that is in competition with the Company or its affiliates or subsidiaries.

10. **Material breach by Employee.** In the event that Ms. Loduca breaches any material provision of this Agreement, including but not necessarily limited to paragraphs 4, 5, 6, 7, 8 and/or 9 and fails to cure said breach upon reasonable notice, the Company will be entitled to recover any actual damages and to recalculate any future pension benefit entitlement without the additional credited age she received or would have received under this Agreement. Despite any breach by Ms. Loduca, her other duties and obligations under this Agreement, including her waivers and releases, will remain in full force and effect. In the event of a breach or threatened breach by Ms. Loduca of any of the provisions in paragraphs 4, 5, 6, 7, 8, and/or 9, the Company will, in addition to any other remedies provided in this Agreement, be entitled to equitable and/or injunctive relief and because the damages for such a breach or threatened breach will be difficult to determine and will not provide a full and adequate remedy, the Company will also be entitled to specific performance by Ms. Loduca of her obligations under paragraphs 4, 5, 6, 7, 8, and/or 9.

11. **Material breach by the Company.** Ms. Loduca will be entitled to recover actual damages in the event of any material breach of this Agreement by the Company, including any unexcused late or non-payment of any amounts owed under this Agreement, or any unexcused failure to provide any other benefits specified in this Agreement. In the event of a breach or threatened breach by the Company of any of its material obligations to her under this Agreement, Ms. Loduca will be entitled to seek, in addition to any other remedies provided in this Agreement, specific performance of the Company's obligations and any other applicable equitable or injunctive relief.

12. **No admission of liability.** This Agreement is not, and will not be considered, an admission of liability or of a violation of any applicable contract, law, rule, regulation, or order of any kind.

13. **Complete agreement.** This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter of this Agreement and fully supersedes any prior or contemporaneous negotiations, representations, agreements, or understandings between the Parties with respect to any such matters, whether written or oral (including any that would have provided Ms. Loduca with any different severance arrangements). The Parties acknowledge that they have not relied on any promise, representation or warranty, express or implied, not contained in this Agreement. Parole evidence will be inadmissible to show agreement by and

among the Parties to any term or condition contrary to or in addition to the terms and conditions contained in this Agreement.

14. **Severability.** If any provision of this Agreement is determined to be invalid, void, or unenforceable, the remaining provisions will remain in full force and effect.

15. **Arbitration.** With the exception of any request for specific performance, injunctive or other equitable relief, any dispute or controversy of any kind arising out of or related to this Agreement, Ms. Loduca's employment with the Company (or with the employing subsidiary), the separation of Ms. Loduca from that employment and from her positions as an officer and/or director of the Company or any subsidiary or affiliate, or any claims for benefits, rights under, or interpretation of this Agreement, will be resolved exclusively by final and binding arbitration using one arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association currently in effect, provided, however, that in rendering their award, the arbitrators will be limited to those legal rights and remedies provided for by law. The only claims not covered by this paragraph are any non-waivable claims for benefits under workers' compensation or unemployment insurance laws, which will be resolved under those laws. Any arbitration pursuant to this paragraph will take place in San Francisco, California. The Parties may be represented by legal counsel at the arbitration but must bear their own fees for such representation in the first instance. The prevailing party in any dispute or controversy covered by this paragraph, or with respect to any request for specific performance, injunctive or other equitable relief in any forum, will be entitled to recover, in addition to any other available remedies specified in this Agreement, all litigation expenses and costs, including any arbitrator, administrative or filing fees and reasonable attorneys' fees, except as prohibited or limited by law. The Parties specifically waive any right to a jury trial on any dispute or controversy covered by this paragraph. Judgment may be entered on the arbitrators' award in any court of competent jurisdiction. Subject to the arbitration provisions of this paragraph, the sole jurisdiction and venue for any action related to the subject matter of this Agreement will be the California state and federal courts having within their jurisdiction the location of the Company's principal place of business in California at the time of such action, and both Parties thereby consent to the jurisdiction of such courts for any such action.

16. **Governing law.** This Agreement will be governed by and construed under the laws of the United States and, to the extent not preempted by such laws, by the laws of the State of California, without regard to their conflicts of law provisions.

17. **No waiver.** The failure of either Party to exercise or enforce, at any time, or for any period of time, any of the provisions of this Agreement will not be construed as a waiver of that provision, or any portion of that provision, and will in no way affect that party's right to exercise or enforce such provisions. No waiver or default of any provision of this Agreement will be deemed to be a waiver of any succeeding breach of the same or any other provisions of this Agreement.

18. **Acceptance of Agreement.**

    a. Ms. Loduca was provided up to 21 days to consider and accept the terms of this Agreement and was advised to consult with an attorney about the Agreement

before signing it. The provisions of the Agreement are, however, not subject to negotiation. After signing the Agreement, Ms. Loduca will have an additional seven (7) days in which to revoke in writing acceptance of this Agreement. To revoke, Ms. Loduca will submit a signed statement to that effect to PG&E Corporation's Chief Executive Officer before the close of business on the seventh day. If Ms. Loduca does not submit a timely revocation, the Effective Date of this Agreement will be the eighth day after she has signed it.

b. Ms. Loduca acknowledges reading and understanding the contents of this Agreement, being afforded the opportunity to review carefully this Agreement with an attorney of her choice, not relying on any oral or written representation not contained in this Agreement, signing this Agreement knowingly and voluntarily, and, after the Effective Date of this Agreement, being bound by its' provisions.

Dated: PG&E Corporation

By:

Dated: 7/24/2020 **JANET LODUCA**

/s/ JANET LODUCA

EXHIBIT 10.40

PG&E Corporation

2014 Long-Term Incentive Plan

PG&E Corporation
2014 Long-Term Incentive Plan
(As adopted effective May 12, 2014, and as last amended effective July 1, 2020)

1. **Establishment, Purpose and Term of Plan.**

1.1 **Establishment.** The PG&E Corporation 2014 Long-Term Incentive Plan, as amended from time to time (the *"Plan"*), is hereby established effective as of the date approved by the shareholders of the Company (the "Effective Date"). This Plan replaces the PG&E Corporation 2006 Long-Term Incentive Plan.

1.2 **Purpose.** The purpose of the Plan is to advance the interests of the Participating Company Group and its shareholders by providing an incentive to attract and retain the best qualified personnel to perform services for the Participating Company Group, by motivating such persons to contribute to the growth and profitability of the Participating Company Group, by aligning their interests with interests of the Company's shareholders, and by rewarding such persons for their services by tying a significant portion of their total compensation package to the success of the Company. The Plan seeks to achieve this purpose by providing for Awards in the form of Options, Stock Appreciation Rights, Restricted Stock Awards, Performance Shares, Performance Units, Restricted Stock Units, Deferred Compensation Awards and other Stock-Based Awards as described below.

1.3 **Term of Plan.** The Plan shall continue in effect until the earlier of its termination by the Board or the date on which no Awards remain outstanding under the Plan. However, the term during which all Awards shall be granted, if at all, shall be within ten (10) years from the Effective Date. Moreover, Incentive Stock Options shall not be granted later than February 19, 2024 (ten (10) years from the date on which the Plan was adopted by the Board).

2. **Definitions and Construction.**

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) *"**Affiliate**"* means (i) an entity, other than a Parent Corporation, that directly, or indirectly through one or more intermediary entities, controls the Company or (ii) an entity, other than a Subsidiary Corporation, that is controlled by the Company directly, or indirectly through one or more intermediary entities. For this purpose, the term "control" (including the term "controlled by") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the relevant entity, whether through the ownership of voting securities, by contract or otherwise; or shall have such other meaning assigned such term for the purposes of registration on Form S8 under the Securities Act.

(b) *"**Award**"* means any Option, SAR, Restricted Stock Award, Performance Share, Performance Unit, Restricted Stock Unit or Deferred Compensation Award or other Stock-Based Award granted under the Plan.

(c) *"**Award Agreement**"* means a written agreement between the Company and a Participant setting forth the terms, conditions and restrictions of the Award granted to the Participant (which may also be in electronic form).

(d) *"**Board**"* means the Board of Directors of the Company.

(e) *"**Change in Control**"* means, unless otherwise defined by the Participant's Award Agreement or contract of employment or service, the occurrence of any of the following:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any benefit plan for Employees or any trustee, agent or other fiduciary for any such plan acting in such person's capacity as such fiduciary), directly or indirectly, becomes the "beneficial owner" (as defined in

Rule 13d3 promulgated under the Exchange Act), of stock of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding voting stock; or

(ii) during any two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority of the Board, unless the election, or the nomination for election by the shareholders of the Company, of each new Director was approved by a vote of at least two-thirds (2/3) of the Directors then still in office (1) who were Directors at the beginning of the period or (2) whose election or nomination was previously so approved; or

(iii) the consummation of any consolidation or merger of the Company other than a merger or consolidation which would result in the holders of the voting stock of the Company outstanding immediately prior thereto continuing to directly or indirectly hold at least seventy percent (70%) of the Combined Voting Power of the Company, the surviving entity in the merger or consolidation or the parent of such surviving entity outstanding immediately after the merger or consolidation; or

(iv) (1) the consummation of any sale, lease, exchange or other transfer (in one or a series of related transactions) of all or substantially all of the assets of the Company, or (2) the approval of the Shareholders of the Company of a plan of liquidation or dissolution of the Company.

For purposes of paragraph (iii), the term ***"Combined Voting Power"*** shall mean the combined voting power of the Company's or other relevant entity's then outstanding voting stock.

(f) *"**Code**"* means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(g) *"**Committee**"* means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. If no committee of the Board has been appointed to administer the Plan, the Board shall exercise all of the powers of the Committee granted herein, and, in any event, the Board may in its discretion exercise any or all of such powers.

(h) *"**Company**"* means PG&E Corporation, a California corporation, or any successor corporation thereto.

(i) *"**Consultant**"* means a person engaged to provide consulting or advisory services (other than as an Employee or a member of the Board) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on registration on a Form S8 Registration Statement under the Securities Act.

(j) *"**Deferred Compensation Award**"* means an award of Stock Units granted to a Participant pursuant to Section 12 of the Plan.

(k) *"**Director**"* means a member of the Board.

(l) *"**Disability**"* means the permanent and total disability of the Participant, within the meaning of Section 22(e)(3) of the Code, except as otherwise set forth in the Plan or an Award Agreement.

(m) *"**Dividend Equivalent**"* means a credit, made at the discretion of the Committee or as otherwise provided by the Plan, to the account of a Participant in an amount equal to the cash dividends paid on one share of Stock for each share of Stock represented by an Award held by such Participant.

(n) *"**Employee**"* means any person treated as an employee (including an Officer or a member of the Board who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code;

provided, however, that neither service as a member of the Board nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

(o) *"**Exchange Act**"* means the Securities Exchange Act of 1934, as amended.

(p) *"**Fair Market Value**"* means, as of any date, the value of a share of Stock or other property as determined by the Committee, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) Except as otherwise determined by the Committee, if, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock as quoted on the New York Stock Exchange or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in *The Wall Street Journal* or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Committee, in its discretion.

(ii) Notwithstanding the foregoing, the Committee may, in its discretion, determine the Fair Market Value on the basis of the opening, closing, high, low or average sale price of a share of Stock or the actual sale price of a share of Stock received by a Participant, on such date, the preceding trading day, the next succeeding trading day or an average determined over a period of trading days. The Committee may vary its method of determination of the Fair Market Value as provided in this Section for different purposes under the Plan.

(iii) If, on such date, the Stock is not listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be as determined by the Committee in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

(q) *"**Incentive Stock Option**"* means an Option intended to be (as set forth in the Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(r) *"**Insider**"* means an Officer, a Director or any other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(s) ***"Net-Exercise"*** means a procedure by which the Participant will be issued a number of shares of Stock determined in accordance with the following formula:

X = Y(A-B)/A, where
X = the number of shares of Stock to be issued to the Participant upon exercise of the Option;
Y = the total number of shares with respect to which the Participant has elected to exercise the Option;
A = the Fair Market Value of one (1) share of Stock;
B = the exercise price per share (as defined in the Participant's Award Agreement).

(t) *"**Non-employee Director**"* means a Director who is not an Employee.

(u) *"**Non-employee Director Award**"* means an Award granted to a Non-employee Director pursuant to Section 7 of the Plan.

(v) *"**Nonstatutory Stock Option**"* means an Option not intended to be (as set forth in the Award Agreement) an incentive stock option within the meaning of Section 422(b) of the Code.

(w) *"**Officer**"* means any person designated by the Board as an officer of the Company.

(x) *"**Option**"* means the right to purchase Stock at a stated price for a specified period of time granted to a Participant pursuant to Section 6 or Section 7 of the Plan. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(y) ***"Option Expiration Date"*** means the date of expiration of the Option's term as set forth in the Award Agreement.

(z) *"**Parent Corporation**"* means any present or future "parent corporation" of the Company in an unbroken chain of corporations ending with the Company in which each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(aa) *"**Participant**"* means any eligible person who has been granted one or more Awards.

(bb) *"**Participating Company**"* means the Company or any Parent Corporation, Subsidiary Corporation or Affiliate.

(cc) *"**Participating Company Group**"* means, at any point in time, all entities collectively which are then Participating Companies.

(dd) *"**Performance Award**"* means an Award of Performance Shares or Performance Units.

(ee) *"**Performance Award Formula**"* means, for any Performance Award, a formula or table established by the Committee pursuant to Section 10.3 of the Plan which provides the basis for computing the value of a Performance Award at one or more levels of attainment of the applicable Performance Goal(s) measured as of the end of the applicable Performance Period.

(ff) *"**Performance Goal**"* means a performance goal established by the Committee pursuant to Section 10.3 of the Plan.

(gg) *"**Performance Period**"* means a period established by the Committee pursuant to Section 10.3 of the Plan at the end of which one or more Performance Goals are to be measured.

(hh) *"**Performance Share**"* means a bookkeeping entry representing a right granted to a Participant pursuant to Section 10 of the Plan to receive a payment equal to the value of a Performance Share, as determined by the Committee, based on performance.

(ii) *"**Performance Unit**"* means a bookkeeping entry representing a right granted to a Participant pursuant to Section 10 of the Plan to receive a payment equal to the value of a Performance Unit, as determined by the Committee, based upon performance.

(jj) *"**Prior Plan**"* means the PG&E Corporation 2006 Long-Term Incentive Plan.

(kk) *"**Restricted Stock Award**"* means an Award of Restricted Stock.

(ll) *"**Restricted Stock Unit**"* or *"**Stock Unit**"* means a bookkeeping entry representing a right granted to a Participant pursuant to Section 11 or Section 12 of the Plan, respectively, to receive a share of Stock or payment equal to the value of a share of Stock on a date determined in accordance with the provisions of Section 11 or Section 12, as applicable, and the Participant's Award Agreement.

(mm) *"**Restriction Period**"* means the period established in accordance with Section 9.4 of the Plan during which shares subject to a Restricted Stock Award are subject to Vesting Conditions.

(nn) ***"Retirement"*** means termination as an Employee with the Participating Company Group at age 55 or older, provided that the Participant was an Employee for at least five consecutive years prior to the date of such termination.

(oo) *"**Rule 16b3**"* means Rule 16b3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(pp) *"**SAR**"* or *"**Stock Appreciation Right**"* means a bookkeeping entry representing, for each share of Stock subject to such SAR, a right granted to a Participant pursuant to Section 8 of the Plan to receive payment in any combination of shares of Stock or cash of an amount equal to the excess, if any, of the Fair Market Value of a share of Stock on the date of exercise of the SAR over the exercise price.

(qq) *"**Section 162(m)**"* means Section 162(m) of the Code.

(rr) *"**Section 409A Change in Control**"* means a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets of the corporation," within the meaning of Section 409A of the Code, as such definition applies to the Company.

(ss) *"**Securities Act**"* means the Securities Act of 1933, as amended.

(tt) *"**Separation from Service**"* means a Participant's "separation from service," within the meaning of Section 409A of the Internal Revenue Code.

(uu) *"**Service**"* means a Participant's employment or service with the Participating Company Group, whether in the capacity of an Employee, a Director or a Consultant. A Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders such Service or a change in the Participating Company for which the Participant renders such Service, provided that there is no interruption or termination of the Participant's Service. Furthermore, a Participant's Service shall not be deemed to have terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, if any such leave taken by a Participant exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Participant's Service shall be deemed terminated and any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonstatutory Stock Option commencing on the third (3rd) month from such deemed termination, unless the Participant's right to return to Service with the Participating Company Group is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Participant's Award Agreement. A Participant's Service shall be deemed to have terminated either upon an actual termination of Service or upon the entity for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant's Service has terminated and the effective date of such termination.

(vv) *"**Stock**"* means the common stock of the Company, as adjusted from time to time in accordance with Section 4.2 of the Plan.

(ww) *"**Stock-Based Awards**"* means any award that is valued in whole or in part by reference to, or is otherwise based on, the Stock, including dividends on the Stock, but not limited to those Awards described in Sections 6 through 12 of the Plan.

(xx) *"**Subsidiary Corporation**"* means any present or future "subsidiary corporation" of the Company in an unbroken chain of corporations beginning with the Company in which each of the corporations other than the last corporation owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(yy) "***Substitute Awards***" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary Corporation or with which the Company or any Subsidiary Corporation combines.

(zz) *"**Ten Percent Owner**"* means a Participant who, at the time an Option is granted to the Participant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company (other than an Affiliate) within the meaning of Section 422(b)(6) of the Code.

(aaa) *"**Vesting Conditions**"* mean those conditions established in accordance with Section 9.4 or Section 11.2 of the Plan prior to the satisfaction of which shares subject to a Restricted Stock Award or Restricted Stock Unit Award, respectively, remain subject to forfeiture or a repurchase option in favor of the Company upon the Participant's termination of Service, or other deadline for satisfying such conditions, as applicable.

2.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. **Administration.**

3.1 **Administration by the Committee.** The Plan shall be administered by the Committee. All questions of interpretation of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Award.

3.2 **Authority of Officers.** Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, determination or election. In addition, to the extent specified in a resolution adopted by the Board, the Chief Executive Officer of the Company shall have the authority to grant Awards to an Employee who is not an Insider and who is receiving a salary below the level which requires approval by the Committee; provided that the terms of such Awards conform to guidelines established by the Committee.

3.3 **Administration with Respect to Insiders.** With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b3.

3.4 **Committee Complying with Section 162(m).** While the Company is a "publicly held corporation" within the meaning of Section 162(m), the Board may establish a Committee of "outside directors" within the meaning of Section 162(m) to approve the grant of any Award which might reasonably be anticipated to result in the payment of employee remuneration that would otherwise exceed the limit on employee remuneration deductible for income tax purposes pursuant to Section 162(m).

3.5 **Powers of the Committee.** In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock or units to be subject to each Award based on the recommendation of the Chief Executive Officer of the Company (except that Awards to the Chief Executive Officer shall be based on the recommendation of the independent members of the Board in compliance with applicable stock exchange rules, Non-employee Director Awards shall be granted automatically pursuant to Section 7 of the Plan, and other Awards to Non-employee Directors shall be approved by the Board);

(b) to determine the type of Award granted and to designate Options as Incentive Stock Options or Nonstatutory Stock Options;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of shares purchased pursuant to any Award, (ii) the method of payment for shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of shares of Stock, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any shares acquired pursuant thereto, (v) the Performance Award Formula and Performance Goals applicable to any Award and the extent to which such Performance Goals have been attained, (vi) the time of the expiration of any Award, (vii) the effect of the Participant's termination of Service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to determine whether an Award will be settled in shares of Stock, cash, or in any combination thereof;

(f) to approve one or more forms of Award Agreement;

(g) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired pursuant thereto, subject, in the case of an adversely affected Award, to the affected Participant's consent unless necessary to comply with any applicable law, regulation, or rule;

(h) to accelerate, continue, extend or defer the exercisability or vesting of any Award or any shares acquired pursuant thereto, including with respect to the period following a Participant's termination of Service;

(i) without the consent of the affected Participant and notwithstanding the provisions of any Award Agreement to the contrary, to unilaterally substitute at any time a Stock Appreciation Right providing for settlement solely in shares of Stock in place of any outstanding Option, provided that such Stock Appreciation Right covers the same number of shares of Stock and provides for the same exercise price (subject in each case to adjustment in accordance with Section 4.2) as the replaced Option and otherwise provides substantially equivalent terms and conditions as the replaced Option, as determined by the Committee, and subject to limitations set forth in Section 3.6;

(j) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws or regulations of or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose citizens may be granted Awards;

(k) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law; and

(l) to delegate to the Chief Executive Officer or the Senior Vice President of Human Resources the authority with respect to ministerial matters regarding the Plan and Awards made under the Plan.

3.6 **Option or SAR Repricing/Buyout.** Notwithstanding anything to the contrary set forth in the Plan, without the affirmative vote of holders of a majority of the shares of Stock cast in person or by proxy at a meeting of the shareholders of the Company at which a quorum representing a majority of all outstanding shares of Stock is present or represented by proxy, the Company shall not approve a program providing for any of the following: (a) the cancellation of outstanding Options or SARs and the grant in substitution therefore of new Options or SARs having a lower exercise price, another Award, cash or a combination thereof (other than in connection with a Change in Control), (b) the amendment of outstanding Options or SARs to reduce the exercise price thereof, (c) the purchase of outstanding unexercised Options or SARs by the Company whether by cash payment or otherwise, or (d) any other action with respect to an Option or SAR that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchanges on which the Stock is listed. This paragraph shall not be construed to apply to "issuing or assuming a stock option in a transaction to which section 424(a) applies," within the meaning of Section 424 of the Code. For the avoidance of doubt, this Section 3.6 shall not preclude any action taken without shareholder approval that is described in Section 4.2.

3.7 **Indemnification.** In addition to such other rights of indemnification as they may have as members of the Board or the Committee or as officers or employees of the Participating Company Group, members of the Board or the Committee and any officers or employees of the Participating Company Group to whom authority to act for the Board, the Committee or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. **Shares Subject to Plan.**

4.1 **Maximum Number of Shares Issuable.** Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be forty-seven million (47,000,000) less one share for every one share of Stock covered by an award granted under the Prior Plan after December 31, 2013 and prior to the Effective Date. After the Effective Date, no awards may be granted under the Prior Plan. Shares of Stock issued hereunder shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If (i) an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company, the shares of Stock allocable to the terminated portion of such Award or such forfeited or repurchased shares of Stock shall again be available for issuance under the Plan; or (ii) after December 31, 2013, an outstanding award under the Prior Plan (whenever granted) for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of stock acquired pursuant to an award under the Prior Plan subject to forfeiture or repurchase are forfeited or repurchased by the Company, the shares of stock allocable to the terminated portion of such award or such forfeited or repurchased shares or stock shall again be available for issuance under the Plan (as of December 31, 2013 there were 6,194,819 shares of stock subject to outstanding awards under the Prior Plan). Shares of Stock shall not be deemed to have been issued pursuant to the Plan (and shall again be available for issuance under the Plan) with respect to any portion of an Award (or, after December 31, 2013, an award under the Prior Plan) that is settled in cash (other than in the case of Options or SARs, in which case shares of Stock having a Fair Market Value equal to the cash delivered shall be deemed issued pursuant to the Plan). Upon the exercise of an SAR (or, after December 31, 2013, exercise of an SAR that was granted under the Prior Plan), the gross number of shares for which the SAR is exercised shall be deemed issued and shall not again be available for issuance under the Plan. In the event that (i) any Option or other

Award granted hereunder is exercised through the tendering of shares of Stock (either actually or by attestation) or by the withholding of shares by the Company, or (ii) withholding tax liabilities arising from such Award are satisfied by the tendering of shares of Stock (either actually or by attestation) or by the withholding of shares by the Company, then in each such case (other than in the case of such shares tendered or withheld in connection with the exercise of Options or SARs) the shares of Stock so tendered or withheld shall be added to the shares available for grant under the Plan on a one-for-one basis. In the event that after December 31, 2013, (i) any option or award under the Prior Plan is exercised through the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, or (ii) withholding tax liabilities arising from such options or awards are satisfied by the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, then in each such case (other than in the case of such shares tendered or withheld in connection with the exercise of Options or SARs) the shares so tendered or withheld shall be added to the shares available for grant under the Plan on a one-for-one basis.

4.2 **Adjustments for Changes in Capital Structure.** Subject to any required action by the shareholders of the Company, Section 409A of the Code and Section 162(m) of the Code for Awards intended to comply with the "qualified performance-based compensation" exception thereunder, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the shareholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate adjustments shall be made in the number and kind of shares subject to the Plan and to any outstanding Awards, in the Award limits set forth in Section 5.4, and in the exercise or purchase price per share under any outstanding Award in order to prevent dilution or enlargement of Participants' rights under the Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded down to the nearest whole number. The Committee in its sole discretion, may also make such adjustments in the terms of any Award to reflect, or related to, such changes in the capital structure of the Company or distributions as it deems appropriate, including modification of Performance Goals, Performance Award Formulas and Performance Periods, subject to Section 162(m) of the Code for Awards intended to qualify as "performance-based compensation" thereunder. The adjustments determined by the Committee pursuant to this Section 4.2 shall be final, binding and conclusive.

4.3 **Substitute Awards**. To the extent permitted under the rules of the applicable stock exchange on which the Stock is listed, Substitute Awards shall not reduce the shares of Stock authorized for grant under the Plan, nor shall Shares subject to a Substitute Award be added to the shares of Stock available for Awards under the Plan as provided above. Additionally, subject to the rules of the applicable stock exchange on which the Stock is listed, in the event that a company acquired by the Company or any Subsidiary Corporation or with which the Company or any Subsidiary Corporation combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares authorized for grant under the Plan (and shares subject to such Awards shall not be added to the shares available for Awards under the Plan as provided in the paragraphs above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

5. **Eligibility and Award Limitations.**

5.1 **Persons Eligible for Awards.** Awards may be granted only to Employees, Consultants and Directors (including Non-employee Directors). For purposes of the foregoing sentence, "Employees," "Consultants" and "Directors" shall include prospective Employees, prospective Consultants and prospective

Directors to whom Awards are granted in connection with written offers of an employment or other service relationship with the Participating Company Group; provided, however, that no Stock subject to any such Award shall vest, become exercisable or be issued prior to the date on which such person commences Service. A Non-employee Director Award may be granted only to a person who, at the time of grant, is a Non-employee Director.

5.2 **Participation.** Awards other than Non-employee Director Awards are granted solely at the discretion of the Committee. Eligible persons may be granted more than one Award. However, eligibility in accordance with this Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

5.3 **Incentive Stock Option Limitations.**

(a) ***Persons Eligible.*** An Incentive Stock Option ("ISO") may be granted only to a person who, on the effective date of grant, is an Employee of the Company, a Parent Corporation or a Subsidiary Corporation (each being an ***"ISO-Qualifying Corporation"***). Any person who is not an Employee of an ISO-Qualifying Corporation on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee of an ISO-Qualifying Corporation shall be deemed granted effective on the date such person commences Service with an ISO-Qualifying Corporation, with an exercise price determined as of such date in accordance with Section 6.1.

(b) ***Fair Market Value Limitation.*** To the extent that options designated as Incentive Stock Options (granted under all stock option plans of the Participating Company Group, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000), the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a limitation different from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Upon exercise, shares issued pursuant to each such portion shall be separately identified.

5.4 **Award Limits.**

(a) ***Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.*** Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options shall not exceed the number of shares set forth in the first sentence of Section 4.1 plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations thereunder, any shares of Stock that again become available for issuance pursuant to the remaining provisions of Section 4.1.

(b) ***Section 162(m) Award Limits.*** Subject to adjustment as provided in Section 4.2, no Participant may be granted (i) Options or Stock Appreciation Rights during any calendar year with respect to more than 800,000 shares of Stock in the aggregate, and (ii) during any calendar year one or more Restricted Stock Awards, Restricted Stock Unit Awards or Performance Share Awards that are intended to comply with the performance-based exception under Code Section 162(m) for more than 1,600,000 shares of Stock in the aggregate; provided that, for this purpose, such limit shall be applied based on the maximum number of shares of Stock that may be earned under the applicable Award(s). During any calendar year no Participant may be granted Performance Units or other Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in cash under which more than $20,000,000 may be earned in the aggregate. Each of

the limitations in this section shall be multiplied by two with respect to Awards granted to a Participant during the first calendar year in which the Participant commences employment with the Company and its Subsidiaries. If an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable limitation in this Section.

(c) ***Non-employee Director Award Limits.*** No Non-employee Director shall be granted Awards (including Non-employee Director Awards) in any calendar year having an aggregate Grant Date value in excess of $400,000. For this purpose, Restricted Stock Units, Restricted Stock Awards, Performance Awards, and other Awards shall be valued based on the Fair Market Value on the Grant Date of the maximum number of shares of Stock or dollars, as applicable, covered thereby and Options and SARs shall be valued using a Black-Scholes or other accepted valuation model, in each case, using reasonable assumptions.

5.5 **Dividends and Dividend Equivalents.** Notwithstanding anything herein to the contrary, cash dividends, stock and any other property (other than cash) distributed as a dividend, a Dividend Equivalent or otherwise with respect to any Award that vests based on achievement of Performance Goals (a) shall either (i) not be paid or credited or (ii) be accumulated, (b) shall be subject to restrictions and risk of forfeiture to the same extent as the underlying Award with respect to which such cash, stock or other property has been distributed and (c) shall be paid after such restrictions and risk of forfeiture lapse in accordance with the terms of the applicable Award Agreement.

6. **Terms and Conditions of Options.**

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Committee shall from time to time establish. No Option or purported Option shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Options may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 **Exercise Price.** The exercise price for each Option shall be established in the discretion of the Committee; provided, however, that (a) the exercise price per share shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Owner shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted as a Substitute Award, except as would result in taxation under Section 409A or loss of ISO status.

6.2 **Exercisability and Term of Options.** Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and (c) no Option granted to a prospective Employee, prospective Consultant or prospective Director may become exercisable prior to the date on which such person commences Service. Subject to the foregoing, unless otherwise specified by the Committee in the grant of an Option, any Option granted hereunder shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 **Payment of Exercise Price.**

(a) ***Forms of Consideration Authorized.*** Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by delivery of a

properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a *"**Cashless Exercise**"*), (iv) by delivery of a properly executed notice of exercise electing a Net-Exercise, (v) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Committee may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration. Notwithstanding the foregoing, an Award Agreement may provide that if on the last day of the term of an Option the Fair Market Value of one share exceeds the option price per share, the Participant has not exercised the Option (or a tandem Stock Appreciation Right, if applicable) and the Option has not expired, the Option, to the extent vested, shall be deemed to have been exercised by the Participant on such day with payment made by withholding shares otherwise issuable in connection with the exercise of the Option. In such event, the Company shall deliver to the Participant the number of shares for which the Option was deemed exercised, less the number of shares required to be withheld for the payment of the total purchase price and required withholding taxes; provided, however, any fractional share shall be settled in cash.

(b) ***Limitations on Forms of Consideration.***

(i) **Tender of Stock.** Notwithstanding the foregoing, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(ii) **Cashless Exercise.** The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

6.4 **Effect of Termination of Service.**

(a) ***Option Exercisability*.** Subject to earlier termination of the Option as otherwise provided herein and unless otherwise provided by the Committee, an Option shall be exercisable after a Participant's termination of Service only during the applicable time periods provided in the Award Agreement.

(b) ***Extension if Exercise Prevented by Law*.** Notwithstanding the foregoing, unless the Committee provides otherwise in the Award Agreement, if the exercise of an Option within the applicable time periods is prevented by the provisions of Section 15 below, the Option shall remain exercisable until three (3) months (or such longer period of time as determined by the Committee, in its discretion) after the date the Participant is notified by the Company that the Option is exercisable, but in any event no later than the earlier of the Option Expiration Date and the tenth anniversary of the date of grant of the Option.

(c) ***Extension if Exercise Prohibited by Law*.** Notwithstanding the foregoing, in the event that on the last business day of the term of an Option (other than an Incentive Stock Option) the exercise of the Option is prohibited by applicable law, the term of the Option shall be extended for a period of thirty (30) days following the end of the legal prohibition.

7. **Terms and Conditions of Non-employee Director Awards.**

Non-employee Director Awards granted under this Plan shall be automatic and non-discretionary and shall comply with and be subject to the terms and conditions set forth in this Section 7.

The grant date for all Non-employee Director awards to be made under this Section 7 shall be the later of (1) the date on which the independent inspector of election certifies the results of the annual election of directors by

shareholders of PG&E Corporation or (2) the date that this Plan becomes effective and grants can be made consistent with legal requirements; provided, however, that in extraordinary circumstances, the grant shall be delayed until the first business day of the next open trading window period following certification of the director election results, as determined by the General Counsel of PG&E Corporation (the "Grant Date").

Grants made pursuant to this Section 7, but prior to January 1, 2015, shall be subject to the terms of Section 7 of the Prior Plan as in effect prior to the Effective Date, provided, however, that such grants shall be deemed made under this Plan.

7.1 **Grant of Restricted Stock Unit.**

(a) Timing and Amount of Grant. Each person who is a Non-employee Director on the Grant Date (other than a Non-employee Director who is serving as the Company's non-executive chair of the Board) shall receive a grant of Restricted Stock Units with the number of Restricted Stock Units determined by dividing $140,000 by the Fair Market Value of the Stock on the Grant Date (rounded down to the nearest whole Restricted Stock Unit). Each Non-employee Director who also serves as the Company's non-executive chair of the Board on the Grant Date shall receive a grant of Restricted Stock Units with the number of Restricted Stock Units determined by dividing $220,000 by the Fair Market Value of the Stock on the Grant Date (rounded down to the nearest whole Restricted Stock Unit.) The Restricted Stock Units awarded to a Non-employee Director shall be credited to the director's Restricted Stock Unit account. Each Restricted Stock Unit awarded to a Non-employee Director in accordance with this Section 7.1(a) shall be deemed to be equal to one (1) (or fraction thereof) share of Stock on the Grant Date, and the value of the Restricted Stock Unit shall thereafter fluctuate in value in accordance with the Fair Market Value of the Stock. No person shall receive more than one grant of Restricted Stock Units pursuant to this Section 7.1(a) during any calendar year.

(b) ***Dividend Rights***. Each Non-employee Director's Restricted Stock Unit account shall be credited quarterly on each dividend payment date with additional shares of Restricted Stock Units (including fractions computed to three decimal places) determined by dividing (1) the amount of cash dividends paid on such date with respect to the number of shares of Stock represented by the Restricted Stock Units previously credited to the account by (2) the Fair Market Value per share of Stock on such date. Such additional Restricted Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time as the Restricted Stock Units originally subject to the Restricted Stock Unit Award.

(c) ***Vesting and Settlement of Restricted Stock Units***. Restricted Stock Units shall vest on the earlier of (i) the first anniversary of the Grant Date or (ii) the last day of the director's elected term (the normal vesting date). Restricted Stock Units credited to a Non-employee Director's Restricted Stock Unit account shall, to the extent vested, be settled in a lump sum by the issuance of an equal number of shares of Stock, rounded down to the nearest whole share, upon the earliest of (i) the first anniversary of the Grant Date (normal settlement date), (ii) the Non-employee Director's death, (iii) the Non-employee Director's Disability (within the meaning of Section 409A of the Code), or (iv) the Non-employee Director's Separation from Service following a Change in Control. However, commencing with Restricted Stock Units having a Grant Date in 2015, a Non-employee Director may irrevocably elect, no later than December 31 of the calendar year prior to the Grant Date of the Restricted Stock Units (or such later time permitted by Section 409A) to have the Non-employee Director's Restricted Stock Unit account settled in (1) a series of 10 approximately equal annual installments (which shall be separate payments for purposes of Section 409A) commencing in January of any year following the normal settlement date, or (2) a lump sum in January of any future year following the normal settlement date. In the event that the Non-employee Director elects settlement of the Restricted Stock Units in accordance with the immediately preceding sentence, the Restricted Stock Units shall be earlier settled in a lump sum, to the extent vested, upon the occurrence of any of the events set forth in Section 7.1(c)(ii) through 7.1(c)(iv) prior to the elected settlement date (or commencement thereof in the case of settlement in 10 equal annual installments). In the event that a Non-employee Director elects to have the Non-employee Director's Restricted Stock Unit account settled in a series of 10 approximately equal annual installments commencing in January of any year following the normal settlement date and one of the events set forth in Section 7.1(c)(ii) through 7.1(c)(iv) occurs after commencement of such installments but prior to full settlement of the Non-employee Director's Restricted Stock Units, then any remaining unsettled Restricted Stock Units will be

settled in a lump sum upon the occurrence of the applicable event but only to the extent that such acceleration would not result in the imposition of taxation under Section 409A. The Board may authorize other deferral alternatives with respect to Restricted Stock Units granted to Non-employee Directors, provided that such deferral alternatives comply with the deferral timing and other requirements of Section 409A. Such deferral alternatives may include, without limitation, deferral until the Non-employee Director's separation from service or until the January following such separation.

7.2 **Effect of Termination of Service as a Non-employee Director.**

(a) ***Forfeiture of Award.*** If the Non-employee Director has a Separation from Service prior to the normal vesting date, all Restricted Stock Units credited to the Participant's account that have not vested in accordance with Section 7.2(b) or 7.3 shall be forfeited to the Company and from and after the date of such Separation from Service, and the Participant shall cease to have any rights with respect thereto; provided, however, that if the Non-employee Director Separates from Service due to a pending Disability determination, such forfeiture shall not occur until a finding that such Disability has not occurred.

(b) ***Death or Disability***. If the Non-employee Director becomes "disabled," within the meaning of Section 409A of the Code or in the event of the Non-employee Director's death, all Restricted Stock Units credited to the Non-employee Director's account shall immediately vest and become payable, in accordance with Section 7.1(c), to the Participant (or the Participant's legal representative or other person who acquired the rights to the Restricted Stock Units by reason of the Participant's death) in the form of a number of shares of Stock equal to the number of Restricted Stock Units credited to the Restricted Stock Unit account, rounded down to the nearest whole share.

(c) Notwithstanding the provisions of Section 7.1(c) above, the Board, in its sole discretion, may amend this Section 7 or establish different terms and conditions pertaining to Non-employee Director Awards, in compliance with Section 409A of the Code.

7.3 **Effect of Change in Control on Non-employee Director Awards.** In the event a Non-employee Director ceases to be on the Board for any reason (other than resignation), following the occurrence of a Change in Control, all Restricted Stock Units shall immediately vest but shall not be settled until such time set forth in Section 7.1(c) occurs.

7.4 **Other Awards to Non-employee Directors**. Notwithstanding anything to the contrary set forth in this Plan, subject to Section 5.4(c) of the Plan, Non-employee Directors shall be eligible to receive all types of Awards under the Plan in addition to or instead of Non-employee Director Awards, as may be determined by the Board.

8. **Terms and Conditions of Stock Appreciation Rights.**

Stock Appreciation Rights shall be evidenced by Award Agreements specifying the number of shares of Stock subject to the Award, in such form as the Committee shall from time to time establish. No SAR or purported SAR shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing SARs may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

8.1 **Types of SARs Authorized.** SARs may be granted in tandem with all or any portion of a related Option (a *"**Tandem SAR**"*) or may be granted independently of any Option (a *"**Freestanding SAR**"*). A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option.

8.2 **Exercise Price.** The exercise price for each SAR shall be established in the discretion of the Committee; provided, however, that (other than in connection with Substitute Awards granted in accordance with Code Section 424(a)): (a) the exercise price per share subject to a Tandem SAR shall be the exercise price per share

under the related Option and (b) the exercise price per share subject to a Freestanding SAR shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the SAR.

8.3 **Exercisability and Term of SARs.**

(a) ***Tandem SARs.*** Tandem SARs shall be exercisable only at the time and to the extent, and only to the extent, that the related Option is exercisable, subject to such provisions as the Committee may specify where the Tandem SAR is granted with respect to less than the full number of shares of Stock subject to the related Option.

(b) ***Freestanding SARs.*** Freestanding SARs shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such SAR; provided, however, that no Freestanding SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such SAR.

(c) ***Extension if Exercise Prevented by Law.*** Notwithstanding the foregoing, unless the Committee provides otherwise in the Award Agreement, if the exercise of an SAR within the applicable time periods is prevented by the provisions of Section 15 below, the SAR shall remain exercisable until three (3) months (or such longer period of time as determined by the Committee, in its discretion) after the date the Participant is notified by the Company that the SAR is exercisable, but in any event no later than the earlier of the date of expiration of the SAR's term (as set forth in the applicable Award Agreement) and the tenth anniversary of the date of grant of the SAR.

(d) ***Extension if Exercise Prohibited by Law.*** Notwithstanding the foregoing, in the event that on the last business day of the term of an SAR the exercise of the SAR is prohibited by applicable law, the term shall be extended for a period of thirty (30) days following the end of the legal prohibition.

8.4 **Deemed Exercise of SARs.** An Award Agreement may provide that if on the last day of the term of an SAR the Fair Market Value of one share exceeds the grant price per share of the Stock Appreciation Right, the Participant has not exercised the SAR or the tandem Option (if applicable), and the SAR has not otherwise expired, the SAR, to the extent then vested, shall be deemed to have been exercised by the Participant on such day. In such event, the Company shall make payment to the Participant in accordance with this Section, reduced by the number of shares (or cash) required for withholding taxes; any fractional share shall be settled in cash.

8.5 **Effect of Termination of Service.** Subject to earlier termination of the SAR as otherwise provided herein and unless otherwise provided by the Committee in the grant of an SAR and set forth in the Award Agreement, an SAR shall be exercisable after a Participant's termination of Service only as provided in the Award Agreement.

9. **Terms and Conditions of Restricted Stock Awards.**

Restricted Stock Awards shall be evidenced by Award Agreements specifying the number of shares of Stock subject to the Award, in such form as the Committee shall from time to time establish. No Restricted Stock Award or purported Restricted Stock Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Restricted Stock Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

9.1 **Types of Restricted Stock Awards Authorized.** Restricted Stock Awards may or may not require the payment of cash compensation for the stock. Restricted Stock Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4 or other performance conditions established by the Committee. If either the grant of a Restricted Stock Award or the lapsing of the Restriction Period is to be contingent upon the

attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a) for Awards intended to comply with the "qualified performance-based compensation" exception under Section 162(m) of the Code.

9.2 **Purchase Price.** The purchase price, if any, for shares of Stock issuable under each Restricted Stock Award and the means of payment shall be established by the Committee in its discretion.

9.3 **Purchase Period.** A Restricted Stock Award requiring the payment of cash consideration shall be exercisable within a period established by the Committee; provided, however, that no Restricted Stock Award granted to a prospective Employee, prospective Consultant or prospective Director may become exercisable prior to the date on which such person commences Service.

9.4 **Vesting and Restrictions on Transfer.** Shares issued pursuant to any Restricted Stock Award may or may not be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. During any Restriction Period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than as provided in the Award Agreement or as provided in Section 18. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

9.5 **Voting Rights, Dividends and Distributions.** Except as provided in this Section, Section 9.4, Section 5.5, and any Award Agreement, during the Restriction Period applicable to shares subject to a Restricted Stock Award, the Participant shall have all of the rights of a shareholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares. However, in the event of a dividend or distribution paid in shares of Stock or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.2, any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant is entitled by reason of the Participant's Restricted Stock Award shall be immediately subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid or adjustments were made.

9.6 **Effect of Termination of Service.** Unless otherwise provided by the Committee in the grant of a Restricted Stock Award and set forth in the Award Agreement, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then the Participant shall forfeit to the Company any shares acquired by the Participant pursuant to a Restricted Stock Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service in exchange for the payment of the purchase price, if any, paid by the Participant. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

10. **Terms and Conditions of Performance Awards.**

Performance Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time establish. No Performance Award or purported Performance Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Performance Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions to the extent required under Section 162(m). Notwithstanding the foregoing, Awards that are not intended to comply with the "qualified performance-based compensation" exception under Section 162(m) may be subject to such other terms and conditions (which may be

different from the terms and conditions set forth in this Section 10) as shall be determined by the Committee in its sole discretion.

10.1 **Types of Performance Awards Authorized.** Performance Awards may be in the form of either Performance Shares or Performance Units. Each Award Agreement evidencing a Performance Award shall specify the number of Performance Shares or Performance Units subject thereto, the Performance Award Formula, the Performance Goal(s) and Performance Period applicable to the Award, and the other terms, conditions and restrictions of the Award.

10.2 **Initial Value of Performance Shares and Performance Units.** Unless otherwise provided by the Committee in granting a Performance Award, each Performance Share shall have an initial value equal to the Fair Market Value of one (1) share of Stock, subject to adjustment as provided in Section 4.2, on the effective date of grant of the Performance Share. Each Performance Unit shall have an initial value determined by the Committee. The final value payable to the Participant in settlement of a Performance Award determined on the basis of the applicable Performance Award Formula will depend on the extent to which Performance Goals established by the Committee are attained within the applicable Performance Period established by the Committee.

10.3 **Establishment of Performance Period, Performance Goals and Performance Award Formula.** In granting each Performance Award, the Committee shall establish in writing the applicable Performance Period, Performance Award Formula and one or more Performance Goals which, when measured at the end of the Performance Period, shall determine on the basis of the Performance Award Formula the final value of the Performance Award to be paid to the Participant. To the extent compliance with the requirements under Section 162(m) with respect to "performance-based compensation" is desired, the Committee shall establish the Performance Goal(s) and Performance Award Formula applicable to each Performance Award no later than the earlier of (a) the date ninety (90) days after the commencement of the applicable Performance Period or (b) the date on which 25% of the Performance Period has elapsed, and, in any event, at a time when the outcome of the Performance Goals remains substantially uncertain. Once established, the Performance Goals and Performance Award Formula for Awards intended to comply with the "qualified performance-based compensation" exception under Section 162(m) shall not be changed during the Performance Period, except as would result in the exercise of negative discretion by the Committee to reduce the amount of the Award otherwise payable as permitted under Section 162(m). The Company shall notify each Participant granted a Performance Award of the terms of such Award, including the Performance Period, Performance Goal(s) and Performance Award Formula.

10.4 **Measurement of Performance Goals.** Performance Goals shall be established by the Committee on the basis of targets to be attained (*"**Performance Targets**"*) with respect to one or more measures of business or financial performance (each, a *"**Performance Measure**"*), subject to the following:

(a) ***Performance Measures.*** Performance Measures shall be calculated with respect to the Company and/or each Subsidiary Corporation and/or such division or other business unit as may be selected by the Committee, or may be based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. Performance Measures may be based upon one or more of the following objectively defined and non-discretionary business criteria and any other objectively verifiable and non-discretionary adjustments permitted and pre-established by the Committee in accordance with Section 162(m), as determined by the Committee: (i) sales revenue; (ii) gross margin; (iii) operating margin; (iv) operating income; (v) pre-tax profit; (vi) earnings before interest, taxes and depreciation and amortization (EBITDA)/adjusted EBITDA; (vii) net income; (viii) expenses; (ix) the market price of the Stock; (x) earnings per share; (xi) return on shareholder equity or assets; (xii) return on capital; (xiii) return on net assets; (xiv) economic profit or economic value added (EVA); (xv) market share; (xvi) customer satisfaction; (xvii) safety; (xviii) total shareholder return; (xix) earnings; (xx) cash flow; (xxi) revenue; (xxii) profits before interest and taxes; (xxiii) profit/loss; (xxiv) profit margin; (xxv) working capital; (xxvi) price/earnings ratio; (xxvii) debt or debt-to-equity; (xxviii) accounts receivable; (xxix) write-offs; (xxx) cash; (xxxi) assets; (xxxii) liquidity; (xxxiii) earnings from operations; (xxxiv) operational reliability; (xxxv) environmental performance; (xxxvi) funds from operations; (xxxvii) adjusted revenues; (xxxviii) free cash flow; (xxxix) core earnings; or (xxxx) operational performance.

(b) ***Performance Targets.*** Performance Targets may include a minimum, maximum, target level and intermediate levels of performance, with the final value of a Performance Award determined under the applicable Performance Award Formula by the level attained during the applicable Performance Period. A Performance Target may be stated as an absolute value or as a value determined relative to a standard selected by the Committee.

10.5 **Settlement of Performance Awards.**

(a) ***Determination of Final Value.*** As soon as practicable, but no later than the 15th day of the third month following the completion of the Performance Period applicable to a Performance Award (or such shorter period set forth in an Award Agreement), the Committee shall certify in writing the extent to which the applicable Performance Goals have been attained and the resulting final value of the Award earned by the Participant and to be paid upon its settlement in accordance with the applicable Performance Award Formula no later than the 15th day of the third month following the completion of such Performance Period (or such shorter period set forth in an Award Agreement).

(b) ***Discretionary Adjustment of Award Formula.*** In its discretion, the Committee may, either at the time it grants a Performance Award or at any time thereafter, provide for the positive or negative adjustment of the Performance Award Formula applicable to a Performance Award that is not intended to constitute "qualified performance-based compensation" to a "covered employee" within the meaning of Section 162(m) (a ***"Covered Employee"***) to reflect such Participant's individual performance in his or her position with the Company or such other factors as the Committee may determine. With respect to a Performance Award intended to constitute qualified performance-based compensation to a Covered Employee, the Committee shall have the discretion to reduce (but not increase) some or all of the value of the Performance Award that would otherwise be paid to the Covered Employee upon its settlement notwithstanding the attainment of any Performance Goal and the resulting value of the Performance Award determined in accordance with the Performance Award Formula.

(c) ***Payment in Settlement of Performance Awards.*** As soon as practicable following the Committee's determination and certification in accordance with Sections 10.5(a) and (b) but, in any case, no later than the 15th day of the third month following completion of the Performance Period applicable to a Performance Award (or such shorter period set forth in an Award Agreement), payment shall be made to each eligible Participant (or such Participant's legal representative or other person who acquired the right to receive such payment by reason of the Participant's death) of the final value of the Participant's Performance Award. Payment of such amount shall be made in cash, shares of Stock, or a combination thereof as determined by the Committee.

10.6 **Voting Rights, Dividend Equivalent Rights and Distributions.** Participants shall have no voting rights with respect to shares of Stock represented by Performance Share Awards until the date of the issuance of such shares, if any (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Performance Share Award that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Stock having a record date prior to the date on which the Performance Shares are settled or forfeited. Such Dividend Equivalents, if any, shall be credited to the Participant in the form of additional whole Performance Shares as of the date of payment of such cash dividends on Stock. The number of additional Performance Shares (rounded to the nearest whole number) to be so credited shall be determined by dividing (a) the amount of cash dividends paid on such date with respect to the number of shares of Stock represented by the Performance Shares previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. Dividend Equivalents credited in connection with Performance Shares shall be subject to Section 5.5 of the Plan. Settlement of Dividend Equivalents may be made in cash, shares of Stock, or a combination thereof as determined by the Committee, and may be paid on the same basis as settlement of the related Performance Share as provided in Section 10.5. Dividend Equivalents shall not be paid with respect to Performance Units. In the event of an adjustment described in Section 4.2, the adjusted Performance Share Award shall be immediately subject to the same Performance Goals as are applicable to the Award.

10.7 **Effect of Termination of Service.** Unless otherwise provided by the Committee in the grant of a Performance Award and set forth in the Award Agreement, the effect of a Participant's termination of Service on the Performance Award shall be as follows:

(a) ***Death or Disability.*** If the Participant's Service terminates because of the death or Disability of the Participant before the completion of the Performance Period applicable to the Performance Award, the final value of the Participant's Performance Award shall be determined by the extent to which the applicable Performance Goals have been attained with respect to the entire Performance Period and shall be prorated based on the number of months of the Participant's Service during the Performance Period. Payment shall be made following the end of the Performance Period in any manner permitted by Section 10.5.

(b) ***Other Termination of Service.*** If the Participant's Service terminates for any reason except death or Disability before the completion of the Performance Period applicable to the Performance Award, such Award shall be forfeited in its entirety; provided, however, that in the event of termination of the Participant's Service for other reasons, the Committee, in its sole discretion, may waive the automatic forfeiture of all or any portion of any such Award, to the extent consistent with the preservation of the tax deductibility of awards pursuant to Section 162(m) of the Code.

11. **Terms and Conditions of Restricted Stock Unit Awards**.

Restricted Stock Unit Awards shall be evidenced by Award Agreements specifying the number of Restricted Stock Units subject to the Award, in such form as the Committee shall from time to time establish. No Restricted Stock Unit Award or purported Restricted Stock Unit Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Restricted Stock Units may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

11.1 **Grant of Restricted Stock Unit Awards.** Restricted Stock Unit Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4. If either the grant of a Restricted Stock Unit Award or the Vesting Conditions with respect to such Award is to be contingent upon the attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a) for Awards intended to comply with the "qualified performance-based compensation" exception under Section 162(m).

11.2 **Vesting.** Restricted Stock Units may or may not be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award.

11.3 **Voting Rights, Dividend Equivalent Rights and Distributions.** Participants shall have no voting rights with respect to shares of Stock represented by Restricted Stock Units until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Restricted Stock Unit Award that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Stock having a record date prior to the date on which Restricted Stock Units held by such Participant are settled. Such Dividend Equivalents, if any, shall be paid by crediting the Participant with additional whole Restricted Stock Units as of the date of payment of such cash dividends on Stock. The number of additional Restricted Stock Units (rounded to the nearest whole number) to be so credited shall be determined by dividing (a) the amount of cash dividends paid on such date with respect to the number of shares of Stock represented by the Restricted Stock Units previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. Such additional Restricted Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time as the Restricted Stock Units originally subject to the Restricted Stock Unit Award, provided that Dividend Equivalents may be settled in cash, shares of Stock, or a combination thereof as determined by the Committee and set forth in the Award Agreement. In the event

of an adjustment as described in Section 4.2, the Participant's adjusted Restricted Stock Unit Award shall be immediately subject to the same Vesting Conditions as are applicable to the Award.

11.4 **Effect of Termination of Service.** Unless otherwise provided by the Committee in the grant of a Restricted Stock Unit Award and set forth in the Award Agreement, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then the Participant shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service.

11.5 **Settlement of Restricted Stock Unit Awards.** The Company shall issue to a Participant on the date on which Restricted Stock Units subject to the Participant's Restricted Stock Unit Award vest or on such other date determined by the Committee, in its discretion, and set forth in the Award Agreement one (1) share of Stock (and/or any other new, substituted or additional securities or other property pursuant to an adjustment described in Section 11.3) for each Restricted Stock Unit then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes, provided that Restricted Stock Units may be settled in cash, shares of Stock, or a combination thereof as determined by the Committee and set forth in the Award Agreement. Notwithstanding the foregoing, if permitted by the Committee and set forth in the Award Agreement and subject to the restrictions of Section 409A of the Code, the Participant may elect in accordance with terms specified in the Award Agreement to defer receipt of all or any portion of the shares of Stock or other property otherwise issuable to the Participant pursuant to this Section.

12. **Deferred Compensation Awards.**

12.1 **Establishment of Deferred Compensation Award Programs.** This Section 12 shall not be effective unless and until the Committee determines to establish a program pursuant to this Section. The Committee, in its discretion and upon such terms and conditions as it may determine, may establish one or more programs pursuant to the Plan under which:

(a) Subject to the restrictions of Section 409A of the Code, Participants designated by the Committee who are Insiders or otherwise among a select group of management or highly compensated Employees may irrevocably elect, prior to a date specified by the Committee, to reduce such Participant's compensation otherwise payable in cash (subject to any minimum or maximum reductions imposed by the Committee) and to be granted automatically at such time or times as specified by the Committee one or more Awards of Stock Units with respect to such numbers of shares of Stock as determined in accordance with the rules of the program established by the Committee and having such other terms and conditions as established by the Committee.

(b) Subject to the restrictions of Section 409A of the Code, Participants designated by the Committee who are Insiders or otherwise among a select group of management or highly compensated Employees may irrevocably elect, prior to a date specified by the Committee, to be granted automatically an Award of Stock Units with respect to such number of shares of Stock and upon such other terms and conditions as established by the Committee in lieu of cash or shares of Stock otherwise issuable to such Participant upon the settlement of a Performance Award or Performance Unit.

12.2 **Terms and Conditions of Deferred Compensation Awards.** Deferred Compensation Awards granted pursuant to this Section 12 shall be evidenced by Award Agreements in such form as the Committee shall from time to time establish. No such Deferred Compensation Award or purported Deferred Compensation Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Deferred Compensation Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

(a) ***Vesting Conditions***. Deferred Compensation Awards shall or shall not be subject to vesting conditions, as determined by the Committee.

(b) ***Terms and Conditions of Stock Units***.

(i) **Voting Rights, Dividend Equivalent Rights and Distributions.** Participants shall have no voting rights with respect to shares of Stock represented by Stock Units until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the applicable Award Agreement that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Stock having a record date prior to the date on which Stock Units held by such Participant are settled. Such Dividend Equivalents shall be paid by crediting the Participant with additional whole and/or fractional Stock Units as of the date of payment of such cash dividends on Stock. The method of determining the number of additional Stock Units to be so credited shall be specified by the Committee and set forth in the Award Agreement. Such additional Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time as the Stock Units originally subject to the Stock Unit Award. In the event of a dividend or distribution paid in shares of Stock or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.2, appropriate adjustments shall be made in the Participant's Stock Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of the Award.

(ii) **Settlement of Stock Unit Awards.** A Participant electing to receive an Award of Stock Units pursuant to this Section 12, shall specify at the time of such election a settlement date with respect to such Award in accordance with rules established by the Committee. Except as otherwise set forth in the applicable Award Agreement, the Company shall issue to the Participant upon the earlier of the settlement date elected by the Participant or the date of the Participant's Separation from Service, a number of whole shares of Stock equal to the number of whole Stock Units subject to the Stock Unit Award. The Participant shall not be required to pay any additional consideration (other than applicable tax withholding) to acquire such shares. Any fractional Stock Unit subject to the Stock Unit Award shall be settled by the Company by payment in cash of an amount equal to the Fair Market Value as of the payment date of such fractional share.

13. **Other Stock-Based Awards**.

In addition to the Awards set forth in Sections 6 through 12 above, the Committee, in its sole discretion, may carry out the purpose of this Plan by awarding Stock-Based Awards as it determines to be in the best interests of the Company and subject to such other terms and conditions as it deems necessary and appropriate. Such awards may be evidenced by Award Agreements in such form as the Committee shall from time to time establish.

14. **Change in Control.**

14.1 **Effect of Change in Control.** Except as set forth in an applicable Award Agreement, in the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the consent of any Participant, either assume or continue the Company's rights and obligations under outstanding Awards or substitute for such Awards substantially equivalent Awards covering the Acquiror's stock. Except as set forth in an applicable Award Agreement, any such Awards which are neither assumed, continued, or substituted by the Acquiror in connection with the Change in Control nor exercised (if applicable) as of the Change in Control shall, contingent on the Change in Control, become fully vested, and Options and SARs become exercisable immediately prior to the Change in Control. Except as set forth in an applicable Award Agreement, Awards which are assumed or continued in connection with a Change in Control shall be subject to such additional accelerated vesting and/or exercisability, or lapse of restrictions in connection with the Participant's termination of Service in connection with the Change in Control as the Committee or Board may determine, if any.

14.2 **Non-employee Director Awards**. Notwithstanding the foregoing, Non-employee Director Awards shall be subject to the terms of Section 7, and not this Section 14.

15. **Compliance with Securities Law.**

The grant of Awards and the issuance of shares of Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award or (b) in the opinion of legal counsel to the Company, the shares issuable pursuant to the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

16. **Tax Withholding.**

16.1 **Tax Withholding in General.** The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise or Net Exercise of an Option, to make adequate provision for, the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock, to release shares of Stock from an escrow established pursuant to an Award Agreement, or to make any payment in cash under the Plan unless the Participating Company Group's tax withholding obligations have been satisfied by the Participant.

16.2 **Withholding in Shares.** The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise or settlement of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of the Participating Company Group. Notwithstanding the foregoing, the Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates to the extent required to avoid adverse accounting or other consequences to the Company or Participant.

17. **Amendment or Termination of Plan.**

The Board or the Committee may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's shareholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Section 4.2), (b) no change in the class of persons eligible to receive Incentive Stock Options, (c) no amendment to Section 5.4(b) or 5.4(c), and (d) no other amendment of the Plan that would require approval of the Company's shareholders under any applicable law, regulation or rule. Notwithstanding the foregoing, only the Board may amend Section 7 and may do so without the approval of the Company's shareholders. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Board or the Committee. In any event, no amendment, suspension or termination of the Plan may adversely affect any then outstanding Award without the consent of the Participant unless necessary to comply with any applicable law, regulation or rule.

18. **Miscellaneous Provisions.**

18.1 **Repurchase Rights.** Shares issued under the Plan may be subject to one or more repurchase options, or other conditions and restrictions as determined by the Committee in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the

Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

18.2 **Provision of Information.** Each Participant shall be given access to information concerning the Company equivalent to that information generally made available to the Company's common shareholders.

18.3 **Rights as Employee, Consultant or Director.** No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of a Participating Company to terminate the Participant's Service at any time. To the extent that an Employee of a Participating Company other than the Company receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company. A Participant's rights, if any, in respect of or in connection with any Award is derived solely from the discretionary decision of the Company to permit the individual to participate in the Plan and to benefit from a discretionary Award. By accepting an Award under the Plan, a Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose. The Company and its Parent Corporations and Subsidiary Corporations and Affiliates reserve the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws and such person's written employee agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

18.4 **Rights as a Shareholder.** A Participant shall have no rights as a shareholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in another provision of the Plan.

18.5 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

18.6 **Severability**. If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

18.7 **Beneficiary Designation.** Subject to local laws and procedures, each Participant may file with the Company a written designation of a beneficiary who is to receive any benefit under the Plan to which the Participant is entitled in the event of such Participant's death before he or she receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. If a married Participant designates a beneficiary other than the Participant's spouse, the effectiveness of such designation may be subject to the consent of the Participant's spouse. If a Participant dies without an effective designation of a beneficiary who is living at the time of the Participant's death, the Company will pay any remaining unpaid benefits to the Participant's legal representative.

18.8 **Unfunded Obligation.** Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Participating Company shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Participating Company and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Participating Company. The Participants shall have no claim against any Participating Company for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan. Each Participating Company shall be responsible for making benefit payments pursuant to the Plan on behalf of its Participants or for reimbursing the Company for the cost of such payments, as determined by the Company in its sole discretion. In the event the respective Participating Company fails to make such payment or reimbursement, a Participant's (or other individual's) sole recourse shall be against the respective Participating Company, and not against the Company. A Participant's acceptance of an Award pursuant to the Plan shall constitute agreement with this provision.

18.9 **Choice of Law.** Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of California, without regard to its conflict of law rules.

18.10 **Section 409A of the Code.** Notwithstanding anything to the contrary in the Plan, to the extent (i) any Award payable in connection with a Participant's Separation from Service constitutes deferred compensation subject to (and not exempt from) Section 409A of the Code and (ii) the Participant is deemed at the time of such separation to be a "specified employee" under Section 409A of the Code and the Treasury regulations thereunder, then payment shall not be made or commence until the earlier of (i) six (6)-months after such Separation from Service or (ii) the date of the Participant's death following such Separation from Service; provided, however, that such delay shall only be effected to the extent required to avoid adverse tax treatment to the Participant, including (without limitation) the additional twenty percent (20%) tax for which the Participant would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such delay. Upon the expiration of the applicable delay period, any payment which would have otherwise been paid during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to the Participant or the Participant's beneficiary in one lump sum on the first business day immediately following such delay and any undelayed payments will be paid in accordance with their normal terms.

18.11 **Restrictions on Transfer**. No Award and no shares of Stock that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of decent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. Notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the applicable Award Agreement, an Award shall be assignable or transferrable to a "family member" or other permitted transferee to the extent covered under Form S-8 Registration Statement under the Securities Act.

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EXHIBIT 10.41

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE AWARD

PG&E CORPORATION, a California corporation, hereby grants Performance Shares to the Recipient named below (sometimes referred to as "you"). The Performance Shares have been granted under the PG&E Corporation 2014 Long-Term Incentive Plan, as amended (the "LTIP"). The terms and conditions of the Performance Shares are set forth in this cover sheet and the attached Performance Share Agreement (the "Agreement").

Date of Grant: March 2, 2020

Name of Recipient: <First_Name> <Last_Name>

Recipient's Participant ID: <Emp_Id>

Number of Performance Shares: <shares_awarded>

By accepting this award, you agree to all of the terms and conditions described in the attached Agreement. You and PG&E Corporation agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of the attached Agreement. You are also acknowledging receipt of this award, the attached Agreement, and a copy of the prospectus describing the LTIP and the Performance, dated August 2020.

If, for any reason, you wish to not accept this award, please notify PG&E Corporation in writing within 30 calendar days of the date of this award at ATTN: LTIP Administrator, Pacific Gas and Electric Company, 245 Market Street, N2T, San Francisco, 94105.

Attachment

PG&E CORPORATION
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AGREEMENT - FINANCIAL

The LTIP and Other Agreements

This Agreement and the above cover sheet constitute the entire understanding between you and PG&E Corporation regarding the Performance Shares, subject to the terms of the LTIP. Any prior agreements, commitments or negotiations are superseded. In the event of any conflict or inconsistency between the provisions of this Agreement or the above cover sheet and the LTIP, the LTIP will govern. Capitalized terms that are not defined in this Agreement or the above cover sheet are defined in the LTIP. In the event of any conflict between the provisions of this Agreement or the above cover sheet and the PG&E Corporation 2012 Officer Severance Policy, this Agreement or the above cover sheet will govern, as applicable. The LTIP provides the Committee with discretion to adjust the performance award formula.

For purposes of this Agreement, employment with PG&E Corporation means employment with any member of the Participating Company Group.

Grant of Performance Shares

PG&E Corporation grants you the number of Performance Shares shown on the cover sheet of this Agreement (the "Performance Shares"). The Performance Shares are subject to the terms and conditions of this Agreement and the LTIP.

Vesting of Performance Shares

As long as you remain employed with PG&E Corporation, the Performance Shares will vest upon, and to the extent of, the Committee's certification of the extent to which performance goals have been attained for this award, which certification will occur on or after January 1 but before March 15 of the third year following the calendar year of grant specified in the cover sheet (the "Vesting Date"), in all cases subject to any requirements that awards be held for at least three years following the Date of Grant. Except as described below, all Performance Shares that have not vested will be cancelled upon termination of your employment.

Settlement in Shares/ Performance Goals

Vested Performance Shares will be settled in shares of PG&E Corporation common stock, subject to the satisfaction of Withholding Taxes, as described below. The number of shares you are entitled to receive will be calculated by multiplying the number of vested Performance Shares by the "payout percentage" determined as follows during the three-year performance period from January 1, 2020 through December 31, 2022 (Performance Period) (except as set forth elsewhere in this Agreement), rounded to the nearest whole number.

The Performance Shares have both Customer Experience and Public Safety measures (as described in Exhibit A), in the following weights:

1. Customer Satisfaction Score – 25%
2. PSPS Notification Accuracy – 25%
3. System Hardening – 25%
4. Substation Enablement – 25%

Subject to rounding considerations, for each measure, if performance is below threshold, the payout percentage will be 0%; if performance is at threshold, the payout percentage will be 50%; if performance is at target, the payout percentage will be 100%; and if performance is at or better than maximum, the payout percentage will be 200%. The actual payout percentage for performance between threshold and maximum will be determined based on linear interpolation between the payout percentages for threshold and target, or target and maximum, as appropriate.

Notwithstanding the foregoing, if the score for the Financial Stability modifier set forth on Exhibit A is below or at threshold level, then the payout percentage will be multiplied by 75%; if the score for the financial stability modifier is at target, the payout percentage will be multiplied by 100%; and if the score for the finnanical stability modifier is at maximum, the payout percentage will be multiplied by 125%. The actual modifier for performance between threshold and maximum will be determined based on linear interpolation between the multiplier percentages for threshold and target, or target and maximum, as appropriate.

The final score will be determined in the discretion of the PG&E Corporation Board of Directors or its delegate, including any decision to reduce or forego payment entirely. As part of exercising such discretion, the Board or its delegate (including, as appropriate, the Committee or the Pacific Gas and Electric Company Board) will take into consideration public, employee and contractor safety performance.

The final payout percentage, if any, will be determined as soon as practicable following the date that the Committee or an equivalent body certifies the extent to which the performance goal has been attained. PG&E Corporation will issue shares as soon as practicable after such determination, but no earlier than the Vesting Date, and not later than March 15 of the calendar year following completion of the Performance Period.

Dividends

Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the dividend multiplied by the number of Performance Shares granted to you by this Agreement will be accrued on your behalf. If you receive a Performance Share settlement in accordance with the preceding paragraph, at that same time you also will receive a cash payment equal to the amount of any dividends accrued with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.

Voluntary Termination	If you terminate your employment with PG&E Corporation voluntarily before the Vesting Date (other than for Retirement), all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited.
Termination for Cause	If your employment with PG&E Corporation is terminated at any time by PG&E Corporation for cause before the Vesting Date, all of the Performance Shares will be cancelled as of the date of such termination and any dividends accrued with respect to your Performance Shares will be forfeited. In general, termination for "cause" means termination of employment because of dishonesty, a criminal offense, or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation. For the avoidance of doubt, you will not be eligible to retire if your employment is being or is terminated for cause.
Termination other than for Cause	If your employment with PG&E Corporation is terminated by PG&E Corporation other than for cause or Retirement before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited, unless your termination of employment was in connection with a Change in Control as provided below. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Retirement	If you retire before the Vesting Date, a portion of your outstanding Performance Shares will vest proportionally based on the number of months during the Performance Period that you were employed (rounded down) divided by the number of months in the Performance Period (36 months). All other outstanding Performance Shares will be cancelled, and any associated accrued dividends will be forfeited. Your vested Performance Shares will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. Your termination of employment will be considered a Retirement if you are age 55 or older on the date of termination and if you were employed by PG&E Corporation for at least eight consecutive years ending on the date of termination of your employment.

Death/Disability	If your employment terminates due to your death or disability before the Vesting Date, all of your Performance Shares will immediately vest as to the service requirement and will be settled, if at all, as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any.
Termination Due to Disposition of Subsidiary	If your employment is terminated (other than for cause, your voluntary termination, or Retirement) (1) by reason of a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Section 424(f) of the Internal Revenue Code of 1986, as amended, or (2) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, then your outstanding Performance Shares will vest and be settled in the same manner as for a "Termination other than for Cause" described above.

Change in Control

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under this Agreement or provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under this Agreement or substitutes a substantially equivalent award, Performance Shares will vest on the Vesting Date, and performance will be deemed to have been achieved at target, resulting in a payout percentage of 100%. Settlement will occur as soon as practicable after the Vesting Date and no later than March 15 of the year following completion of the Performance Period. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares over the Performance Period multiplied by a payout percentage of 100%.

If the Change in Control of PG&E Corporation occurs before the Vesting Date, and if this award is neither so assumed nor so continued by the Acquiror, and the Acquiror does not provide a substantially equivalent award in substitution for the Performance Shares subject to this Agreement, all of your outstanding Performance Shares will vest and become nonforfeitable on the date of the Change in Control. Such vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date and no later than March 15 of the year following completion of the Performance Period. Performance will be deemed to have been achieved at target and the payout percentage will be 100%. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your Performance Shares to the date of the Change in Control multiplied by a payout percentage of 100%.

Termination In Connection with a Change in Control

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within two years following the Change in Control, all of your outstanding Performance Shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue this award) will vest and become nonforfeitable on the date of termination of your employment.

If your employment is terminated by PG&E Corporation other than for cause in connection with a Change in Control within three months before the Change in Control occurs, all of your outstanding Performance Shares will vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested Performance Shares through the date of termination of your employment) as of the date of the Change in Control.

Your vested Performance Shares will be settled, if at all, as soon as practicable following the original Vesting Date but no later than March 15 of the year following completion of the Performance Period, based on the same payout percentage applied to active employees (which in this case will be deemed to be at target, consistent with the "Change in Control" section, above). At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the Performance Period with respect to your vested Performance Shares multiplied by the same payout percentage used to determine the number of shares you are entitled to receive, if any. PG&E Corporation has the sole discretion to determine whether termination of your employment was made in connection with a Change in Control.

Withholding Taxes

The number of shares of PG&E Corporation common stock that you are otherwise entitled to receive upon settlement of your Performance Shares will be reduced by a number of shares having an aggregate Fair Market Value, as determined by PG&E Corporation, equal to the amount of any Federal, state, or local taxes of any kind required by law to be withheld by PG&E Corporation in connection with the Performance Shares determined using the applicable minimum statutory withholding rates, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax ("Withholding Taxes"). If the withheld shares were not sufficient to satisfy your minimum Withholding Taxes, you will be required to pay, as soon as practicable, including through additional payroll withholding, any amount of the Withholding Taxes that is not satisfied by the withholding of shares described above.

Leaves of Absence

For purposes of this Agreement, if you are on an approved leave of absence from PG&E Corporation, or a recipient of PG&E Corporation sponsored disability benefits, you will continue to be considered as employed. If you do not return to active employment upon the expiration of your leave of absence or the expiration of your PG&E Corporation sponsored disability benefits, you will be considered to have voluntarily terminated your employment. See above under "Voluntary Termination."

PG&E Corporation reserves the right to determine which leaves of absence will be considered as continuing employment and when your employment terminates for all purposes under this Agreement.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained by PG&E Corporation. Except as otherwise provided in an applicable employment agreement, PG&E Corporation reserves the right to terminate your employment at any time and for any reason.

Recoupment of Awards

Awards are subject to recoupment in accordance with any applicable law and any recoupment policy adopted by the Corporation from time to time, including the PG&E Corporation and Pacific Gas and Electric Company Executive Incentive Compensation Recoupment Policy, as last revised on February 19, 2019 and available on the PG&E@Work intranet site for the Long-Term Incentive Plan (the policy and location may be changed from time to time by PG&E Corporation).

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of California.

Exhibit A

CUSTOMER EXPERIENCE

Customer Satisfaction Score – 25%

- Measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?"

  Final metric score will be based on the average of the quarterly scores in 2022 (the last year in the Performance Period).

- Targets for threshold, target and maximum payouts are as follows:

  - Threshold, 0.5: CSS score of 71.7
  - Target, 1.0: CSS score of 72.3
  - Maximum, 2.0: CSS score of 74.4

PSPS Notification Accuracy – 25%

- Measured as the percentage of PSPS-affected customers who receive notifications at least 12 hours in advance of a PSPS outage.

  Final metric score based on the average of the percentages across all PSPS events during the three year Performance Period.

- Threshold, target and maximum scores for PSPS impacted customers receiving notifications at least 12 hours ahead of the event are as follows:

  - 0.5: 98.0%
  - 1.0: 99.0%
  - 2.0: 99.9%

PUBLIC SAFETY

System Hardening – 25%

- Completion of (i) rebuild of overhead circuitry to current hardening design standards; (ii) targeted undergrounding; or (iii) elimination of overhead circuitry, measures in miles of circuit.

  Circuit miles are recorded as complete when individual spans/sections for each project are constructed, inspected for quality control and quality assurance against the hardening design standard, and passed as "fire safe."

Final metric score is total circuit miles completed during the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:

  - 0.5: 919 miles
  - 1.0: 1,021 miles
  - 2.0: 1, 225 miles

Substation Enablement – 25%

- Measured as the number of substations out of a possible 64 substations that are "energizable" during a Transmission-Level PSPS event. "Energizable" includes microgrid temporary or permanent generation solutions or other yet-to-be-identified solutions that allow a substation to be energized during a Transmission-Level PSPS event.

Final metric score is the count of "energizable" substations at the end of the three-year Performance Period.

- Targets for threshold, target and maximum payouts are as follows:
    - 0.5: 30
    - 1.0: 40
    - 2.0: 50

Financial Stability Modifier

Total Shareholder Return (TSR)

Performance share payouts are targeted at the 50th percentile of TSR performance of the 2020 Performance Comparator Group.

- Seventy-five (75) percent modifier for TSR performance below the threshold 25th percentile of the Performance Comparator Group. One hundred (100) percent modifier for TSR performance at the target 50th percentile. One hundred fifty (125) percent modifier for TSR performance at the maximum 80th percentile.

- If TSR performance is between the 25th percentile and the target, or between the target and the 80th percentile, the settlement percentage for award payouts is determined by straight-line interpolation between (1) the Performance Percentile associated with each Comparator Rank and (2) the Rounded Modifier associated with each Performance Percentile (including the 25th, 50th, and 80th percentiles), as shown in the "2020 Performance Modifier Scale" set forth below, adjusted to the nearest whole number.

2020 Performance Comparator Group

Alliant Energy
Ameren Corporation
American Electric Power
CMS Energy
Consolidated Edison, Inc.
DTE Energy
Duke Energy
Edison International, Inc.
Evergy, Inc.
Eversource Energy
NiSource, Inc.
Pinnacle West Capital
Southern Company
WEC Energy Group, Inc.
Xcel Energy, Inc.

2020 Performance Modifier Scale

Comparator Rank	Performance Percentile	Rounded Modifier[1]
1	100%	125%
2	93%	125%
3	87%	125%
4 Maximum	80%	125%
5	73%	139%
6	67%	128%
7	60%	117%
8	53%	106%
Target	50%	100%
9	47%	97%
10	40%	90%
11	33%	83%
12	27%	77%
Threshold	25%	75%
13	20%	75%
14	13%	75%
15	7%	75%

[1] Interpolation shall be used in the event that PG&E's TSR does not fall directly on one of the TSR ranks listed. For example, if PG&E Corporation's TSR is one-quarter of the way between the TSRs of comparator companies ranked at 5 and 6, then the applicable Performance Percentile will be one-quarter of the way between the percentiles for the fifth- and sixth-ranked comparator group companies, and the modifier will be one-quarter of the way between the associated Rounded Modifier values.

- TSR performance is measured using an average of closing prices for 20 trading days immediately prior to the beginning and end of the performance period.
- If any member of the 2020 group ceases to be publicly traded, that member will be removed from the 2020 group and the payout methodology will be applied to the revised smaller 2020 group.

EXHIBIT 10.42

PG&E CORPORATION
2012 OFFICER SEVERANCE POLICY
(Amended effective as of September 24, 2020)

1. Purpose. This is the controlling and definitive statement of the Officer Severance Policy of PG&E Corporation ("Policy"). Since Officers are employed at the will of PG&E Corporation ("Corporation") or a participating employer ("Employer"), their employment may be terminated at any time, with or without cause. A list of Employers is attached hereto as Appendix A. The Policy became effective March 1, 2012, and provides Officers of the Corporation and Employers in Officer Compensation Bands I through V ("Officers") with severance benefits if their employment is terminated, and the Officer is not eligible for severance benefits under the predecessor PG&E Corporation Officer Severance Policy (the "Predecessor Policy"), which was first adopted effective November 1, 1998.[1] The Policy's definition of Change in Control was amended effective May 12, 2014.[2] The Policy's treatment of STIP payouts and, limitations on certain severance payments were added effective September 25, 2020. Severance benefits for officers not covered by this Policy (or the Predecessor Policy) will be provided under policies or programs developed by the appropriate lines of business in consultation with and with the approval by the Senior Human Resources Officer of the Corporation. For the avoidance of doubt, revisions made to this Policy relating to Code Section 409A (defined below), apply to all Officers including those that may be covered under prior provisions of the Policy as required by Section 6 hereof.

The purpose of the Policy is to attract and retain senior management by defining terms and conditions for severance benefits, to provide severance benefits that are part of a competitive total compensation package, to provide consistent treatment for all terminated officers, and to minimize potential litigation costs associated with Officer termination of employment.

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[1] Severance benefits for Officers who are currently covered by an employment agreement will continue to be provided solely under such agreements until their expiration at which time this Policy will become effective for such Officers. Any Officer's waiver of benefits under this Policy shall take precedence over the terms of this Policy. If an employee becomes a covered Officer under this Policy as a result of a promotion, and if such Officer was then covered by a severance arrangement subject to Section 409A of the Internal Revenue Code of 1986 ("Code Section 409A"), the severance benefits under this Policy provided to such person shall comply with the time and form of payment provisions of such prior severance arrangement, to the extent required by Code Section 409A.

Officers subject to the Predecessor Policy as of February 29, 2012 will continue to be subject to the terms of that Prececessor Policy until three years after receiving notice of the adoption of this Policy and its terms, to the extent that becoming subject to this Policy would reduce such officers' aggregate level of benefits, as per Section 6 of the Predecessor Policy.

[2] Officers described in the second paragraph of the preceding footnote and officers subject to this Policy as of May 11, 2014 will continue to be subject to the definition of Change in Control in the Predecessor Policy or the Policy, as applicable, in effect on May 11, 2014, until three years after receiving notice of the adoption of the revised definition of Change in Control, to the extent that becoming subject to such revision would reduce such officers' aggregate level of benefits, as per Section 6 of the Predecessor Policy and this Policy.

2. Termination of Employment Not Following a Change in Control or Potential Change in Control.

(a) Corporation or Employer's Obligations. If the Corporation or an Employer exercises its right to terminate an Officer's employment without cause and such termination does not entitle Officer to payments under Section 3, the Officer shall be given thirty (30) days' advance written notice or pay in lieu thereof (which shall be paid in a lump sum together with the payment described in Section 2(a)(1) below). Except as provided in Section 2(b) below, in consideration of the Officer's agreement to the obligations described in Section 2(e) below and to the arbitration provisions described in Section 12 below, the following payments and benefits shall also be provided to Officer following Officer's separation from service (within the meaning of Code Section 409A):[3]

(1) A lump sum severance payment equal to: $^{1}/_{12}$ (the sum of the Officer's annual base compensation and the Officer's Short-Term Incentive Plan ("STIP") target award at the time of his or her termination) times twelve ("Severance Multiple"). Annual base compensation shall mean the Officer's monthly base pay for the month in which the Officer is given notice of termination, multiplied by 12. The payment described in this Section 2(a)(1) shall be made in a single lump sum as soon as practicable following the date the release of claims described in Section 2(e)(1) becomes effective, provided that payment shall in no event be made later than the 15th day of the third month following the later of the end of the calendar year or the Corporation's taxable year in which the Officer's separation from service occurs.

(2) Except as otherwise set forth in the applicable award agreement or as otherwise required by applicable law, the equity-based incentive awards granted to Officer under the Corporation's Long-Term Incentive Program which have not yet vested as of the date of termination will continue to vest over a period of a number of months equal to the Severance Multiple after the date of termination as if the Officer had remained employed for such period. Except as otherwise set forth in the applicable award agreement, for vested stock options as of the date of termination, the Officer shall have the right to exercise such stock options at any time within their respective terms or within five years after termination, whichever is shorter. Except as otherwise set forth in the applicable award agreement, for stock options that vest during a period of a number of months equal to the Severance Multiple, the Officer shall have the right to exercise such options at any time within one year after termination, subject to the term of the options. Except as otherwise set forth in the applicable award agreement, any unvested equity-based incentive awards remaining at the end of such period shall be forfeited;

(3) If the Officer has at least six months of service in a calendar year, a prorated annual incentive payment equal to the annual incentive payment, if any, that the Officer would have earned for the entire calendar year in which the termination occurs pursuant to the Officer's then-current STIP; based on Eligible Earnings paid between January 1 of such calendar year and the Officer's date of termination (a "Pro-Rata Incentive"). Subject to Section 13, an Officer's Pro-Rata Incentive shall be paid by the Officer's former employer on the date that annual incentive payments are paid to the Employers' active employees. Notwithstanding the foregoing,

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[2] Any payments made hereunder shall be less applicable taxes.

the Compensation Committee of the Corporation may increase, decrease, or eliminate the Pro-Rata Incentive for the Officer in its sole discretion. For purposes of this section, "Eligible Earnings" means the sum of the Officer's: base pay, including paid time off; lump-sum payments as part of a merit increase; temporary assignment pay, including lump-sum payments; and for an Officer on Paid Family Leave or Short-Term Disability, payments made for approved leaves.

(4) For Officers in Officer Bands I, II or III, two thirds of the unvested Company stock units in the Officer's account in the Corporation's Deferred Compensation Plan for Officers which were awarded in connection with the Executive Stock Ownership Program requirements ("SISOPs") shall vest upon the Officer's termination, and one third shall be forfeited. For Officers in Officer Bands IV and V, one third of any unvested SISOPs shall vest upon the Officer's termination, and two thirds shall be forfeited. Unvested stock units attributable to SISOPs which become vested under this provision shall be distributed to Officer in accordance with the Deferred Compensation Plan after such stock units vest;

(5) Officer shall be entitled to receive a lump sum cash payment equal to the estimated value of 18 months'of COBRA premiums for the Officer, based on the Officer's benefit levels at the time of termination (with such payment subject to taxation under applicable law);

(6) To the extent not theretofore paid or provided, the Officer shall be paid or provided with any other amounts or benefits required to be paid or provided or which the Officer is eligible to receive under any plan, contract or agreement of the Corporation or Employer;

(7) Such career transition services as the Corporation's Senior Human Resources Officer shall determine is appropriate (if any), provided that payment of such services will only be made to the extent the Officer actually incurs an expense and then only to the extent incurred and paid within the time limit set forth in Treasury Regulation Section 1.409A-1(b)(9)(v)(E). Any such services, to the extent they are not exempt under Treasury Regulation Section 1.409A-1(b)(9)(v)(A) or (D), shall be structured to comply with the requirements of Treasuary Regulation Section 1.409A-3(i)(1)(iv) and, if applicable, shall be subject to the six-month delay described in Code Section 409A(a)(2)(B)(i).

(8) All acts required of the Employer under the Policy may be performed by the Corporation for itself and the Employer, and the costs of the Policy may be equitably apportioned by the Administrator among the Corporation and the other Employers. The Corporation shall be responsible for making payments and providing benefits pursuant to this Policy for Officers employed by the Corporation. Whenever the Employer is permitted or required under the terms of the Policy to do or perform any act, matter or thing, it shall be done and performed by any Officer or employee of the Employer who is thereunto duly authorized by the board of directors of the Employer. Each Employer shall be responsible for making payments and providing benefits pursuant to the Policy on behalf of its Officers or for reimbursing the Corporation for the cost of such payments or benefits, as determined by the Corporation in its sole discretion. In the event the respective Employer fails to make such payment or reimbursement, an Officer's (or other payee's) sole recourse shall be against the respective Employer, and not against the Corporation;

(b) Remedies. An Officer shall be entitled to recover damages for late or nonpayment of amounts to which the Officer is entitled hereunder. The Officer shall also be entitled to seek specific performance of the obligations and any other applicable equitable or injunctive relief.

(c) Section 2(a) shall not apply in the event that an Officer's employment is terminated "for cause." Except as used in Section 3 of this Policy, "for cause" means that the Corporation, in the case of an Officer employed by the Corporation, or Employer in the case of an Officer employed by an Employer, acting in good faith based upon information then known to it, determines that the Officer has engaged in, committed, or is responsible for (1) serious misconduct, gross negligence, theft, or fraud against the Corporation and/or an Employer; (2) refusal or unwillingness to perform his duties; (3) inappropriate conduct in violation of Corporation's equal employment opportunity policy; (4) conduct which reflects adversely upon, or making any remarks disparaging of, the Corporation, its Board of Directors, Officers, or employees, or its affiliates or subsidiaries; (5) insubordination; (6) any willful act that is likely to have the effect of injuring the reputation, business, or business relationship of the Corporation or its subsidiaries or affiliates; (7) violation of any fiduciary duty; or (8) breach of any duty of loyalty; or (9) any breach of the restrictive covenants contained in Section 2(e) below. Upon termination "for cause," the Corporation, its Board of Directors, Officers, or employees, or its affiliates or subsidiaries shall have no liability to the Officer other than for accrued salary, vacation benefits, and any vested rights the Officer may have under the benefit and compensation plans in which the Officer participates and under the general terms and conditions of the applicable plan.

(d) The Board of Directors of the Corporation and the Board of Directors of Pacific Gas and Electric Company (the "Utility") reserve the right to: (a) restrict, limit, cancel, reduce or require forfeiture of payments or benefits pursuant to the provisions of Section 2(a), (i) for any executive officer of the Utility (as defined in California Public Utilities Code § 451.5) or any executive officer of the Corporation (as defined in Rule 3b-7 under the Securities Exchange Act of 1934) in the event of any felony conviction of the Corporation or the Utility related to public health and safety or financial misconduct by the Corporation or the Utility following its July 1, 2020 emergence from Chapter 11 bankruptcy, provided that such executive officer was serving as an executive officer of the Corporation or the Utility, as applicable, at the time of the underlying conduct that led to the conviction ("Company Conviction"), or (ii) for the chief executive officer or chief financial officer of the Corporation or the Utility if that entity is required to prepare a restatement of the financial statement due to the material noncompliance of the Corporation or the Utility, as applicable, with any financial reporting requirement under the federal securities laws, as a result of misconduct, provided that only the payment and benefits under Section 2(a) that the chief executive officer or chief financial officer is eligible to receive during the twelve (12)-month period following the first public issuance or filing with the Securities and Exchange Commission (whichever first occurs) of the financial statement are subject to restriction, limitation, cancellation, reduction or forfeiture and further provided the executive officer was serving as a chief executive officer or chief financial officer of the Corporation or the Utility, as applicable, during the period for which the financial statement is restated; and (b) recoup or require reimbursement or repayment of rights, payments, and benefits

under Section 2(a) for any executive officer of the Utility (as defined in California Public Utilities Code § 451.5) or any executive officer of the Corporation (as defined in Rule 3b-7 under the Securities Exchange Act of 1934) in the event such executive officer engaged in misconduct that materially contributed to some of the actions or omissions on which the Company Conviction is based (as determined by the applicable Board in its discretion). The Corporation, the Utility, their affiliates, and their respective directors, officers, and employees shall have no liability to any such executive officer, including the chief executive officer and chief financial officer of the Corporation or the Utility, in the event of restriction, limitation, reduction, recoupment, forfeiture, reimbursement, or cancellation of the provisions of Section 2(a), other than for accrued salary, vacation benefits, and any vested rights such executive officer may have under the benefit and compensation plans in which the executive officer participates and under the general terms and conditions of the applicable plan.

(e) Obligations of Officer.

(1) Release of Claims. There shall be no obligation to commence the payment of the amounts and benefits described in Section 2(a) until the latter of (1) the delivery by Officer to the Corporation a fully executed comprehensive general release of any and all known or unknown claims that he or she may have against the Corporation, its Board of Directors, Officers, or employees, or its affiliates or subsidiaries and a covenant not to sue in the form prescribed by the Administrator, and (2) the expiration of any revocation period set forth in the release. The Corporation shall promptly furnish such release to Officer in connection with the Officer's separation from service, and such release must be executed by Officer and become effective during the period set forth in the release as a condition to Officer receiving the payments and benefits described in Section 2(a).

(2) Covenant Not to Compete. (i) During the period of Officer's employment with the Corporation or its subsidiaries and for a period of twelve (12) months thereafter (the "Restricted Period"), Officer shall not, in any county within the State of California or in any city, county or area outside the State of California within the United States or in the countries of Canada or Mexico, directly or indirectly, whether as partner, employee, consultant, creditor, shareholder, or other similar capacity, promote, participate, or engage in any activity or other business competitive with the Corporation's business or that of any of its subsidiaries or affiliates, without the prior written consent of the Corporation's Chief Executive Officer. Notwithstanding the foregoing, Officer may have an interest in any public company engaged in a competitive business so long as Officer does not own more than 2 percent of any class of securities of such company, Officer is not employed by and does not consult with, or becomes a director of, or otherwise engage in any activities for, such competing company.

a. The Corporation and its subsidiaries presently conduct their businesses within each county in the State of California and in areas outside California that are located within the United States, and it is anticipated that the Corporation and its subsidiaries will also be conducting business within the countries of Canada and Mexico. Such covenants are necessary and reasonable in order to protect the Corporation and its subsidiaries in the conduct of their businesses. To the extent that the foregoing covenant or any provision of this Section

2(e)(2)a shall be deemed illegal or unenforceable by a court or other tribunal of competent jurisdiction with respect to (i) any geographic area, (ii) any part of the time period covered by such covenant, (iii) any activity or capacity covered by such covenant, or (iv) any other term or provision of such covenant, such determination shall not affect such covenant with respect to any other geographic area, time period, activity or other term or provision covered by or included in such covenant.

(3) Soliciting Customers and Employees. During the Restricted Period, Officer shall not, directly or indirectly, solicit or contact any customer or any prospective customer of the Corporation or its subsidiaries or affiliates for any commercial pursuit that could be reasonably construed to be in competition with the Corporation, or induce, or attempt to induce, any employees, agents or consultants of or to the Corporation or any of its subsidiaries or affiliates to do anything from which Officer is restricted by reason of this covenant nor shall Officer, directly or indirectly, offer or aid to others to offer employment to, or interfere or attempt to interfere with any employment, consulting or agency relationship with, any employees, agents or consultants of the Corporation, its subsidiaries and affiliates, who received compensation of $75,000 or more during the preceding six (6) months, to work for any business competitive with any business of the Corporation, its subsidiaries or affiliates.

(4) Confidentiality. Officer shall not at any time (including after termination of employment) divulge to others, use to the detriment of the Corporation or its subsidiaries or affiliates, or use in any business competitive with any business of the Corporation or its subsidiaries or affiliates any trade secret, confidential or privileged information obtained during his employment with the Corporation or its subsidiaries or affiliates, without first obtaining the written consent of the Corporation's Chief Executive Officer. This paragraph covers but is not limited to discoveries, inventions (except as otherwise provided by California law), improvements, and writings, belonging to or relating to the affairs of the Corporation or of any of its subsidiaries or affiliates, or any marketing systems, customer lists or other marketing data. Officer shall, upon termination of employment for any reason, deliver to the Corporation all data, records and communications, and all drawings, models, prototypes or similar visual or conceptual presentations of any type, and all copies or duplicates thereof, relating to all matters contemplated by this paragraph.

(5) Assistance in Legal Proceedings. During the Restricted Period, Officer shall, upon reasonable notice from the Corporation, furnish information and proper assistance (including testimony and document production) to the Corporation as may be reasonably required by the Corporation in connection with any legal, administrative or regulatory proceeding in which it or any of its subsidiaries or affiliates is, or may become, a party, or in connection with any filing or similar obligation of the Corporation imposed by any taxing, administrative or regulatory authority having jurisdiction, provided, however, that the Corporation shall pay all reasonable expenses incurred by Officer in complying with this paragraph within 60 days after Officer incurs such expenses.

(6) Remedies. Upon Officer's failure to comply with the provisions of this Section 2(e), the Corporation shall have the right to immediately terminate any unpaid amounts

or benefits described in Section 2(a) to Officer. In the event of such termination, the Corporation shall have no further obligations under this Policy and shall be entitled to recover damages. In the event of an Officer's breach or threatened breach of any of the covenants set forth in this Section 2(e), the Corporation shall also be entitled to specific performance by Officer of any such covenant and any other applicable equitable or injunctive relief.

3. Termination of Employment Following a Change in Control or Potential Change in Control.

(a) If an Executive Officer's employment by the Corporation or any subsidiary or successor of the Corporation shall be subject to an Involuntary Termination within the Covered Period, then the provisions of this Section 3 instead of Section 2 shall govern the obligations of the Corporation as to the payments and benefits it shall provide to the Executive Officer. In the event that Executive Officer's employment with the Corporation or an employing subsidiary is terminated under circumstances which would not entitle Executive Officer to payments under this Section 3, Executive Officer shall only receive such benefits to which he is entitled under Section 2, if any. In no event shall Executive Officer be entitled to receive termination benefits under both this Section 3 and Section 2.

All the terms used in this Section 3 shall have the following meanings:

(1) "Affiliate" shall mean any entity which owns or controls, is owned or is under common ownership or control with, the Corporation.

(2) "Cause" shall mean (i) the willful and continued failure of the Executive Officer to perform substantially the Executive Officer's duties with the Corporation or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive Officer by the Board of Directors or the Chief Executive Officer of the Corporation which specifically identifies the manner in which the Board of Directors or Chief Executive Officer believes that the Executive Officer has not substantially performed the Executive Officer's duties; or (ii) the willful engaging by the Executive Officer in illegal conduct or gross misconduct which is materially demonstrably injurious to the Corporation.

For purposes of the provision, no act or failure to act, on the part of the Executive Officer, shall be considered "willful" unless it is done, or omitted to be done, by the Executive Officer in bad faith or without reasonable belief that the Executive Officer's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors or upon the instructions of the Chief Executive Officer or a senior officer of the Corporation or based upon the advice of counsel for the Corporation shall be conclusively presumed to be done, or omitted to be done, by the Executive Officer in good faith and in the best interests of the Corporation. The cessation of employment of the Executive Officer shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive Officer a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board of Directors called and held for such purpose (after

reasonable notice is provided to the Executive Officer and the Executive Officer is given an opportunity, together with counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, the Executive Officer is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(3) "Change in Control" shall mean the occurrence of any of the following:

a. any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act"), but excluding any benefit plan for employees or any trustee, agent or other fiduciary for any such plan acting in such person's capacity as such fiduciary), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act) of securities of the Corporation representing thirty percent (30%) or more of the combined voting power of the Corporation's then outstanding voting securities; or

b. during any two consecutive years, individuals who at the beginning of such a period constitute the Board of Directors of the Corporation ("Board") cease for any reason to constitute at least a majority of the Board, unless the election, or the nomination for election by the shareholders of the Corporation, of each new member of the Board ("Director") was approved by a vote of at least two-thirds ($^2/_3$) of the Directors then still in office (1) who were Directors at the beginning of the period or (2) whose election or nomination was previously so approved; or

c. the consummation of any consolidation or merger of the Corporation other than a merger or consolidation which would result in the holders of the voting securities of the Corporation outstanding immediately prior thereto continuing to directly or indirectly hold at least seventy percent (70%) of the Combined Voting Power of the Corporation, the surviving entity in the merger or consolidation or the parent of such surviving entity outstanding immediately after the merger or consolidation; or

d. (1) the consummation of any sale, lease, exchange or other transfer (in one or a series of related transactions) of all or substantially all of the assets of the Corporation or (2) the approval of the shareholders of the Corporation of a plan of liquidation or dissolution of the Corporation.

(4) "Change in Control Date" shall mean the date on which a Change in Control occurs.

(5) "Combined Voting Power" shall mean the combined voting power of the Corporation's or other relevant entity's then outstanding voting securities.

(6) "Covered Period" shall mean the period commencing with the Change in Control Date and terminating two (2) years following said commencement; provided, however, that if a Change in Control occurs and Executive Officer's employment with the Corporation or the employing subsidiary is subject to an Involuntary Termination before the Change in Control Date but on or after a Potential Change in Control Date, and if it is reasonably demonstrated by

the Executive Officer that such termination (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control, or (ii) otherwise arose in connection with or in anticipation of a Change in Control, then the Covered Period shall mean, as applied to Executive Officer, the two-year period beginning on the date immediately before the Potential Change in Control Date.

(7) "Disability" shall mean the absence of the Executive Officer from the Executive Officer's duties with the Corporation or the employing subsidiary on a full-time basis for 180 consecutive business days as a result of incapacity due to physical or mental illness which is determined to be total and permanent by a physician selected by the Corporation or its insurers and acceptable to the Executive Officer or the Executive Officer's legal representative.

(8) "Executive Officer" shall mean officers in Officer Compensation Bands I through II.

(9) "Good Reason" shall mean any one or more of the following which takes place within the Covered Period:

a. A material diminution in the Executive Officer's base compensation;

b. A material diminution in the Executive Officer's authority, duties, or responsibilities;

c. A material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive Officer is required to report, including a requirement that the Executive Officer report to a corporate officer or employee instead of reporting directly to the Board of Directors of the Corporation (in the case of an Executive Officer reporting to such Board of Directors);

d. A material diminution in the budget over which the Executive Officer retains authority;

e. A material change in the geographic location at which the Executive Officer must perform the services; or

f. Any other action or inaction that constitutes a material breach by the Corporation of this Policy;

provided, however, that the Executive Officer must provide notice to the Corporation of the existence of the applicable condition described in this Section 3(a)(9) within 90 days of the initial existence of the condition, upon the notice of which the Corporation shall have 30 days during which it may remedy the condition and, if remedied, Good Reason shall not exist.

(10) "Involuntary Termination" shall mean a termination (i) by the Corporation without Cause, or (ii) by Executive Officer following Good Reason; provided, however, the term "Involuntary Termination" shall not include termination of Executive Officer's employment due to Executive Officer's death, Disability, or voluntary retirement.

(11) "Potential Change in Control" shall mean the earliest to occur of (i) the date on which the Corporation executes an agreement or letter of intent, where the consummation of the transaction described therein would result in the occurrence of a Change in Control, (ii) the date on which the Board of Directors approves a transaction or series of transactions, the consummation of which would result in a Change in Control, or (iii) the date on which a tender offer for the Corporation's voting stock is publicly announced, the completion of which would result in a Change in Control; provided, however, that if such Potential Change in Control terminates by its terms, such transaction shall no longer constitute a Potential Change in Control.

(12) "Potential Change in Control Date" shall mean the date on which a Potential Change in Control occurs.

(13) "Reference Salary" shall mean the greater of (i) the annual rate of Executive Officer's base salary from the Corporation or the employing subsidiary in effect immediately before the date of Executive Officer's Involuntary Termination, or (ii) the annual rate of Executive Officer's base salary from the Corporation or the employing subsidiary in effect immediately before the Change in Control Date.

(14) "Termination Date" shall be the date specified in the written notice of termination of Executive Officer's employment given by either party in accordance with Section 3(b) of this Policy.

(b) Notice of Termination. During the Covered Period, in the event that the Corporation (including an employing subsidiary) or Executive Officer terminates Executive Officer's employment with the Corporation or Employer, the party terminating employment shall give written notice of termination to the other party, specifying the Termination Date and the specific termination provision in this Section 3 that is relied upon, if any, and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive Officer's employment under the provision so indicated. The Termination Date shall be determined as follows: (i) if Executive Officer's employment is terminated for Disability, thirty (30) days after a Notice of Termination is given (provided that Executive Officer shall not have returned to the full-time performance of Executive Officer's duties during such 30-day period); (ii) if Executive Officer's employment is terminated by the Corporation in an Involuntary Termination, thirty days after the date the Notice of Termination is received by Executive Officer (provided that the Corporation may provide Officer with pay in lieu of notice, which shall be paid in a lump sum together with the payment described in Section 3(c)(1) below); and (iii) if Executive Officer's employment is terminated by the Corporation for Cause (as defined in this Section 3), the date specified in the Notice of Termination, provided, that the events or circumstances cited by the Board of Directors as constituting Cause are not cured by Executive Officer during any cure period that may be offered by the Board of Directors. The Date of Termination for a resignation of employment other than for Good Reason shall be the

date set forth in the applicable notice, which shall be no earlier than ten (10) days after the date such notice is received by the Corporation, unless waived by the Corporation.

During the Covered Period, a notice of termination given by Executive Officer for Good Reason shall be given within 90 days after occurrence of the event on which Executive Officer bases his notice of termination and shall provide a Termination Date of thirty (30) days after the notice of termination is given to the Corporation (provided that the Corporation may provide Officer with pay in lieu of notice, which shall be paid in a lump sum together with the payment described in Section 3(c)(1) below).

(c) Corporation's Obligations. If Executive Officer separates from service due to an Involuntary Termination within the Covered Period, then the Corporation shall provide Executive Officer the following benefits:

(1) The Corporation shall pay to the Executive Officer a lump sum in cash within thirty (30) days after the Executive Officer's separation from service:

a. the sum of (1) any earned but unpaid base salary through the Termination Date at the rate in effect at the time of the notice of termination to the extent not theretofore paid; (2) the Executive Officer's pro-rated target bonus under the Short-Term Incentive Plan of the Corporation, an Affiliate, or a predecessor, for the fiscal year in which the Termination Date occurs (the "Target Bonus"); and (3) any accrued but unpaid vacation pay, in each case to the extent not theretofore paid;

b. the amount equal to the product of (1) two and (2) the sum of (x) the Reference Salary and (y) the Target Bonus; and

c. a lump sum cash payment equal to the estimated value of 18 months'of COBRA premiums for the Officer, based on the Officer's beneit levels at the time of termination (with such payment subject to taxation under applicable law), if any;

(2) Executive Officer shall be eligible to receive such career transition services as the Corporation's Senior Human Resources Officer shall determine is appropriate (if any), provided that payment of such services will only be made to the extent the Officer actually incurs an expense and then only to the extent incurred and paid within the time limit set forth in Treasury Regulation Section 1.409A-1(b)(9)(v)(E). Any such services, to the extent they are not exempt under Treasury Regulation Section 1.409A-1(b)(9)(v)(A) or (D), shall be structured to comply with the requirements of Treasuary Regulation Section 1.409A-3(i)(1)(iv) and, if applicable, shall be subject to the six-month delay described in Code Section 409A(a)(2)(B)(i).

(3) Remedies. The Executive Officer shall be entitled to recover damages for late or nonpayment of amounts which the Corporation is obligated to pay hereunder. The Executive Officer shall also be entitled to seek specific performance of the Corporation's obligations and any other applicable equitable or injunctive relief.

(d) Adjustment for Excise Taxes.

(1) “Best-Net Provision”

Subject to Section 3(d)(2) below, in the event that the payments and other benefits provided for in this Policy or otherwise payable to Executive Officer (i) constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) would be subject to the excise tax imposed by Section 4999 of the Code, then Executive Officer’s payments and benefits under this Policy or otherwise payable to Executive Officer outside of this Policy shall be either delivered in full (without the Corporation paying any portion of such excise tax), or delivered as to 2.99 times of Executive's base amount (within the meaning of Section 280G of the Code) so as to result in no portion of such payments and benefits being subject to such excise tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and such excise tax, results in the receipt by Executive Officer on an after-tax basis of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and benefits may subject to such excise tax. Unless the Corporation and Executive Officer otherwise agree in writing, any determination required under this Section 3(d)(1) shall be made in writing by Deloitte & Touche (the “Accounting Firm”), whose determination shall be conclusive and binding upon Executive Officer and the Corporation for all purposes. For purposes of making the calculations required by this Section 3(d)(1), the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. The Corporation and Executive Officer shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 3(d)(1).

Any reduction in payments and/or benefits shall occur in the following order as reasonably determined by the Accounting Firm: (1) reduction of cash payments, (2) reduction of non-cash/non-equity-based payments or benefits, and (3) reduction of vesting acceleration of equity-based awards; provided, however, that any non-taxable payments or benefits shall be reduced last in accordance with the same categorical ordering rule. In the event items described in (1) or (2) are to be reduced, reduction shall occur in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment to be reduced (with reductions made pro-rata in the event payments are owed at the same time). In the event that acceleration of vesting of equity-based awards is to be reduced, such acceleration of vesting shall be cancelled in a manner such as to obtain the best economic benefit for the officer (with reductions made pro-rata if economically equivalent), as determined by the Accounting Firm.

4. Administration. The Policy shall be administered by the Senior Human Resources Officer of the Corporation (“Administrator”), who shall have the authority to interpret the Policy and make and revise such rules as may be reasonably necessary to administer the Policy. The Administrator shall have the duty and responsibility of maintaining records, making the requisite calculations, securing Officer releases, and disbursing payments hereunder. The Administrator’s interpretations, determinations, rules, and calculations shall be final and binding on all persons and parties concerned.

5. No Mitigation. Payment of the amounts and benefits under Section2(a) and Section 3 (except as otherwise provided in Section 2(a)(6)) shall not be subject to offset, counterclaim, recoupment, defense or other claim, right or action which the Corporation or an Employer may have and shall not be subject to a requirement that Officer mitigate or attempt to mitigate damages resulting from Officer's termination of employment.

6. Amendment and Termination. The Corporation, acting through its Compensation Committee, reserves the right to amend or terminate the Policy at any time; provided, however, that any amendment which would reduce the aggregate level of benefits, or terminate the Policy, shall not become effective prior to the third anniversary of the Corporation giving notice to Officers of such amendment or termination.

7. Successors. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation expressly to assume and to agree to perform its obligations under this Policy in the same manner and to the same extent that the Corporation would be required to perform such obligations if no such succession had taken place; provided, however, that no such assumption shall relieve the Corporation of its obligations hereunder. As used herein, the "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform its obligations by operation or law or otherwise.

This Policy shall inure to the benefit of and be binding upon the Officer (and Officer's personal representatives and heirs), Corporation and its successors and assigns, and any such successor or assignee shall be deemed substituted for the Corporation under the terms of this Policy for all purposes. As used herein, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the stock of the Corporation or to which the Corporation assigns this Policy by operation of law or otherwise. If Officer should die while any amount would still be payable to Officer hereunder if Officer had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with this Policy to Officer's devisee, legatee or other designee, or if there is no such designee, to Officer's estate.

8. Nonassignability of Benefits. The payments under this Policy or the right to receive future payments under this Policy may not be anticipated, alienated, pledged, encumbered, or subject to any charge or legal process, and if any attempt is made to do so, or a person eligible for payments becomes bankrupt, the payments under the Policy of the person affected may be terminated by the Administrator who, in his or her sole discretion, may cause the same to be held if applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that he or she deems appropriate.

9. Nonguarantee of Employment. Officers covered by the Policy are at-will employees, and nothing contained in this Policy shall be construed as a contract of employment between the Officer and the Corporation (or, where applicable, a subsidiary or affiliate of the Corporation), or as a right of the Officer to continued employment, or to remain as an Officer, or as a limitation

on the right of the Corporation (or a subsidiary or affiliate of the Corporation) to discharge Officer at any time, with or without cause.

10. Benefits Unfunded and Unsecured. The payments under this Policy are unfunded, and the interest under this Policy of any Officer and such Officer's right to receive payments under this Policy shall be an unsecured claim against the general assets of the Corporation.

11. Applicable Law. All questions pertaining to the construction, validity, and effect of the Policy shall be determined in accordance with the laws of the United States and, to the extent not preempted by such laws, by the laws of the state of California.

12. Arbitration. With the exception of any request for specific performance, injunctive or other equitable relief, any dispute or controversy of any kind arising out of or related to this Policy, Officer's employment with the Corporation (or with the employing subsidiary), the termination thereof or any claims for benefits shall be resolved exclusively by final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Provided, however, that in making their determination, the arbitrators shall be limited to accepting the position of the Officer or the position of the Corporation, as the case may be. The only claims not covered by this Section 12 are claims for benefits under workers' compensation or unemployment insurance laws; such claims will be resolved under those laws. The place of arbitration shall be San Francisco, California. Parties may be represented by legal counsel at the arbitration but must bear their own fees for such representation. The prevailing party in any dispute or controversy covered by this Section 12, or with respect to any request for specific performance, injunctive or other equitable relief, shall be entitled to recover, in addition to any other available remedies specified in this Policy, all litigation expenses and costs, including any arbitrator or administrative or filing fees and reasonable attorneys' fees. Such expenses, costs and fees, if payable to Officer, shall be paid within 60 days after they are incurred. Both the Officer and the Corporation specifically waive any right to a jury trial on any dispute or controversy covered by this Section 12. Judgment may be entered on the arbitrators' award in any court of competent jurisdiction.

13. Reimbursements and In-Kind Benefits. Notwithstanding any other provision of this Policy, all reimbursements and in-kind benefits provided under this Policy shall be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that (i) the amount of expenses eligible for reimbursement and the provision of benefits in kind during a calendar year shall not affect the expenses eligible for reimbursement or the provision of in-kind benefits in any other calendar year; (ii) the reimbursement for an eligible expense will be made on or before the last day of the calendar year following the calendar year in which the expense is incurred (or by such earlier time set forth in this Policy); (iii) the right to reimbursement or right to in-kind benefit is not subject to liquidation or exchange for another benefit; and (iv) each reimbursement payment or provision of in-kind benefit shall be one of a series of separate payments (and each shall be construed as a separate identified payment) for purposes of Code Section 409A.

14. Separate Payments. Each payment and benefit under this Policy shall be a "separate payment" for purposes of Code Section 409A.

APPENDIX A

PARTICIPATING EMPLOYERS

PG&E Corporation
Pacific Gas and Electric Company
PG&E Corporation Support Services, Inc.

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, William L. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 of PG&E Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ WILLIAM L. SMITH
William L. Smith
Interim Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, Christopher A. Foster, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 of PG&E Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ CHRISTOPHER A. FOSTER

Christopher A. Foster
Vice President and Interim Chief Financial Officer

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, Michael A. Lewis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 of Pacific Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ MICHAEL A. LEWIS
Michael A. Lewis
Interim President

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, David S. Thomason, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 of Pacific Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ DAVID S. THOMASON

David S. Thomason
Vice President, Chief Financial Officer and Controller

EXHIBIT 32.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of PG&E Corporation for the quarter ended September 30, 2020 ("Form 10-Q"), I, William L. Smith, Interim Chief Executive Officer of PG&E Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of PG&E Corporation.

/s/ WILLIAM L. SMITH

William L. Smith
Interim Chief Executive Officer

October 29, 2020

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of PG&E Corporation for the quarter ended September 30, 2020 ("Form 10-Q"), I, Christopher A. Foster, Vice President and Interim Chief Financial Officer of PG&E Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of PG&E Corporation.

/s/ CHRISTOPHER A. FOSTER

Christopher A. Foster
Vice President and
Interim Chief Financial Officer

October 29, 2020

EXHIBIT 32.02

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Pacific Gas and Electric Company for the quarter ended September 30, 2020 ("Form 10-Q"), I, Michael A. Lewis, Interim President of Pacific Gas and Electric Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Pacific Gas and Electric Company.

/s/ MICHAEL A. LEWIS

Michael A. Lewis
Interim President

October 29, 2020

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Pacific Gas and Electric Company for the quarter ended September 30, 2020 ("Form 10-Q"), I, David S. Thomason, Vice President, Chief Financial Officer and Controller of Pacific Gas and Electric Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Pacific Gas and Electric Company.

/s/ DAVID S. THOMASON

David S. Thomason
Vice President, Chief Financial Officer and Controller

October 29, 2020