

From: Simon, Timothy A.
Sent: 3/31/2010 4:29:05 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc: Banks, Juliane (juliane.banks@cpuc.ca.gov)
Bcc:
Subject: Re: PC Bonds Priced @ 2.25%

That is a phenominal idea. I am suppose to be in NY on May 4th or we can do something here! We should meet soon!

From: Cherry, Brian K
To: Simon, Timothy A.
Sent: Wed Mar 31 14:34:58 2010
Subject: RE: PC Bonds Priced @ 2.25%

Wow. Just got off the phone with him. He likes the idea of reaching out to the major banks. Perhaps you two could team up and do that. Kent has huge credibility on Wall Street.

From: Simon, Timothy A. [mailto:timothy.simon@cpuc.ca.gov]
Sent: Wednesday, March 31, 2010 3:28 PM
To: Cherry, Brian K
Subject: Re: PC Bonds Priced @ 2.25%

Just spoke to Kent. Thanks for the heads-up!

From: Cherry, Brian K
To: Simon, Timothy A.
Sent: Wed Mar 31 14:09:25 2010
Subject: RE: PC Bonds Priced @ 2.25%

Great. Chris and Peter really appreciated your phone call. I'd also suggest you call Kent Harvey (415 267-7128) and thank him. Looks like we are building good momentum now. This should help bring the other utilities around too.

From: Simon, Timothy A. [mailto:timothy.simon@cpuc.ca.gov]
Sent: Wednesday, March 31, 2010 12:44 PM
To: Cherry, Brian K
Subject: Re: PC Bonds Priced @ 2.25%

This is an important transaction in light of the collapse of the auction rate market. I am sending letters to Peter and Chris commending your leadership in the capital markets. We are also arranging an award from New Connections that will be given at NARUC Atlanta. I also expect the National Association of Securities Professionals and the Wall Street Project to recognize your efforts. We should get together to discuss forward actions. Also, I would like the evaluation of Nick and Ken on the performance of all the banks!

From: Cherry, Brian K
To: Simon, Timothy A.
Sent: Wed Mar 31 10:53:12 2010
Subject: FW: PC Bonds Priced @ 2.25%

FYI

From: Bijur, Nicholas M.
Sent: Wednesday, March 31, 2010 11:51 AM
To: Harvey, Kent M
Cc: [Redacted]; Ludemann, Doreen (Law); Cherry, Sara A; Pagedar, Sujata; [Redacted]
[Redacted] Cherry, Brian K; Mistry, Dinyar
Subject: PC Bonds Priced @ 2.25%

Kent,

We priced \$50 million of pollution control tax-exempt bonds yesterday at a yield of 2.25%. The bonds have a mandatory put in two years, at which time we can remarket the bonds for another term.

These are bonds that had once been auction rate securities and which we repurchased in March 2008 when the auction rate market imploded. We had planned to reissue the bonds in October 2008, but were only able to sell \$95 million of the \$145 million of bonds due to market conditions, leaving the remaining \$50 million until now. As a point of reference, the \$95 million of bonds were issued at a yield of 3.75% in October 2008 (also issued as 2-year put bonds).

JP Morgan was the bookrunner on the transaction and Siebert Brandford Shank, a minority-owned firm based in Oakland that specializes in tax-exempt debt, was the only co-manager.

Please let us know if you have any questions.

Nick

Nicholas Bijur
Treasurer
Pacific Gas and Electric Company
(415) 817-8199