

From: Togneri, Gabriel  
Sent: 6/10/2010 4:02:40 PM  
To: Togneri, Gabriel (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=GBT1)  
Cc:  
Bcc:  
Subject: FW: Analyst Report (Morgan Stanley - Proposition 16)

**From:** [Redacted]  
**Sent:** Thursday, June 10, 2010 3:43 PM  
**To:** Officers of PG&E Corporation; Officers of PG&E Corporation; Affonsa, Deborah; [Redacted]; Berkovitz, Trista (GT&D); Berman, Janice S; [Redacted]; Bird, Katherine R; [Redacted]; [Redacted]; [Redacted]; Cooper, Shawn; [Redacted]; Cussimano, Craig; [Redacted]; David, Steven; DeSanze, Christine M. (Law); Foley, Beth; [Redacted]; Frazier-Hampton, Janice Y; [Redacted]; Glynn, Robert D. III (ISTS); Hayes, Kathleen (Law); Hertzog, Brian; Hughes, John (Reg Rel); Jacobson, Erik; [Redacted]; Jordan, Nichole; [Redacted]; Kauss, Kent; La Flash, Hal; [Redacted]; Lavinson, Melissa A; [Redacted]; Loduca, Janet C.; [Redacted]; Ludemann, Doreen (Law); Maggard, Stephanie A; Marre, Charles; Marshall, Jonathan; Martin, Hudson T; MBA\_05; MBA\_06; MBA\_07; MBA\_08; MBA\_09; McDonald, Brian; [Redacted]; Moniz-Witten, Tanya; Narayanan, Kris; [Redacted]; Parnell, Renee; Pulling, Wendy; Ramaiya, Shilpa R; Reilly, Robin J (Law); Ritter, Michael; [Redacted]; Rogers, Sienna; [Redacted]; Seager, Jonathan; Singh, Amrit P; Smith, Bruce T; [Redacted]; Stock, William; Strauss, Todd; [Redacted]; Thomason, David S; Ton-Quinlivan, Van; [Redacted]; Warner, Christopher (Law); Whelan, Steve (GT&D); Williams, Ray; Williamson, Dana C; Wilson, Michelle (Law); [Redacted]  
**Cc:** All Finance Organization  
**Subject:** Analyst Report (Morgan Stanley - Proposition 16)

Following up on yesterday's email, Greg Gordon of Morgan Stanley issued the attached report on PCG stock after the decline yesterday saying, "We see yesterday's 2.2% decline in PCG (vs -0.6 % by the S&P 500) as a buying opportunity as we believe some have over-reacted to the defeat of a PG&E sponsored initiative Tuesday." Gordon goes on describe the ballot initiative and say that he doesn't believe the results of the election will increase regulatory risk, and doubts municipalization risk will increase given the budgetary constraints of many municipalities in California.

Confirming what many have said about PCG stock performance as of late, Gordon states, "We believe the stock is cheap for two main reasons: 1) Concern over the outcome of the pending base rate case, and 2) general uneasiness regarding the California economy that leads to questions about the viability of the overall growth profile and regulatory climate for all California utilities. Yesterday's news seemed to inflame these fears."

On a positive note, our stock rebounded today with a 3.0% increase, ahead of our comparator group who increased 2.4%, and in line with the S&P 500 up 3.0%. The Dow Jones Utility Index was up 2.7%.

Redacted

*The contents of this email are provided solely for your information and are not intended as investment advice. We do not intend to endorse the opinions expressed in any externally prepared reports that may accompany this email and you should not rely on them for investment advice.*

Redacted

PG&E Investor Relations  
One Market Plaza, Spear Tower, 2400  
San Francisco, CA 94105

Redacted

**From:** Redacted

**Sent:** Wednesday, June 09, 2010 4:12 PM

**To:** Officers of PG&E Corporation; Officers of PG&E Corporation; Affonsa, Deborah; Redacted; Berkovitz, Trista (GT&D); Berman, Janice S; Redacted; Bird, Katherine R; Redacted; Redacted; Cooper, Shawn; Redacted; Cussimano, Craig; Redacted; David, Steven; DeSanze, Christine M. (Law); Foley, Beth; Redacted; Frazier-Hampton, Janice Y; Redacted; Glynn, Robert D. III (ISTS); Hayes, Kathleen (Law); Hertzog, Brian; Hughes, John (Reg Rel); Jacobson, Erik; Redacted; Jordan, Nichole; Redacted; Kauss, Kent; La Flash, Hal; Lam, Redacted; Lisa; Lavinson, Melissa A; Redacted; Loduca, Janet C.; Redacted; Ludemann, Doreen (Law); Maggard, Stephanie A; Marre, Charles; Marshall, Jonathan; Martin, Hudson T; MBA\_05; MBA\_06; MBA\_07; MBA\_08; MBA\_09; McDonald, Brian; Redacted; Moniz-Witten, Tanya; Narayanan, Kris; Redacted; Parnell, Renee; Pulling, Wendy; Ramaiya, Shilpa R; Reilly, Robin J (Law); Ritter, Michael; Redacted; Rogers, Sienna; Redacted; Seager, Jonathan; Singh, Amrit P; Smith, Bruce T; Redacted; Stock, William; Strauss, Todd; Redacted; Thomason, David S; Ton-Quinlivan, Van; Redacted; Warner, Christopher (Law); Whelan, Steve (GT&D); Williams, Ray; Williamson, Dana C; Wilson, Michelle (Law); Redacted; Redacted

**Cc:** All Finance Organization

**Subject:** PCG Stock Performance Today

All,

Markets have been volatile lately due to concerns over continued high unemployment rates and the European debt crisis. However, today PCG stock price fell 2.2%. Our comparator group was down 1.1% on average, the S&P 500 down 0.6%, and the Dow Jones Utility Index down 0.7%. We believe this negative performance was in reaction to the Proposition 16 election results. PCG's trading volume was also up substantially with 4.4 million shares trading versus an average daily volume of 2.4 million.

We sent a blast email to the investment community about the results this morning, though the stock had already declined 1.5% at that time. A number of investors and analysts called today asking for clarification on the issue, what this would mean for the future, and because they were unsure as to why the stock was reacting so strongly to the election results. No analyst reports were issued on the company.

Redacted

-----  
Redacted

PG&E Investor Relations  
One Market Plaza, Spear Tower, 2400  
San Francisco, CA 94105

Redacted