

From: Pruet, Greg S.
Sent: 4/22/2011 11:54:41 AM
To: gkk@cpuc.ca.gov (gkk@cpuc.ca.gov)
Cc:
Bcc:
Subject: Talking Points Regarding Peter Darbee's Retirement

Gurbux,

Here are the points that PG&E has been using to communicate the details of Peter Darbee's retirement from PG&E. Please don't hesitate to call if I can provide additional information.

Very best regards,

Greg

First point.... Darbee is receiving NO ADDITIONAL compensation in connection with his departure. The compensation figure you see in the proxy is stock awards he earned in prior years and his pension that he earned during his 12 years of service with PG&E. The 8-K explicitly states that Darbee did not receive a severance payment. **“Since Mr. Darbee is retiring, he will not be entitled to any severance payment or other severance benefits. Mr. Darbee will be entitled to the retirement and pension benefits as disclosed in the most recent proxy statement.”**

Second point....the dollar value shown of \$35 million consists of \$21 million in stock-based awards and \$9.6 million in pension benefits. The remainder represents deferred compensation. The stock based awards shown in the proxy are an estimate – a snapshot of their valuation at the end of 2010 based on the then stock price of almost \$48. The price is currently almost \$3 lower than the price on which proxy estimate was based.

Third point... the stock based piece of that compensation (which is roughly two thirds of the total) doesn't payout immediately, and the actual value Darbee will receive is contingent on a

variety of variables...i.e., where the stock price goes over the next several years, and how the company performs relative to other utilities. This means the actual value could – and probably will -- range widely.

Fourth... Darbee is not receiving a “golden parachute.” A golden parachute is a very specific term of art that refers to severance payments, typically in connection with a change in control. He is receiving retirement benefits that he earned during his 12 years of service with PG&E.