

From: Lindh, Frank
Sent: 9/13/2011 5:00:30 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: Re: Flow Chart from Today's Meeting

spelling correction: It's Earley. Right?

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Tuesday, September 13, 2011 4:56 PM
To: Clanon, Paul; Fitch, Julie A.; Lindh, Frank
Subject: FW: Flow Chart from Today's Meeting

FYI, A note I sent to my employees that I thought you might enjoy.

From: Cherry, Brian K
Sent: Tuesday, September 13, 2011 4:55 PM
To: Reg Rel VP Regulation & Rates All Employees
Subject: FW: Flow Chart from Today's Meeting

Earlier today, Tony Early met with the senior leadership team (SVP and EVPs) to introduce himself and discuss his management philosophy. The attached chart gives you an overview of the dynamic that Tony considers important for moving PG&E forward in a positive way. As you can see from the chart, engaged employees drive customer satisfaction, operational excellence, and a sustainable financial performance. That said, what is unique to Tony's paradigm compared to Peter Darbee's (my comparison only) is that everything needs to feed through a regulatory and political support lens. I think this is a major distinction to the way we have operated before. I hope this heartens all of you who work so hard in Regulatory Relations every day to fulfill our regulatory obligations and commitments to the company and the Commission.

Tom Bottorff was gracious enough to provide his Regulatory Relations leadership team with a summary of the meeting. I'd like to share with you the notes I took from that conversation. Tony Early has six themes he wants all employees to observe:

- 1) Back to basics - we all need to make sure we are doing the best job we can in our day to day activities.
- 2) Teamwork - each organization needs to work well with every other department. Team members need to support each other to produce excellent results.

3) Respect - we need to respect each other, our customers and the public all of the time. PG&E is perceived by some externally as an arrogant company. We need to change that. It is time to be humble. Internally, we have zero tolerance for table thumpers and screamers.

4) Culture - we need to question whether we are doing the right thing in our day to day decision-making. We need to become less insular and more expansive.

5) Talent planning - we don't want to focus on weaknesses in employees. The preferred model will be to focus on an employee's strengths and get them into positions that play to those strengths.

6) Quality and continuous improvement - we need to do better operationally, but it needs to be done in a cost effective way.

A final comment on the chart. Under the category of growth strategy, this does not imply that a decision has been made to go into the unregulated side of the business. It is meant to imply that all companies need a growth strategy to move forward. It could be growth in regulated options (rate base) or unregulated operations.

I wish I had more but I hope this helps. You know as much as I do for now.