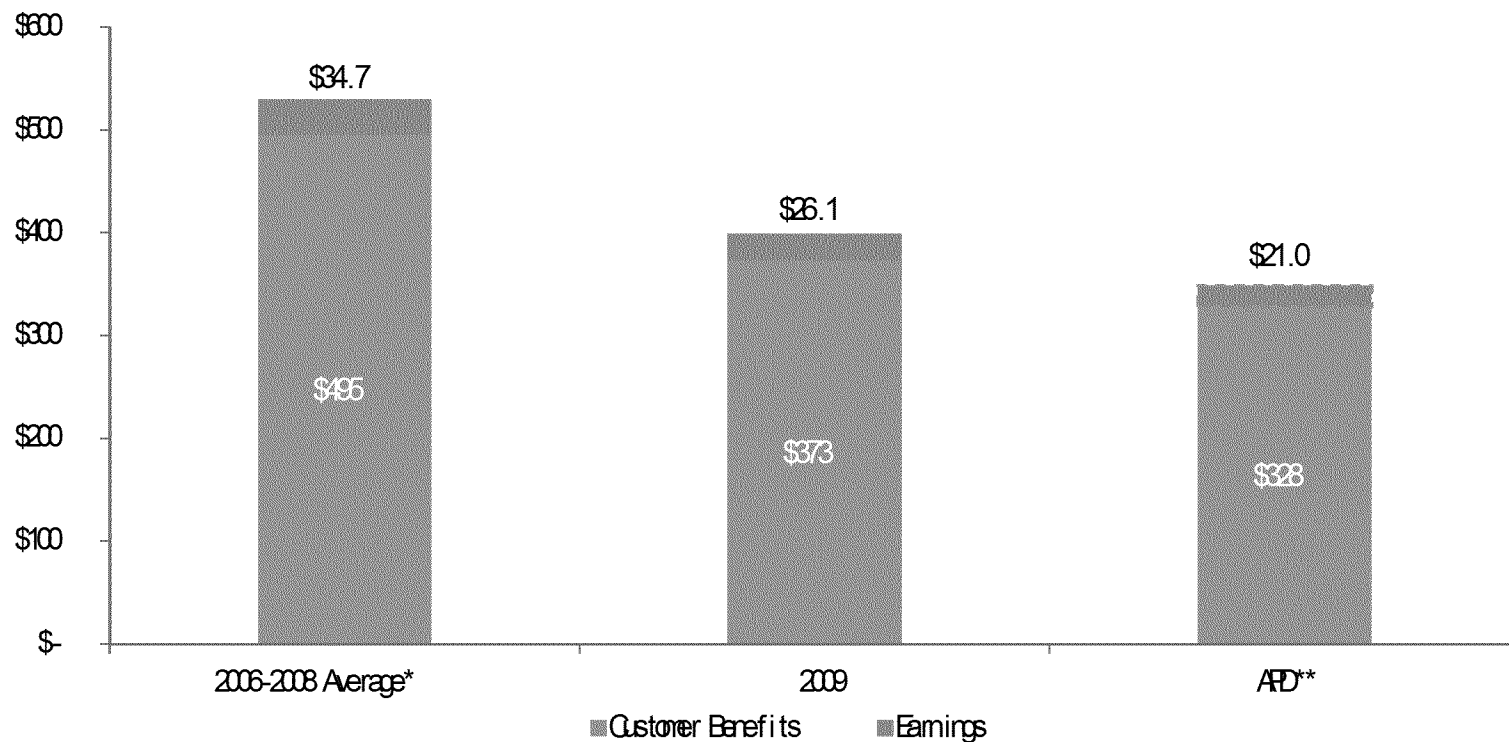


PG&E historical earnings comparison



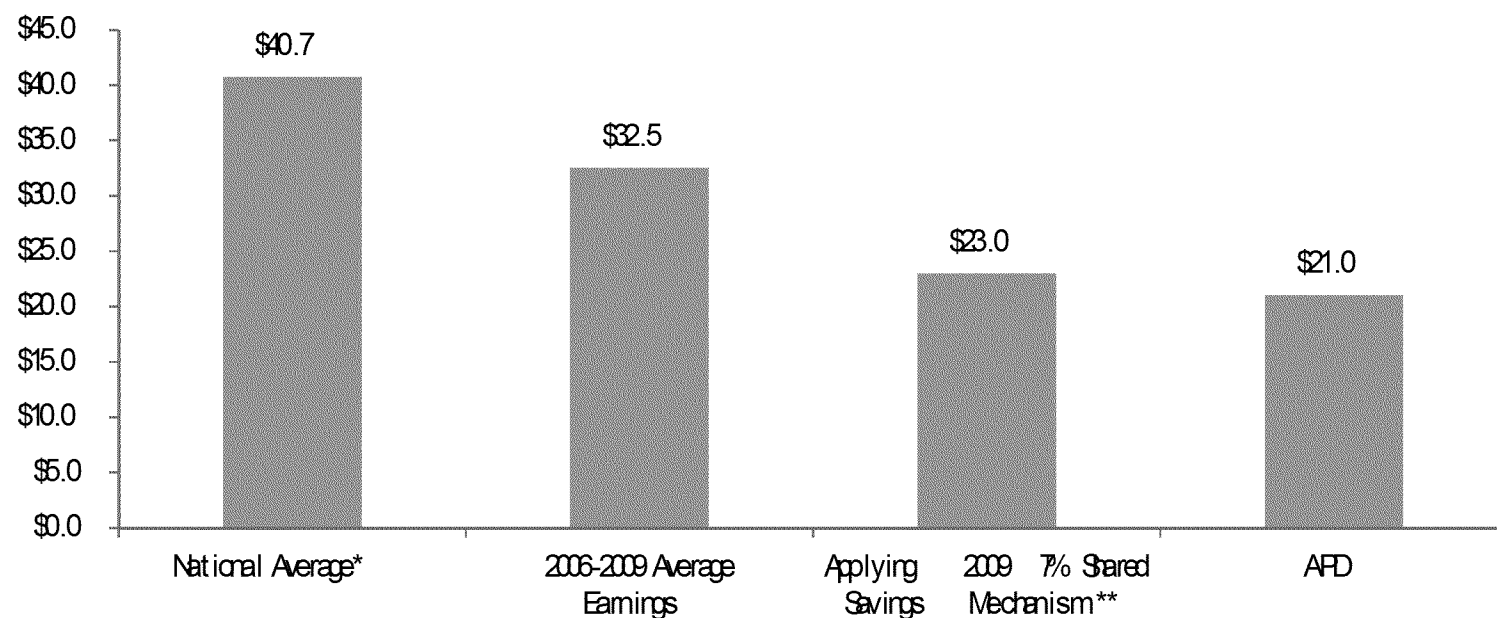
PG&E has consistently provided significant customer benefits and received modest earnings over the past four years



* 2006 – 2008 Average benefits (benefits minus costs) and earnings represent an annual average

** APD is based on a mgmt. fee. 2006 – 2009 earnings are based on a 7% shared savings rate

PG&E incentive benchmark



Proposed Mechanism provides for earnings similar to previous mechanism while below previous cycle and National Average levels



* National Average for earnings is approximately 10-11% of budget. Based on January 2011 ACEEE Report, "Carrots for Utilities: Providing Financial Incentives for Utility Investments in Energy Efficiency"
** Includes approximated carry-over CFL count and savings from workpapers still requiring ED disposition