BARCLAYS

Equity Research

Power & Utilities | North America Utilities

22 February 2013

PG&E Corp.
Still Awaiting the All Clear

Reiterating EW Rating, Lowering PT and EPS Forecast: We are reiterating our EW rating, lowering our eps forecast from $2.80/$3.20 to $2.65/$3.05 for '13/14 and introducing a '15 eps estimate of $3.25. We are lowering our price target to $44 premised upon the utility multiple of 14.4x our '14 eps estimate of $3.05. Our prior price target of $45 was premised upon the prior multiple of 14.5x our prior '14E eps of $3.20.

San Bruno Matters Still Have a Ways to Go: With settlement discussions souring at the end of last year, and intervening parties filing for rehearing of the pipeline safety enhancement program decision we see little prospect for settlement of the matters under investigation. As a result, we now view a fully litigated process as highly likely and do not see completion of that process happening before mid-year at the earliest.

2012 Results; 2013 Guidance: For the year the company reported ongoing eps of $3.22 vs. $3.58 last year and consensus estimates of $3.20. Results were driven by increased rate base earnings, lower storm/outage expenses, lower regulatory/litigation costs, and higher gas transmission revenues. These factors were more than offset by unrecoverable planned incremental work costs, employee performance incentives, and dilution related to the increase in shares outstanding. For 2013 management issued guidance of $2.55-$2.75 the drivers of which are detailed below.

San Bruno Matters Likely Overhang Performance: We struggle to see the shares performing in the near term as uncertainty over the ultimate outcome related to the ongoing San Bruno matters remains. These matters could be clarified around mid-year and investors could potentially see the "all-clear" signal to invest premised upon the perceived earnings power in 2015, although there will still be risk related to the two rate cases currently to be adjudicated by the commission prior to that year.

PCG: Quarterly and Annual EPS (USD)

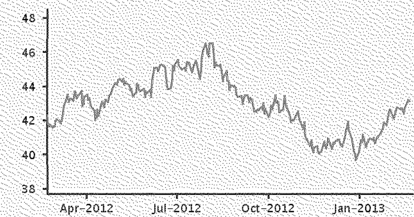
	2012	2013			2014			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2013	2014
Q1	0.89A	N/A	N/A	0.68E	N/A	N/A	0.81E	N/A	N/A
Q2	0.81A	N/A	N/A	0.70E	N/A	N/A	0.85E	N/A	N/A
Q3	0.93A	N/A	N/A	0.82E	N/A	N/A	0.88E	N/A	N/A
Q4	0.59A	N/A	N/A	0.58E	N/A	N/A	0.58E	N/A	N/A
Year	3.22A	2.80E	2.65E	2.78E	N/A	3.05E	3.18E	-18%	15%
P/E	12.9		15.6			13.6			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	EQUAL WEIGHT
	Unchanged
Industry View	POSITIVE
	Unchanged
Price Target	USD 44.00
	lowered -2% from USD 45.00
Price (21-Feb-2013)	USD 41.41
Potential Upside/Downside	+6%
Tickers	PCG
Market Cap (USD mn)	18541
Shares Outstanding (mn)	429.98
Free Float (%)	99.84
52 Wk Avg Daily Volume (mn)	2.4
Dividend Yield (%)	4.2
Return on Equity TTM (%)	7.24
Current BVPS (USD)	30.59

Source: FactSet Fundamentals

Price Performance	Exchange-NYSE
52 Week range	USD 47.03-39.40



Link to Barclays Live for interactive charting

North America Utilities

Daniel Ford, CFA
1.212.526.0836
daniel.x.ford@barclays.com
BCI, New York

Ross A. Fowler, CFA
1.212.526.3432
ross.a.fowler@barclays.com
BCI, New York

North America Utilities — Industry View: POSITIVE

PG&E Corp (PCG) — Stock Rating: EQUAL WEIGHT

Income statement ($mn)	2012A	2013E	2014E	2015E	CAGR
EBITDA (adj)	3,525	4,441	5,080	6,280	21.2%
EBIT (adj)	1,176	1,946	2,435	3,485	43.6%
Pre-tax income (adj)	1,497	1,559	1,972	2,441	17.7%
Net income (adj)	1,352	1,184	1,452	1,609	6.0%
EPS (adj) ($)	3.22	2.65	3.05	3.25	0.3%
Diluted shares (mn)	420	446	476	496	5.6%
DPS ($)	1.82	1.82	1.93	2.05	4.0%

Margin and return data					Average
EBITDA (adj) margin (%)	22.7	28.3	31.2	37.4	29.9
EBIT (adj) margin (%)	7.6	12.4	15.0	20.8	13.9
Pre-tax (adj) margin (%)	9.7	9.9	12.1	14.6	11.6
Net (adj) margin (%)	8.7	7.5	8.9	9.6	8.7
ROIC (%)	4.2	6.3	7.2	9.6	6.8
ROA (%)	2.6	2.2	2.5	2.7	2.5
ROE (%)	11.0	8.5	9.6	9.8	9.7

Balance sheet and cash flow ($mn)					CAGR
Net PP&E	36,006	38,611	41,216	43,671	6.6%
Total net assets	52,022	54,708	57,415	60,135	4.9%
Capital employed	28,218	30,922	33,654	36,399	8.9%
Shareholders' equity	12,305	13,909	15,090	16,385	10.0%
Net debt/(funds)	15,825	16,801	18,370	19,551	7.3%
Cash flow from operations	2,312	3,285	3,549	4,431	24.2%
Capital expenditure	-4,700	-5,100	-5,250	-5,250	N/A
Free cash flow	-3,153	-2,627	-2,620	-1,832	N/A
Pre-dividend FCF	-2,388	-1,815	-1,701	-819	N/A

Valuation and leverage metrics					Average
P/E (adj) (x)	12.9	15.6	13.6	12.8	13.7
EV/EBITDA (adj) (x)	9.5	7.8	7.1	5.9	7.6
EV/EBIT (adj) (x)	28.6	17.8	14.9	10.7	18.0
P/BV (x)	1.4	1.3	1.3	1.3	1.3
Dividend yield (%)	4.4	4.4	4.7	4.9	4.6
Total debt/capital (%)	56.4	55.0	55.2	55.0	55.4
Net debt/EBITDA (adj) (x)	4.5	3.8	3.6	3.1	3.8

Selected operating metrics				
Payout ratio (%)	56.6	68.6	63.3	63.0
Interest cover (x)	4.4	4.9	5.3	5.8
Regulated (%)	N/A	N/A	N/A	N/A

Price (21-Feb-2013)	USD 41.41
Price Target	USD 44.00

Why Equal Weight? We remain Equal Weight as we continue to see headwinds to the story related to resolution of regulatory matters related to the San Bruno accident. These regulatory matters could now potentially stretch beyond the end of the year, which delays any clarity around potential outcomes.

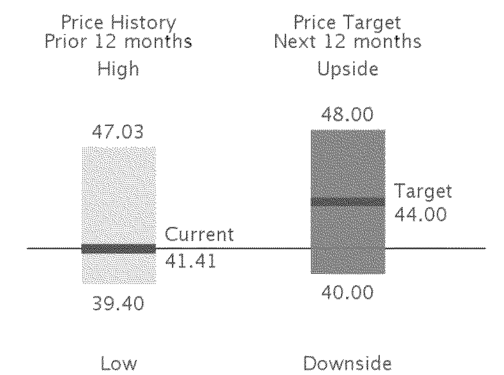
Upside case — **USD 48.00**

A 10.75% ROE, 1.5% higher rate base growth, full returns earned on PSEP spending, $100m lower equity need in '13 related to lower pipeline spending, and a 50bp lower growth in base O&M lead to an indicative valuation of $48/share.

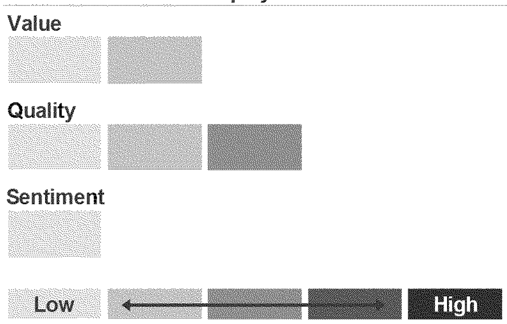
Downside case — **USD 40.00**

A 10% ROE, 1.5% lower rate base growth, $100m higher equity need in '13 related to higher pipeline spending, and a 50bp higher rate of growth in base O&M lead to an indicative valuation of $40/share.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
Note: FY End Dec

Outlook Varies Pending San Bruno Outcomes; Equity Needs; Rate Case Outcomes; Ultimate Amount of ROW Work

2013 Guidance and Outlook for '14/15/16

2013 Guidance

Management issued guidance of $2.55-$2.75 for 2013, in line with our update eps estimate of $2.65. The drivers of the lower results in 2013 vs. the $3.22 in operating earnings achieved in 2012 are:

- Lower returns on equity: Return on electric transmission was lowered from 11.35% to 9.1% on the latest FERC order and on California regulated assets to 10.4% based upon the cost of capital decision in December. This leads to a weighted average allowed ROE of approximately 10.18%. The company has filed for rehearing at the FERC over the transmission rate case and also filed litigation related to the FERC decision. While this could ultimately result in a higher allowed ROE, the conservative assumption remains 9.1% based upon the current order. The company is also engaged in settlement discussions with the FERC regarding the transmission rate case and that process could potentially lead to a "black box" settlement as in the past that could potentially lead to the ability to earn a higher ROE.

- Higher shares outstanding: The company embeds $1.0 - $1.2 Billion in equity needs in their 2013 earnings guidance although importantly this does not include any equity that may be needed should the penalty related to the ongoing San Bruno investigations be above the currently accrued $200 million. Our current estimate for the penalty is $600 million which would imply an additional equity need of $400 million. The equity need is also driven by higher capital expenditures in 2013 than allowed under the last general rate case and therefore unrecoverable through rates, and the capital charge taken in the fourth quarter of last year related to the final order related to capital costs for the pipeline safety enhancement program. We believe the consensus view of the equity need either did not incorporate a higher fine number, the PSEP capital charge, or some combination of both of those items and therefore the forecast equity need for 2013 was above the markets expectations.

- Capital Expenditures exceeding authorized amounts: Not only does this lead to an increase in equity needs as noted above, the expenses related to the deployment of this capital, such as property taxes and D&A expenses will not be recoverable until the completion of the next rate case cycles in 2014 and 2015 for electric (non-transmission) and gas, respectively.

Overall capital expenditure and average authorized rate base guidance for 2013, by segment is provided in the table below.

SB_GT&S_0183650

FIGURE 1

2013 Capital Expenditure and Average Rate Base Guidance by Segment

Segment	CapEx (US$M)	Avg. Rate Base (US$B)
Electric Distribution	1,850	11.9
Electric Transmission	850	4.5
Gas Transmission	350	1.8
Gas Distribution	800	3.0
Generation	800	4.5
Pipeline Safety Enhancement Program	450	0.3
Total	**5,100**	**26.0**

Source: Company Reports and Barclays Research

The company will not be able to earn the full allowed return on equity on the total rate base of $26.0 Billion in 2013. There will be incremental unrecoverable O&M spending of $250 million, financing and depreciation costs related to approximately $1.0 Billion in capital expenditures not recoverable through rates set by the last general rate case, CWIP earnings will be 100% offset (although the $26.0 Billion excludes CWIP), there will be lower gas storage revenues year over year, and energy efficiency revenues would be additive to base earnings levels.

Management also issued GAAP earnings per share guidance for the year of $1.66 - $2.22 with impacts of ($0.89)-($0.53) under items impacting comparability. ($0.04)-($0.00) of this total is related to further potential costs for environmental remediation of the Hinkley site. The remainder is related to $400 - $645 million in pre-tax costs related to ongoing natural gas matters. These are broken down in the table below.

FIGURE 2

2013 Natural Gas Matters under Items Impacting Comparability

US$M Pre-Tax	Amount
Unrecovered PSEP Expenses	150-200
Rights of Way (ROW) encroachment & integrity management	175-225
Legal and other costs	50-100
Total Pipeline Related Costs	400-500
Penalties	TBD
Third party liabilities	0- 145
Insurance recoveries	Follow 3rd party claims
Total	**400-645**

Source: Company Reports and Barclays Research

Our own estimate for the penalty remains $600 million and we assume that insurance recoveries ultimately fully offset third party liabilities.

Beyond 2013 – Triangulating Earnings

Management did provide some minimal guidance related to 2014 – 2016 with capital expenditures of $4.5-$5.5 Billion in 2014 and then ramping up to $4.5-$6.0 Billion in 2015 and 2016. The increase into 2015 and 2016 is presumed to relate to capital requirements filed for under the general rate cases for electric and gas assets under the jurisdiction of the California Public Utilities Commission. Average Rate Base is expected to be $28.5-$29 Billion in 2014 with a CAGR of 6%-10% going forward leading to an expected rate base range of $32-$35 Billion in 2016. These forecasts exclude the Oakley plant, the purchase price of which remains undisclosed under a confidentiality agreement. Oakley is a 586MW modern CCGT facility and will be purchased under a turn key contract from the vendor.

Pipeline related costs are expected to fall off into 2014 and 2015 although the right of way (ROW) encroachment work is expected to continue through 2017 and total $500 million over the five year period. This estimate is still uncertain as the company still needs to complete inspection work of the ROW and the risk could be that the work either costs more or is extended over a longer period of time, or both. The costs will require ongoing equity to fund but will be reported outside of ongoing earnings in items impacting comparability. PSEP costs are expected to continue in 2014 but recovery will be requested for recovery in 2015 in the next gas transmission rate case which is yet to be filed. Integrity management costs will also continue to be unrecoverable in 2014 but will be requested for recovery in 2015 in the next gas transmission rate case. Management also sees a significant decrease in legal and other costs in 2014. Management is also targeting completion of the third party liabilities, insurance recoveries and any penalties in 2013 with no earnings drag continuing in 2014.

By taking the rate base projected by management and then applying the 52% equity ratio and the 10.4% and 9.1% allowed returns on equity one can attempt to triangulate earnings levels. Earnings per share forecasts will ultimately also depend upon forecast number of shares and items impacting comparability and/or unrecoverable amounts reported in operating earnings going forward.

Several factors yet to be determined will impact earnings power, the most important of which are related to the ultimate amount of the San Bruno penalties, the equity need over the next two to three years, and the outcome of the gas transmission and electric general rate case filings. Variation in any one of these factors can influence the others and cause significant swings in the ultimate earnings power of the company in 2014 and 2015.

Our Model

Our model assumptions related to several of the as yet to be determined metrics are provided in the table below.

FIGURE 3

Key Model Assumptions 2013-2015

Item	Units	2013	2014	2015
Capital Expenditures	US$M	5.10	5.25	5.25
Average non-CWIP Rate Base	US$B	26.00	28.75	31.05
Equity Needs	US$B	1.7	1.1	0.7
Penalty Amount	US$B	0.6	0	0
Unrecoverable Expenses in Ongoing EPS	US$M, Pre-Tax	250	125	0
CapEx above authorized amount	US$B	1.0	0	0
Equity Ratio	%	52%	52%	52%
Allowed Return on FERC Assets	%	9.10%	9.10%	9.10%
Allowed Return on CPUC Assets	%	10.40%	10.40%	10.40%
Blended Allowed ROE	%	10.18%	10.18%	10.18%

Source: Company Reports and Barclays Research Estimates

These assumptions yield our earnings per share forecast of $2.65/$3.05/$3.25 for '13/14/15 respectively.

SB_GT&S_0183652

Still Waiting for the All Clear

We remain EW and our price target is now $44 premised upon the regulated utility multiple of 14.4x our 2014 estimated earnings per share of $3.05. We see upside of approximately 6% to our target price and a total shareholder return potential of over 10% when including the dividend yield of approximately 4.4%. Despite this upside potential we see several items remaining to be determined that could have impacts on our earnings per share estimates.

We struggle to see the shares performing in the near term as uncertainty over the ultimate outcome related to the ongoing San Bruno matters remains. These matters could be clarified around mid-year with the penalty determined and the equity need thus clarified, and investors could potentially see the "all-clear" signal to invest premised upon the perceived earnings power in 2015, although there will still be risk related to the two rate cases currently to be adjudicated by the commission prior to that year as well as the final determination related to costs and timing of the right of way encroachment work.

2012 Results

For the year the company reported ongoing earnings per share of $3.22 vs. $3.58 last year and consensus estimates of $3.20. For the quarter the company reported ongoing earnings per share of $0.59 vs. $0.89 last year and consensus estimates of $0.57.

Year over year annual results were driven by higher rate base earnings, non-recurring storm and outage expenses experienced in 2011, lower litigation and regulatory matters costs, and higher gas transmission revenues. These positive drivers were more than offset by increased unrecoverable costs from planned incremental work, higher costs related to employee operational performance incentives, lower energy efficiency revenues, several miscellaneous items, and the dilution resulting from the increase in shares outstanding.

Drivers for the year and the quarter are provided in the tables below.

FIGURE 4

Year over Year Operating Earnings per Share Drivers

Item	Amount
2011 Operating EPS	**3.58**
Increase in rate base earnings	0.19
Storm and outage expenses	0.06
Litigation and regulatory matters	0.06
Gas transmission revenues	0.04
Planned incremental work	-0.36
Employee operational performance incentive	-0.08
Energy Efficiency incentive revenue	-0.01
Increase in shares outstanding	-0.19
Miscellaneous	-0.07
2012 Operating EPS	**3.22**

Source: Company Reports and Barclays Research

SB_GT&S_0183653

FIGURE 5

Quarterly Earnings per Share Drivers 4Q '12 vs. 4Q '11

Item	Amount
Q4 11 Operating EPS	**0.89**
Increase in rate base earnings	0.05
Planned incremental work	-0.11
Employee operational performance incentive	-0.09
Storm and outage expenses	-0.02
Litigation and regulatory matters	-0.02
Energy Efficiency incentive revenue	-0.01
Increase in shares outstanding	-0.05
Miscellaneous	-0.05
Q4 12 Operating EPS	**0.59**

Source: Company Reports and Barclays Research

GAAP earnings in 2012 were $1.92 and were impacted by ($1.15) in natural gas matters impacting comparability and ($0.15) of environmental costs mostly related to environmental mitigation at the Hinkley site. Overall natural gas matters totalled $812 million for the year on a pre-tax basis. The breakdown of this amount is provided in the table below.

FIGURE 6

2012 Natural Gas Matters Impacting Comparability

US$M Pre-Tax	Amount
Pipeline related costs	(477)
Disallowed capital	(353)
Penalties	(17)
Contribution to City of San Bruno	(70)
Third party liability claims	(80)
Insurance recoveries	185
Total	**-812**

Source: Company Reports and Barclays Research

ANALYST(S) CERTIFICATION(S)

We, Daniel Ford, CFA and Ross A. Fowler, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The POINT® Quantitative Equity Scores (POINT Scores) referenced herein are produced by the firm's POINT quantitative model and Barclays hereby certifies that (1) the views expressed in this research report accurately reflect the firm's POINT Scores model and (2) no part of the firm's compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

IMPORTANT DISCLOSURES

Barclays Research is a part of the Corporate and Investment Banking division of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). For current important disclosures regarding companies that are the subject of this research report, please send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 17th Floor, New York, NY 10019 or refer to http://publicresearch.barcap.com or call 212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-research-dissemination.html.

The Corporate and Investment Banking division of Barclays produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Primary Stocks (Ticker, Date, Price)

PG&E Corp. (PCG, 21-Feb-2013, USD 41.41), Equal Weight/Positive

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Corporate and Investment Banking Division of Barclays is acting in an advisory capacity in a merger or strategic transaction involving the company.

Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

North America Utilities		
Alliant Energy (LNT)	American Electric Power (AEP)	American Water Works (AWK)
Aqua America (WTR)	Canadian Utilities Ltd. (CU.TO)	CenterPoint Energy Inc. (CNP)
CMS Energy (CMS)	Consolidated Edison (ED)	Dominion Resources (D)
DTE Energy (DTE)	Duke Energy (DUK)	Edison International (EIX)

IMPORTANT DISCLOSURES CONTINUED

Emera Inc. (EMA.TO)	Fortis Inc. (FTS.TO)	Great Plains Energy Inc. (GXP)
Hawaiian Electric Inds (HE)	ITC Holdings (ITC)	National Grid Plc (NGG)
NiSource, Inc. (NI)	Northeast Utilities (NU)	NV Energy, Inc. (NVE)
OGE Energy Corp. (OGE)	Pepco Holdings (POM)	PG&E Corp. (PCG)
Pinnacle West Capital (PNW)	PNM Resources (PNM)	Portland General Electric Co. (POR)
SCANA Corp. (SCG)	Sempra Energy (SRE)	Southern Co. (SO)
TECO Energy (TE)	Westar Energy (WR)	Wisconsin Energy (WEC)
Xcel Energy (XEL)		

Distribution of Ratings:

Barclays Equity Research has 2506 companies under coverage.

43% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 53% of companies with this rating are investment banking clients of the Firm.

41% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 47% of companies with this rating are investment banking clients of the Firm.

14% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 43% of companies with this rating are investment banking clients of the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Guide to the POINT® Quantitative Equity Scores:

The POINT Quantitative Equity Scores (POINT Scores) are based on consensus historical data and are independent of the Barclays fundamental analysts' views. Each score is composed of a number of standard industry metrics.

A high/low Value score indicates attractive/unattractive valuation. Measures of value include P/E, EV/EBITDA and Free Cash Flow.

A high/low Quality score indicates financial statement strength/weakness. Measures of quality include ROIC and corporate default probability.

A high/low Sentiment score indicates bullish/bearish market sentiment. Measures of sentiment include price momentum and earnings revisions.

These scores are valid as of the date of this report. To view the latest scores, which are updated monthly, *click here*.

For a more detailed description of the underlying methodology for each score, please *click here*.

Barclays offices involved in the production of equity research:

London

Barclays Bank PLC (Barclays, London)

New York

Barclays Capital Inc. (BCI, New York)

Tokyo

Barclays Securities Japan Limited (BSJL, Tokyo)

São Paulo

Banco Barclays S.A. (BBSA, São Paulo)

Hong Kong

Barclays Bank PLC, Hong Kong branch (Barclays Bank, Hong Kong)

Toronto

Barclays Capital Canada Inc. (BCCI, Toronto)

Johannesburg

Absa Capital, a division of Absa Bank Limited (Absa Capital, Johannesburg)

Mexico City

Barclays Bank Mexico, S.A. (BBMX, Mexico City)

Taiwan

Barclays Capital Securities Taiwan Limited (BCSTW, Taiwan)

IMPORTANT DISCLOSURES CONTINUED

Seoul

Barclays Capital Securities Limited (BCSL, Seoul)

Mumbai

Barclays Securities (India) Private Limited (BSIPL, Mumbai)

Singapore

Barclays Bank PLC, Singapore branch (Barclays Bank, Singapore)

IMPORTANT DISCLOSURES CONTINUED

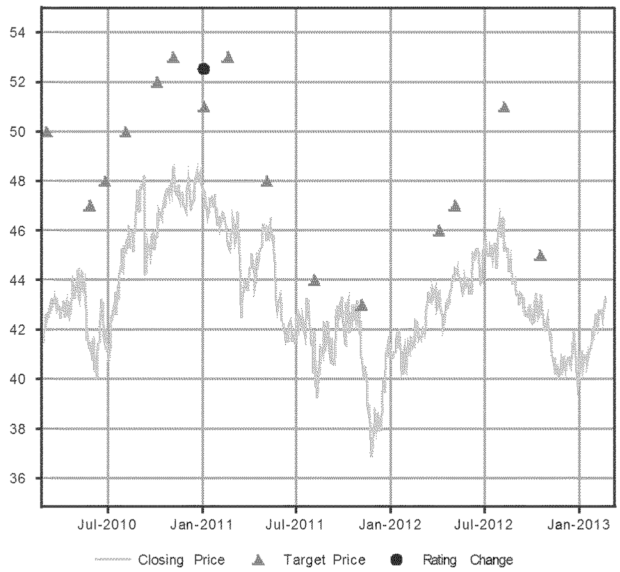
PG&E Corp. (PCG)

USD 41.41 (21-Feb-2013)

Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

Rating and Price Target Chart - USD (as of 21-Feb-2013)



Currency=USD

Date	Closing Price	Rating	Price Target
16-Oct-2012	42.63		45.00
07-Aug-2012	45.78		51.00
03-May-2012	44.37		47.00
03-Apr-2012	43.19		46.00
04-Nov-2011	40.86		43.00
05-Aug-2011	41.96		44.00
05-May-2011	45.91		48.00
18-Feb-2011	45.38		53.00
03-Jan-2011	47.39	Equal Weight	51.00
04-Nov-2010	48.51		53.00
04-Oct-2010	45.73		52.00
04-Aug-2010	45.30		50.00
25-Jun-2010	42.01		48.00
26-May-2010	41.21		47.00
03-Mar-2010	42.31		50.00

Link to Barclays Live for interactive charting

A: Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of PG&E Corp. in the previous 12 months.

C: Barclays Bank PLC and/or an affiliate is a market-maker and/or liquidity provider in securities issued by PG&E Corp. or one of its affiliates.

D: Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from PG&E Corp. in the past 12 months.

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of PG&E Corp..

K: Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation from PG&E Corp. within the past 12 months.

L: PG&E Corp. is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

M: PG&E Corp. is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

Valuation Methodology: Our price target of $44 is premised upon the current regulated utility multiple of 14.4x our 2014E EPS of $3.05E.

Risks which May Impede the Achievement of the Barclays Research Price Target: Key risks include California and Federal regulation, rating agency actions, interest rates and access to capital markets.

SB_GT&S_0183658

DISCLAIMER:

This publication has been prepared by the Corporate and Investment Banking division of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been issued by one or more Barclays legal entities within its Corporate and Investment Banking division as provided below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. Barclays will not treat unauthorized recipients of this report as its clients. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the content of any third-party web site accessed via a hyperlink in this publication and such information is not incorporated by reference.

The views in this publication are those of the author(s) and are subject to change, and Barclays has no obligation to update its opinions or the information in this publication. The analyst recommendations in this publication reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of Barclays and/or its affiliates. This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the clients who receive it. The securities discussed herein may not be suitable for all investors. Barclays recommends that investors independently evaluate each issuer, security or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This communication is being made available in the UK and Europe primarily to persons who are investment professionals as that term is defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005. It is directed at, and therefore should only be relied upon by, persons who have professional experience in matters relating to investments. The investments to which it relates are available only to such persons and will be entered into only with such persons. Barclays Bank PLC is authorised and regulated by the Financial Services Authority ("FSA") and a member of the London Stock Exchange.

The Corporate and Investment Banking division of Barclays undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

Barclays Bank PLC, Paris Branch (registered in France under Paris RCS number 381 066 281) is regulated by the Autorité des marchés financiers and the Autorité de contrôle prudentiel. Registered office 34/36 Avenue de Friedland 75008 Paris.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer and member of IIROC (www.iiroc.ca).

Subject to the conditions of this publication as set out above, Absa Capital, the Investment Banking Division of Absa Bank Limited, an authorised financial services provider (Registration No.: 1986/004794/06. Registered Credit Provider Reg No NCRCP7), is distributing this material in South Africa. Absa Bank Limited is regulated by the South African Reserve Bank. This publication is not, nor is it intended to be, advice as defined and/or contemplated in the (South African) Financial Advisory and Intermediary Services Act, 37 of 2002, or any other financial, investment, trading, tax, legal, accounting, retirement, actuarial or other professional advice or service whatsoever. Any South African person or entity wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Absa Capital in South Africa, 15 Alice Lane, Sandton, Johannesburg, Gauteng 2196. Absa Capital is an affiliate of Barclays.

In Japan, foreign exchange research reports are prepared and distributed by Barclays Bank PLC Tokyo Branch. Other research reports are distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

This material is issued in Taiwan by Barclays Capital Securities Taiwan Limited. This material on securities not traded in Taiwan is not to be construed as 'recommendation' in Taiwan. Barclays Capital Securities Taiwan Limited does not accept orders from clients to trade in such securities. This material may not be distributed to the public media or used by the public media without prior written consent of Barclays.

This material is distributed in South Korea by Barclays Capital Securities Limited, Seoul Branch.

All equity research material is distributed in India by Barclays Securities (India) Private Limited (SEBI Registration No: INB/INF 231292732 (NSE), INB/INF 011292738 (BSE), Registered Office: 208 | Ceejay House | Dr. Annie Besant Road | Shivsagar Estate | Worli | Mumbai - 400 018 | India, Phone: + 91 22 67196363). Other research reports are distributed in India by Barclays Bank PLC, India Branch.

Barclays Bank PLC Frankfurt Branch distributes this material in Germany under the supervision of Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

This material is distributed in Malaysia by Barclays Capital Markets Malaysia Sdn Bhd.

This material is distributed in Brazil by Banco Barclays S.A.

This material is distributed in Mexico by Barclays Bank Mexico, S.A.

Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi).

Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

This material is distributed in the UAE (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC.

This material is distributed in Saudi Arabia by Barclays Saudi Arabia ('BSA'). It is not the intention of the publication to be used or deemed as recommendation, option or advice for any action (s) that may take place in future. Barclays Saudi Arabia is a Closed Joint Stock Company, (CMA License No. 09141-37). Registered office Al Faisaliah Tower, Level 18, Riyadh 11311, Kingdom of Saudi Arabia. Authorised and regulated by the Capital Market Authority, Commercial Registration Number: 1010283024.

This material is distributed in Russia by OOO Barclays Capital, affiliated company of Barclays Bank PLC, registered and regulated in Russia by the FSFM. Broker License #177-11850-100000; Dealer License #177-11855-010000. Registered address in Russia: 125047 Moscow, 1st Tverskaya-Yamskaya str. 21.

This material is distributed in Singapore by the Singapore branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this report, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is One Raffles Quay Level 28, South Tower, Singapore 048583.

Barclays Bank PLC, Australia Branch (ARBN 062 449 585, AFSL 246617) is distributing this material in Australia. It is directed at 'wholesale clients' as defined by Australian Corporations Act 2001.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

US08-000001