



November 9, 2023

In this month's Trustee Update, I want to focus on considerations related to the Trust's remaining ownership of 67.7 million shares of PG&E stock.



**Let's start by going back to the beginning.**

As part of the PG&E Bankruptcy Settlement, the Trust was funded with \$6.75 billion in cash and 477 million shares of PG&E stock in July 2020. The Trust was tasked with the objective of maximizing proceeds for claimants via stock sales over time. We have had unique market dynamics to navigate, starting with a global pandemic that had profound market implications and, more recently, the Russia/Ukraine and Middle East conflicts.

Perhaps the biggest challenge has been the interest rate backdrop. Following the highest inflation in 40 years, we've seen the most dramatic increases in interest rates in decades. Amazingly, the Federal Reserve has raised interest rates 11 times over the past 18 months. This has created a particularly difficult backdrop for the utility sector, which is the worst performing sector of the S&P 500 index in 2023.

We've also had to navigate owning PG&E's stock as the company continues to rebuild its reputation with regulators, customers and the community as well as weather the annual wildfire season in Northern California.

With that backdrop, I'm very proud of what we've accomplished on behalf of the claimants who are the driving force behind all our efforts. After patiently waiting for the market to improve for PG&E's stock, we began selling in January of 2022. Since then, we have executed eight sales generating over \$6 billion in proceeds. The offerings have gotten better and better, as we have been able to sell stock at higher prices and larger sizes. That leaves us with 67.7 million shares currently worth over \$1.1 billion.

**Where do we go from here?**

Maximizing the proceeds to claimants in the shortest amount of time is our objective. And while we would like to have that happen as quickly as possible, we need to be thoughtful in our decisions. Having waited a while for our first sale, the value of patience is important and current market conditions have been tricky. For instance, PG&E's stock was at \$18+

back in July, when we executed our last stock sale. Given the interest rate move and other market concerns, PG&E stock traded down into the \$15 range. Recently we've seen some recovery back towards \$17, but we will continue to monitor the backdrop closely as we assess our monetization plan. As I've learned, waiting for the right window is essential, and the good news is we have a limited amount of stock to sell. We continue to consult frequently with our expert advisors, including Morgan Stanley and Houlihan Lokey, who navigate the markets day to day, around finding those windows.

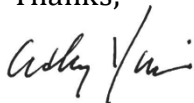
So while we have accomplished a lot, we're not done yet – and we remain totally focused on maximizing the outcome for the claimants – both on proceeds and timing.

Finally, we are aware of rumors circulating on Social Media that the current 60% *pro rata* payment percentage will be the total amount paid to claimants. These rumors are false. There will be an additional *pro rata* increase after we have monetized the remaining shares. The timing and amount of the next *pro rata* payment is predicated on that sale and resolution of outstanding claims.

### **Trustee Update**

As of November 1, we have issued Determination Notices on more than 98% of submitted Claims Questionnaires, and 92% of all Claims Questionnaires have an accepted, final determination. The Trust has paid more than \$10.6 billion to Claimants. We continue working with law firms and *pro se* Claimants to increase notice acceptances.

Thanks,



Cathy Gianni