PG&E CORPORATION
2006 LONG-TERM INCENTIVE PLAN

This summary relates to up to 12,000,000 shares of PG&E Corporation common stock, no par value, that may be issued under the PG&E Corporation 2006 Long-Term Incentive Plan, as amended (LTIP). These shares will come from PG&E Corporation's authorized, but unissued, or reacquired shares of common stock. The purpose of the LTIP is to advance the interests of PG&E Corporation and its shareholders by providing officers, key employees, and other eligible participants with financial incentives tied directly to PG&E Corporation's long-term business objectives. These financial incentives can include stock options, stock appreciation rights, restricted stock, performance shares, performance units, restricted stock units, deferred compensation awards, and other stock-based awards.

This summary describes restricted stock units, restricted stock, and performance shares granted under the LTIP. (If you hold options to purchase shares of PG&E Corporation common stock, please see the summary dated January 1, 2005 that describes stock options granted under the LTIP and your stock option award agreement.) This summary does not purport to be complete, and is qualified in its entirety by reference to the LTIP. The terms of the LTIP will govern in case there is any conflict with any part of this summary or your individual award agreement. You may obtain a copy of the LTIP by calling or writing the LTIP Administrator, PG&E Corporation, One Market, Spear Tower, Suite 400, San Francisco, California 94105, telephone number (415) 817- 8238.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

March 10, 2010

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General Information – Restricted Stock Units

What are restricted stock units?

Restricted stock units are hypothetical shares of stock that generally vest over a four-year period as specified in your award agreement and are settled in an equal number of shares of PG&E Corporation common stock. Your restricted stock units are subject to the provisions of Section 409A of the Internal Revenue Code (Section 409A) governing nonqualified deferred compensation arrangements.

What is the normal vesting schedule for restricted stock units?

The vesting schedule is set forth in your award agreement. Generally, 20% of your restricted stock units vest in the first, second and third year after the year of grant and the remaining 40% will vest in the fourth year after the year of grant. Except as provided in your award agreement, you will forfeit any restricted stock units that have not yet vested when your employment with PG&E Corporation[1] terminates.

Will I receive dividends on restricted stock units?

Each time that PG&E Corporation declares a dividend on its shares of common stock, an amount equal to the per share dividend multiplied by the number of restricted stock units you hold on the dividend record date will be accrued on your behalf. This accrued amount will be paid to you in cash when and if the underlying restricted stock units are settled.

How soon will I receive the shares after the restricted stock units have vested?

PG&E Corporation will issue shares within 60 days after the restricted stock units vest. As more fully described below, restricted stock units may vest earlier and be settled following your (1) Disability (as defined under Section 409A), (2) death or (3) "separation from service," within the meaning of Section 409A within two years following a "change in control" event.

PG&E Corporation will delay the issuance of any shares of common stock to the extent it is necessary to comply with Section 409A(a)(2)(B)(i) (relating to payments made to certain "key employees" of certain publicly-traded companies). In such event, any shares of common stock to which you would otherwise be entitled during the six month period following the date of your "separation from service" under Section 409A (or shorter period ending on the date of your death following such separation) will instead be issued on the first business day following the expiration of the applicable delay period.

Will I receive a stock certificate?

PG&E Corporation generally issues shares in book-entry form only and does not issue physical certificates. If you would like to receive a stock certificate, please contact the LTIP Administrator , PG&E Corporation, One Market, Spear Tower, Suite 400, San Francisco, California 94105, telephone number (415) 817- 8238.

Do I have the same rights as other shareholders?

You will not have voting rights with respect to the restricted stock units until the date the underlying shares are issued (as evidenced by appropriate entry on the books of PG&E Corporation or its duly authorized transfer agent).

[1] For purposes of this prospectus, employment with PG&E Corporation shall mean employment with any member of the Participating Company Group as defined in the LTIP, including Pacific Gas and Electric Company, PG&E Corporation Support Services, Inc., and PG&E Corporation Support Services II, Inc.

What are the risks associated with investing in PG&E Corporation restricted stock units?

There is no financial risk to you of holding restricted stock units in the sense that you have not "paid" for the restricted stock units. Once your restricted stock units have vested, you bear the same risk as other shareholders. No one can anticipate the future value of any stock, regardless of the company, so there is always some element of risk when investing in stock. Depending on when you sell your stock, it may be worth more or less than when you received it.

General Information – Restricted Stock

What is restricted stock?

Restricted stock are outstanding shares of PG&E Corporation common stock that have been granted to you under the LTIP. Shares of restricted stock are not transferable by you until certain conditions are met. Once these conditions have been met, the restrictions will lapse. When the restrictions lapse, you may sell or transfer the shares, subject to applicable securities laws.

When will the restrictions lapse?

As of March 10, 2010, there are two sets of restricted stock awards still outstanding. The unvested portion (40%) of the shares of restricted stock granted in 2007 will vest in January 2012. Of the unvested portion of restricted stock granted in 2008 (60%), 20% will vest on March 1, 2011. If certain performance criteria are met as of December 31, 2010, the remaining 40% also will vest on March 1 2011. If the performance criteria are not met, the remaining 40% will vest on March 1, 2013. Except as provided in your award agreement, you will forfeit any restricted stock that has not yet vested when your employment terminates.

Will I receive a stock certificate?

After the restrictions on your shares have lapsed and applicable Withholding Taxes[1] have been satisfied, PG&E Corporation will issue shares in your name or the name of your designee in book-entry form only. If you would like to receive a stock certificate after satisfying applicable Withholding Taxes, please contact the LTIP Administrator, PG&E Corporation, One Market, Spear Tower, Suite 400, San Francisco, California 94105, telephone number (415) 817- 8238.

Do I have the same rights as other shareholders?

While the shares are restricted, you will have the rights of a shareholder, including the right to vote. However, all dividends that may be paid with respect to the restricted stock will not be paid to you unless and until the restrictions lapse.

What are the risks associated with investing in PG&E Corporation common stock?

There is no financial risk to you of holding restricted stock in the sense that you have not "paid" for the stock. (As described below, once you become "retirement eligible" or if your employment is terminated by us other than for cause, you will be required to pay certain taxes even if the restrictions have not lapsed.) Once the restrictions have lapsed, you bear the same risk as other shareholders. No one can anticipate the future value of any stock, regardless of the company, so there is always some element of risk when investing in stock. Depending on when you sell your stock, it may be worth more or less than when you received it.

[1] Withholding Taxes include any Federal, state, or local taxes of any kind required by law to be withheld with respect to your awards, including social security and Medicare taxes due under the Federal Insurance Contributions Act and the California State Disability Insurance tax. Withholding Taxes will be calculated using the applicable minimum statutory withholding rates.

General Information – Performance Shares

What are performance shares?

Performance shares are hypothetical shares of stock that vest at the end of a three-year performance period. Settlement of the vested performance shares will be based on a payout percentage measured by PG&E Corporation's Total Shareholder Return (TSR), as measured by stock price appreciation and dividends, relative to PG&E Corporation's comparator group. The identity of companies in the comparator group are included in your performance share agreement and PG&E Corporation reserves the right to change the companies comprising the comparator group. Your performance shares are subject to the provisions of Section 409A governing nonqualified deferred compensation arrangements.

How will the payout percentage applicable to the performance shares be determined?

PG&E Corporation's TSR for the three-year performance period[2] will be compared to the TSR of the other companies in the comparator group. There will be no payout for TSR performance below the 25^{th} percentile of the comparator group. TSR performance at the 25^{th} percentile will result in a 25% payout of performance shares; TSR performance at the 75^{th} percentile will result in a 100% payout of performance shares; and TSR performance in the top rank will result in a 200% payout of performance shares. If the TSR falls between the 25th percentile and the target (75^{th} percentile) or between the target (75^{th} percentile) and the top rank, the payout percentage will be determined by straight-line interpolation based on the number of companies, including PG&E Corporation, included in the comparator group. Your award agreement contains a table that sets forth the payout percentages for the various TSR rankings that could be achieved.

How will vested performance shares be settled?

Vested performance shares that were granted before March 1, 2010 will be settled in cash. The payment, if any, will be calculated by multiplying the number of vested performance shares by the applicable payout percentage. The resulting number of performance shares will be multiplied by the average closing price of a share of PG&E Corporation common stock for the last 30 calendar days of the third calendar year of the performance period as reported on the NYSE.

Vested performance shares that were granted after March 1, 2010 will be settled in shares of PG&E Corporation common stock. The amount of shares to be issued, if any, will be calculated by multiplying the number of vested performance shares by the applicable payout percentage.

The amount of cash or shares you are entitled to receive upon settlement of vested performance shares, if any, is referred to as the "settlement amount." Your entitlement to receive the settlement amount is conditioned upon your satisfaction of applicable Withholding Taxes.

Will I receive dividends on performance shares?

Each time that PG&E Corporation declares a dividend on its shares of common stock during the performance period, an amount equal to the per share dividend multiplied by the number of performance shares you hold on the dividend record date will be accrued on your behalf. If you receive a performance share settlement, you will also receive a cash payment at that time, equal to the accrued dividends multiplied by the same payout percentage used to determine the settlement amount, if any, with respect to your performance shares.

When will vested performance shares be settled?

[2] In some circumstances TSR will be measured over a different time period. See below under *"What happens to my performance shares if there is a "change in control" of PG&E Corporation?"*

Vested performance shares will be settled, if at all, as soon as practicable after the date that the Compensation Committee of the PG&E Corporation Board of Directors certifies that the relevant performance criteria were met pursuant to Section 10.5(a) of the LTIP, but not later than 60 days after the vesting date specified in your award agreement.

Termination of Employment: Death, Disability, or Retirement

What happens to my restricted stock units, restricted stock, and performance shares if I voluntarily terminate my employment?

Upon your voluntary termination of employment with PG&E Corporation (other than retirement as defined below), you will forfeit (1) any restricted stock units, restricted stock, and performance shares that have not yet vested and (2) any associated accrued dividends.

What happens to my restricted stock units, restricted stock, and performance shares if my employment is terminated by PG&E Corporation for reasons other than cause?

Upon termination of your employment by PG&E Corporation other than for cause (1) any unvested restricted stock units or restricted stock that would have vested during the 12 months following your termination if your employment had continued (or during the period of the "Severance Multiple" under the Officer Severance Policy for Officer Bands 1-5) will continue to vest and be settled pursuant to the normal vesting schedule set forth in your award agreement (without regard to the requirement that you be employed), subject to the earlier settlement provisions of your award agreement; and (2) your unvested performance shares will vest proportionately based on the number of months during the applicable performance period that you were employed (rounded down) divided by 36 months. Your vested performance shares will be settled, if at all, within 60 days after the vesting date based on the same formula applied to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the performance period with respect to your vested performance shares multiplied by the same payout percentage used to determine the settlement amount, if any.

What happens to my restricted stock units, restricted stock, and performance shares if my employment is terminated for cause?

If your employment is terminated at any time for cause, you will forfeit all of your unvested restricted stock units, restricted stock, and performance shares as well as any associated accrued dividends. In general, termination for "cause" means termination of employment because of dishonesty, a criminal offense or violation of a work rule, and will be determined by and in the sole discretion of PG&E Corporation.

What happens to my restricted stock units, restricted stock, and performance shares when I retire?

When you retire (as defined below) your unvested restricted stock units and restricted stock will continue to vest and be settled pursuant to the normal vesting schedule (without regard to the requirement that you be employed), subject to the earlier settlement provisions set forth in your award agreement. However, if you retire within two years after a "change in control" (as defined below), all of your restricted stock units will vest and the underlying shares will be issued within 60 days after the date of retirement.

When you retire, your performance shares will vest according to their normal schedule set forth in your award agreement. Your vested performance shares will be settled using the same payout percentage (and the same payment formula if the settlement amount is to be paid in cash) that applies to current active employees. Performance shares and related dividends will be payable, if at all, within 60 days after the original vesting date specified in your award agreement.

You will be considered to have retired if you are age 55 or older on the date of termination and if you were employed by PG&E Corporation or any of its subsidiaries for at least five consecutive years ending on the date of termination of your employment.

What happens to my restricted stock units, restricted stock, and performance shares when I die or am disabled?

If you die, or become Disabled (within the meaning of Section 409A), all of your restricted stock units will vest and the underlying shares will be issued within 60 days after the date of your death or Disability. If you die or become Disabled following the termination of your employment and your restricted stock units are then outstanding, then PG&E Corporation will issue shares in settlement of all of your vested restricted stock units (plus any restricted stock units that would have otherwise vested during any continued vesting period as provided under your award agreement) within 60 days after the date of your death or Disability.

If you die, or are disabled and your employment is terminated as a result, the restrictions on all of your restricted stock will lapse on the next Annual Lapse Date (generally, the first business day of the month in which the award was granted).

If you die, or are disabled and your employment is terminated as a result, all of your performance shares will immediately vest and will be settled, if at all, based on the same payout percentage (and the same payment formula if the settlement amount is to be paid in cash) applied to active employees and not later than 60 days after the original vesting date specified in your award agreement. At that time, you or your estate also will receive a cash payment, if any, equal to the amount of dividends accrued over the performance period with respect to your performance shares multiplied by the same payout percentage used to determine the settlement amount.

Change in Control

What happens to my restricted stock units, restricted stock, and performance shares if there is a "change in conrol" of PG&E Corporation?

If PG&E Corporation is acquired by another company through a merger or other "change in control" event, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (Acquiror), may, without your consent, either assume or continue PG&E Corporation's rights and obligations under your restricted stock, restricted stock unit and performance share award agreements or the Acquiror may provide substantially equivalent awards.

If the Acquiror assumes or continues PG&E Corporation's rights and obligations under your performance share agreement or substitutes a substantially equivalent award, TSR will be calculated by aggregating (a) the TSR of PG&E Corporation for the period from January 1 of the year of the grant to the date of the change in control, and (b) the TSR of the Acquiror from the date of the change in control to the end of the calendar year preceding the original vesting date specified in your award agreement. After considering any adjustments to the comparator group, the amount of the payout, if any, will be based on the rounded payout percentage in the table set forth in your agreement for the highest performance percentile actually met or exceeded, regardless of rank. Your performance shares will be settled, if at all, within 60 days after the original vesting date specified in your agreement. At the same time you will also receive a payment, if any, equal to the amount of dividends accrued with respect to your performance shares during the performance period multiplied by the same payout percentage used to determine the settlement amount, if any.

If the Acquiror <u>does not</u> assume or continue PG&E Corporation's rights and obligations under your LTIP award agreements or if the Acquiror does not provide substantially equivalent awards, then:

- All shares of your restricted stock will vest immediately preceding, and contingent on, the date of the change in control.

- All of your restricted stock units will vest immediately before and contingent on, the change in control and be settled in accordance with the normal vesting schedule, subject to the earlier settlement provisions contained in your award agreement.

- All of your outstanding performance shares will become nonforfeitable on the date of the change in control. The settlement amount, if any, will be based on PG&E Corporation's TSR for the period from January 1 of the year in which the shares awarded to the date of the change in control compared to the TSR of the other companies in PG&E Corporation's comparator group for the same period. The settlement amount will be calculated by multiplying the number of vested performance shares by the payout percentage. If the settlement amount is payable in cash, the resulting number of performance shares will be multiplied by the average closing price of a share of PG&E Corporation common stock for the last 30 calendar days preceding the change in control as reported on the NYSE. You will receive the settlement amount, whether in cash or shares, within 60 days after the original vesting date specified in your agreement. At the same time, you also will receive a cash payment, if any, equal to the amount of dividends accrued with respect to your performance shares to the date of the change in control multiplied by the same payout percentage used to determine the settlement amount, if any.

What happens to my restricted stock if my employment is terminated other than for cause in connection with a "change in control" of PG&E Corporation?

If your employment is terminated other than for cause by PG&E Corporation in connection with a change in control within three months before the change in control occurred, the restrictions on all of your outstanding shares of restricted stock (including the shares of restricted stock that you would have otherwise forfeited after the end of the continued vesting period following the date of termination of your employment) will lapse and become nonforfeitable on the date of the change in control and you will also receive a cash payment, if any, equal to the amount of dividends accrued with respect to your restricted stock to the date of the change in control. If your employment is terminated other than for cause by PG&E Corporation in connection with a change in control within two years following the change in control, the restrictions on all of your outstanding shares of restricted stock (to the extent the restrictions did not previously lapse upon failure of the Acquiror to assume or continue the award) will lapse and become nonforfeitable on the date of termination of your employment and you will also receive a cash payment, if any, equal to the amount of dividends accrued with respect to your restricted stock to the date of termination of your employment. PG&E Corporation has sole discretion to determine whether termination of your employment or your separation from service was made in connection with a change in control.

What happens to my restricted stock units if my employment is terminated other than for cause in connection with a "change in control" of PG&E Corporation?

If you separate from service (other than termination for cause, your voluntary termination, or your retirement) in connection with a change in control within three months before the change in control occurs all of your outstanding restricted stock units will vest on the date of the change in control (including restricted stock units that you would have otherwise forfeited after the end of the continued vesting period following the date of termination of your employment) and be settled in accordance with the normal vesting schedule (without regard to the requirement that you be employed), subject to the earlier settlement provisions stated in your award agreement. If your separation of service in connection with a change in control occurs within two years following the change in control, your restricted stock units will vest on the date of such separation (to the extent they did not previously vest upon, for example, failure of the Acquiror to assume or continue your restricted stock units) and your restricted stock units will be settled within 60 days after the date of your separation from service.

PG&E Corporation has sole discretion to determine whether termination of your employment or your separation from service was made in connection with a change in control.

What happens to my performance shares if my employment is terminated other than for cause in connection with a "change in control" of PG&E Corporation?

If your employment is terminated other than for cause by PG&E Corporation in connection with a change in control within three months before the change in control occurs, all of your outstanding performance shares will automatically vest in full and become nonforfeitable (including the portion that you would have otherwise forfeited based on the proration of vested performance shares through the date of termination of your employment) as of the date of the change in control. If your employment is terminated other than for cause by PG&E Corporation in connection with a change in control within two years following the change in control, all of your outstanding performance shares (to the extent they did not previously vest upon failure of the Acquiror to assume or continue your performance share award agreements) will automatically vest in full and become nonforfeitable on the date of termination of your employment.

Your vested performance shares will be settled, if at all, as soon as practicable after the original vesting date specified in your award agreement (and not later than 60 days after such date) and will be based on the same payout percentage (and same payment formula if the settlement amount is payable in cash) that apply to active employees. At that time you also will receive a cash payment, if any, equal to the amount of dividends accrued over the performance period with respect to your vested performance shares multiplied by the same payout percentage used to determine the settlement amount, if any.

PG&E Corporation has sole discretion to determine whether termination of your employment was made in connection with a change in control.

What would be considered a "change in control" of PG&E Corporation?

The LTIP defines the term "change in control." A change in control of PG&E Corporation occurs when

- Any person becomes the beneficial owner of securities of PG&E Corporation representing 20% or more of the combined voting power of PG&E Corporation's then outstanding securities;

- If there is a change in the identity of the directors who constitute a majority of the Board of Directors over a two year period, unless the election, or the nomination for election by the shareholders, of each new director was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the two-year period;

- The shareholders of PG&E Corporation have approved (1) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of PG&E Corporation, or (2) any plan or proposal for the liquidation or dissolution of PG&E Corporation; or

- A consolidation or merger of PG&E Corporation is consummated if the consolidation or merger results in the former PG&E Corporation shareholders owning less than 70% of the voting power in the surviving entity (or parent of the surviving entity).

What happens to my restricted stock units, restricted stock, and performance shares if I am terminated from my position with a subsidiary of PG&E Corporation as a result of the divestiture or change in control of the subsidiary?

If (1) your employment is terminated (other than for cause or your voluntary termination) due to a divestiture or change in control of a subsidiary of PG&E Corporation, which divestiture or change in control results in such subsidiary no longer qualifying as a subsidiary corporation under Section 424(f) of the Internal Revenue Code, or (2) if your employment is terminated (other than for cause or your voluntary termination) coincident with the sale of all or substantially all of the assets of a subsidiary of PG&E Corporation, your restricted stock units, restricted stock, and performance shares will vest and be settled in the same manner as if your employment was terminated by PG&E Corporation for reasons other than cause as described above under "What happens to my restricted stock units, restricted stock, and performance shares if my employment is terminated by PG&E Corporation for reasons other than cause?"

Transferability: Resale Restrictions

May I transfer my restricted stock units, restricted stock or performance shares to someone else?

You may not transfer your restricted stock units, restricted stock or performance shares during your lifetime other than pursuant to a qualified domestic relations order (QDRO). After your death, your awards may be transferred in accordance with your will or in accordance with the laws of descent and distribution.

Are there any restrictions on my ability to sell stock received when my restricted stock units or performance shares are settled or after the restrictions stated in my restricted stock award agreement have lapsed?

You are free to sell your stock at any time, except while you are in possession of nonpublic material information about PG&E Corporation or any of its subsidiaries. Confidential, nonpublic information should be considered material if the information would likely influence an investor's decision to buy or sell securities of PG&E Corporation or Pacific Gas and Electric Company. You are prohibited by securities laws and by PG&E Corporation's and Pacific Gas and Electric Company's Insider Trading Policy from trading in securities of PG&E Corporation or Pacific Gas and Electric Company until the information has been disclosed and widely disseminated to the investing public, typically two business days following such disclosure. Also, if as determined by PG&E Corporation, your position exposes you to nonpublic material information, you may be temporarily prohibited from trading shares. You will be notified if this "blackout" period applies to you.

What if I am an executive officer of PG&E Corporation?

If you are an executive officer of PG&E Corporation you will be prohibited from engaging in transactions involving securities of PG&E Corporation or Pacific Gas and Electric Company during quarterly blackout periods and you will be subject to the other conditions of PG&E Corporation's and Pacific Gas and Electric Company's Insider Trading Policy. In addition, you will be considered to be an "affiliate" of PG&E Corporation (along with your spouse and other relatives sharing the same household). (Employees who are not executive officers of PG&E Corporation will not be considered affiliates.) In general, if you are an affiliate of PG&E Corporation, you must sell your shares in compliance with SEC Rule 144. In addition, executive officers of PG&E Corporation and Pacific Gas and Electric Company are subject to the reporting and short-swing profit liability provisions of Section 16 of the Securities Exchange Act of 1934 Act with respect to their transactions in PG&E Corporation common stock and Pacific Gas and Electric Company preferred securities, respectively. Information regarding Rule 144 and Section 16 is available from the Corporate Secretary.

In addition, you will not be able to buy or sell your shares if you are subject to the trading restrictions imposed by the Sarbanes Oxley Act of 2002 in connection with a blackout period under a PG&E Corporation sponsored retirement plan.

Tax Consequences

The following discussion is not intended to be a complete description of all the possible tax consequences relating to your LTIP awards. The consequences may differ based on your personal situation. If you have any questions as to the tax consequences of receiving a grant of restricted stock, restricted stock units or performance shares, you should contact your tax advisor. **PG&E Corporation makes no representation that the LTIP will comply with Section 409A and makes no undertaking to prevent Section 409A from applying to the LTIP or any award or to mitigate its effects on any award.**

You will be required to pay to PG&E Corporation, or to make arrangements satisfactory to PG&E Corporation for the payment of Withholding Taxes, including social security and Medicare taxes due under the Federal Insurance Contributions Act (FICA), and the California State Disability Insurance (SDI) tax. PG&E Corporation's obligations under the LTIP and your award agreement are subject to payment of, or to the arrangement for payment of, all Withholding Taxes. PG&E Corporation will have the right, to the extent permitted by law, to deduct any such Withholding Taxes from any payment of any kind otherwise due to you.

What are the tax consequences relating to restricted stock units?

Your restricted stock units are subject to Section 409A. Generally, when your restricted stock units are settled after vesting, you will have taxable ordinary income in the amount of the fair market value of the shares and you will be required to satisfy applicable Withholding Taxes.

In the following situations you will be required to satisfy FICA and California SDI taxes even though the restricted stock units have not yet been settled:

- If you are retirement-eligible on the date of the award,
- When you become "retirement-eligible" (as described above under *"What happens to my restricted stock units, restricted stock, and performance shares when I retire?"*),
- If your employment is terminated other than for cause (as described above under *"What happens to my restricted stock units, restricted stock, and performance shares if my employment is terminated by PG&E Corporation for reasons other than cause?"*, or
- Any other situations under which your restricted stock units vest before they are settled.

What are the tax consequences relating to restricted stock?

As provided in an agreement between the Internal Revenue Service, PG&E Corporation and Pacific Gas and Electric Company, generally you will not recognize any taxable income until the transfer restrictions have lapsed. When the restrictions lapse, you will be taxed on the fair market value of the shares as of that date and you will be required to satisfy the applicable Withholding Taxes.

In the following situations you will be required to satisfy FICA and California SDI taxes even though the restricted stock has not yet vested:

- On the date of the award if you were then retirement-eligible or when you become retirement-eligible with respect to an award, or
- If your employment is terminated other than for cause (as described above under *"What*

happens to my restricted stock units, restricted stock, and performance shares if my employment is terminated by PG&E Corporation for reasons other than cause?")

- If you die or become disabled before the next Annual Lapse Date.

If an employee (other than an officer) was retirement-eligible or terminated other than for cause before January 1, 2009, in either case, PG&E Corporation will pay the portion of the employee's share of FICA and California SDI taxes, if any, that may be due with respect to the value of such employee's restricted stock. Because the portion of the employee's share of FICA and California SDI taxes that PG&E Corporation may pay on the employee's behalf will be considered taxable income, PG&E Corporation will pay an additional amount to these employees to compensate them for the additional tax due. PG&E Corporation will notify you if you are one of the affected individuals.

PG&E Corporation will notify employees who become retirement eligible or who are terminated other than for cause after December 31, 2008, of the amount of FICA and SDI taxes due.

How can I satisfy the amount of California SDI and FICA taxes that may be due before my restricted stock units are settled or before the transfer restrictions on my restricted stock lapse?

Under these circumstances FICA and California SDI taxes must be paid either by check payable to PG&E Corporation or through payroll deductions. Unless you deliver a check to PG&E Corporation, the amount will be satisfied through payroll deductions.

How can I satisfy the Withholding Taxes that arise when my restricted stock units vest?

You must arrange to pay the Withholding Taxes that arise when your restricted stock units vest in a manner acceptable to PG&E Corporation.

For restricted stock units granted before March 1, 2010, you may have already instructed PG&E Corporation to arrange for the public sale of the shares you are entitled to receive upon vesting. The broker will deliver a portion of the sales proceeds to PG&E Corporation to satisfy your Withholding Taxes and deliver the remaining proceeds to you. If you did not elect to sell your shares you must satisfy your Withholding Taxes through payroll deduction or by cash or check.

For restricted stock units granted after March 1, 2010, PG&E Corporation will withhold from the shares otherwise issuable to you in settlement of restricted stock units a number of whole shares having a fair market value, as determined by PG&E Corporation, equal to the applicable Withholding Taxes calculated using the applicable minimum statutory withholding rates. Alternatively, you may elect to pay your Withholding Taxes through payroll deduction or by cash or check if you have previously delivered a timely written election to PG&E Corporation in accordance with policies established by PG&E Corporation from time to time.

How can I satisfy the Withholding Taxes that arise when the restrictions on my restricted stock lapse?

If you have instructed PG&E Corporation to arrange for the sale of your shares through a broker on, or as soon as practicable after, the restrictions on your shares lapse, the broker will deliver a portion of the sales proceeds to PG&E Corporation to satisfy your Withholding Taxes and deliver the remaining proceeds to you. If you have not previously instructed PG&E Corporation to arrange for the sale of your shares, you must pay the amount due through payroll deduction or by cash or check.[2] .

[2] Certain officers may instead have elected to surrender to PG&E Corporation a number of shares having a fair market value equal to the amount of the Withholding Taxes.

What are the tax consequences if I sell shares that I acquire upon settlement of my restricted stock units?

If you recognize gain when you sell shares your gain will be taxable at long-term or short-term capital gain rates. If you recognize a loss, it will be a capital loss. The amount of your gain or loss will be the difference between the amount you receive on the sale of the shares and their value used to calculate the applicable Withholding Taxes. Whether your gain or loss is long-term or short-term will depend on whether you have held your shares for more than one year. For restricted stock units, the holding period generally begins at the time your restricted stock units are settled and shares are issued to you.

What are the tax consequences relating to performance shares?

Your performance shares are subject to Section 409A. When your vested performance shares, if any, are settled you will have taxable ordinary income equal to the amount of the payment or the fair market value of the shares you receive. You will be required to satisfy Withholding Taxes. If the settlement amount is payable in cash, the payment will be reduced by an amount to satisfy applicable Withholding Taxes.

If the settlement amount is payable in shares, PG&E Corporation will reduce the total number of shares issuable to you by a number of whole shares having a fair market value, as determined by PG&E Corporation, equal to applicable Withholding Taxes calculated using the applicable minimum statutory withholding rates. Alternatively, you may elect to pay your Withholding Taxes through payroll deduction or by cash or check if you have previously delivered a timely written election to PG&E Corporation in accordance with policies established by PG&E Corporation from time to time.

Other Information about the LTIP

Administration of the LTIP.

The LTIP is administered by the Compensation Committee of the PG&E Corporation Board of Directors. The directors of PG&E Corporation are elected annually by the shareholders. The Committee members are appointed annually by the Board of Directors and serve at the pleasure of the Board of Directors. The Committee is composed entirely of directors who are neither (a) current nor former officers or employees of PG&E Corporation or any of its subsidiaries, (b) consultants to PG&E Corporation or any of its subsidiaries, nor (c) current nor former officers or employees of any other corporation on whose board of directors any PG&E Corporation officer serves as a member. The Committee members also otherwise satisfy the definition of “independent director” set forth in PG&E Corporation’s Corporate Governance Guidelines.

Generally, the Committee approves LTIP awards made to officers of PG&E Corporation and to officers of the Pacific Gas and Electric Company and approves guidelines for LTIP awards to be made to certain other eligible participants during a particular year including the amount and type of award, the terms and conditions of awards, and the aggregate value of awards. The Chief Executive Officer of PG&E Corporation has authority to implement the award guidelines approved by the Committee. The Committee also construes and interprets the LTIP and makes all other determinations with respect to the LTIP, to the extent permitted by applicable law and subject to certain restrictions specified in the LTIP.

Eligibility.

All officers, employees, directors and consultants of PG&E Corporation and certain subsidiaries are eligible to participate in the LTIP. Non-employee directors are entitled to receive awards only in accordance with the automatic nondiscretionary provisions of Section 7 of the LTIP.

Duration of the LTIP.

The LTIP will terminate on December 31, 2015, unless terminated sooner according to the terms of the LTIP.

Adjustment Upon Changes in Number or Value of Shares of Common Stock.

In the event of certain changes in PG&E Corporation common stock without receipt of consideration, such as stock dividends, stock splits, recapitalizations, mergers, consolidations and similar changes, or in the event of payment of certain non-stock dividends or distributions that have a material effect on the value of PG&E Corporation common stock, the Committee will make appropriate adjustments to outstanding awards and to the number of shares authorized to be issued under the LTIP , subject to the provisions of Section 409A.

Amendment and Termination of the LTIP and Incentive Awards.

The Board of Directors or the Committee may at any time suspend, terminate, modify, or amend the LTIP in any respect. However, shareholder approval of amendments shall be obtained in the manner and to the degree required by applicable laws or regulations. The Committee also may amend or modify the terms and conditions of any incentive award granted under the LTIP, or cancel or annul any grant of an award; provided that no such amendment, modification, cancellation or annulment may, without your consent, adversely affect your rights under incentive awards previously granted to you.

Miscellaneous.

The LTIP is generally not subject to the Employee Retirement Income Security Act of 1974 (ERISA). It is not qualified under Section 401(a) of the Internal Revenue Code which relates to qualification of certain pension, profit-sharing and stock bonus plans.

Additional Information about PG&E Corporation

PG&E Corporation has filed a registration statement relating to the offer and sale of its shares of common stock under the LTIP with the Securities and Exchange Commission (SEC). The following documents filed by PG&E Corporation with the SEC are incorporated by reference into this summary:

- The annual report of PG&E Corporation for the fiscal year ended December 31, 2009,
- All other reports filed by PG&E Corporation with the SEC since December 31, 2009; and
- The description of PG&E Corporation common stock filed with the SEC, including any amendment or report filed for the purpose of updating such description.

All documents filed with the SEC by PG&E Corporation after the date the registration statement was filed and before the filing of a post-effective amendment to the registration statement that indicates all securities offered under the LTIP have been sold or deregisters all securities then remaining unsold, will also be incorporated by reference in this summary and deemed to be a part of this summary as of the date such documents are filed with the SEC.

Copies of the documents listed above (other than exhibits to such documents), and copies of PG&E Corporation's latest annual report to shareholders, proxy statement, reports, and other communications sent to shareholders, will be sent to you without charge upon your request. Requests may be directed to:

Office of the Corporate Secretary
PG&E Corporation
One Market, Spear Tower
Suite 2400
San Francisco, California 94105
(Telephone: 415-267-7070)

These reports are also available through PG&E Corporation's website at www.pgecorp.com, through the SEC's website at www.sec.gov, and through various financial websites.
PG&E Corporation's Annual Report on Form 10-K for the year ended December 31, 2009 is available on PG&E Corporation's website at www.pgecorp.com under the "Investors" link. (Click on "Financial Reports" and then click on "General SEC filings.")

This summary of the treatment of LTIP awards following termination of employment and other events is subject to the terms of the particular award agreement and the terms of the LTIP.

Event	**Performance Shares**	**Restricted Stock Units**	**Restricted Stock**
Severance (Officer Bands 1-5)	Unvested shares vest proportionally based on service to the date of termination.[3] The settlement amount, if any, will be determined after completion of the performance period.	Unvested restricted stock units continue to vest and be settled per the normal vesting schedule during a period of months equal to the Severance Multiple[4].	Unvested restricted stock continues to vest per the normal vesting schedule during a period of months equal to the Severance Multiple. [4]
Severance (all other employees)	Unvested shares vest proportionally based on service to the date of termination.[3] The settlement amount, if any, will be determined after completion of the performance period.	Unvested restricted stock units continue to vest and be settled per the normal vesting schedule over a 12-month period.	Unvested restricted stock continues to vest per the normal vesting schedule over a 12-month period.
Voluntary Resignation (all employees)	Unvested shares are forfeited.	Unvested restricted stock units are forfeited.	Unvested restricted stock is forfeited.
Termination at any time for Cause	Unvested shares are forfeited.	Unvested restricted stock units are forfeited.	Unvested restricted stock is forfeited.
Retirement[5]	Unvested shares continue to vest according to the terms of the agreement. The settlement amount if any, will be determined after the performance period in the same manner as for active employees.	Unvested restricted stock units continue to vest and be settled per the normal vesting schedule	Unvested restricted stock continues to vest and per the normal vesting schedule.
Disability	Unvested shares vest immediately . The settlement amount, if any, will be determined after completion of the performance period in the same manner as for active employees.	If disability (as defined in Section 409A) occurs while employed, restricted stock units will fully vest and be settled within 60 days after disability. If disability occurs after termination of employment then any vested restricted stock units, plus any restricted stock units that would have otherwise vested during any continued vesting period, will be settled within 60 days after the date of disability.	Unvested restricted stock will vest in full on the next Annual Lapse Date.
Death	Unvested shares vest immediately. The settlement amount, if any, will be determined after completion of the performance period in the same manner as for active employees.	If death occurs while employed, restricted stock units will fully vest and be settled within 60 days after death. If death occurs after termination any vested restricted stock units, plus any restricted stock units that would have otherwise vested during any continued vesting period, will be settled within 60 days after death.	Unvested restricted stock will vest in full on the next Annual Lapse Date .

[3] The formula for proportional vesting is as follows: number of months of employment in the performance period (rounded down) /performance period (36 months).

[4] Severance Multiple is up to 18 months for Officers Bands 4 and 5, and up to 24 months for Officers Bands 1, 2 and 3.

[5] Retirement means a termination of employment, other than for cause, that occurs when an employee is at least 55 years old and had been employed for at least the last five consecutive years immediately before termination.

Event	Performance Shares	Restricted Stock Units	Restricted Stock
Termination following Divestiture of a Subsidiary (Officer Bands 1-5)	Unvested shares vest proportionally based on service to the date of termination.[3] The settlement amount, if any, will otherwise be determined after completion of the performance period in the same manner as for active employees.	Unvested restricted stock units continue to vest and be settled per the normal vesting schedule during a period of months equal to the Severance Multiple.[4]	Unvested restricted stock continues to vest per the normal vesting schedule for a period of months equal to the Severance Multiple.[4]
Termination following Divestiture of a Subsidiary (all other employees)	Unvested shares vest proportionally based on service to the date of termination.[3] The settlement amount, if any, will otherwise be determined after completion of the performance period in the same manner as for active employees.	Unvested restricted stock units continue to vest per the normal vesting schedule over a 12-month period.	Unvested restricted stock continues to vest per the normal vesting schedule over a 12-month period.
Termination other than for cause in connection with a change in control of PG&E Corporation	If termination occurs within 2 years after a change in control, unvested shares vest on the date of termination of employment. If termination occured within three months before a change in control. Unvested shares (including any shares that woud have been forfeited based on prorate vesting) will vest on the date of change in control. The settlement amount , if any, will be determined after completion of the performance period in the same manner as for active employees.	If termination occurs within 2 years after a change in control, restricted stock units will vest on the date of termination of employment. If termination occurs within 3 months before a change in control, restricted stock units (including any restricted stock units that would have otherwise been forfeited after the end of any continued vesting period) will vest on the date of the change in control and will be settled within 60 days after the date of termination.	If termination occurs within 2 years after or 3 months before the change in control occurs, restricted stock will vest on the date of termination or the date of the change in control, whichever is later.
Change in Control of PG&E Corporation	Unvested shares immediately vest if the awards are not assumed, continued, or substituted, and are settled, if at all, after completion of the original vesting date. The settlement amount, if any, will be based on PG&E Corporation's TSR for the period from January 1 of the year of grant to the date of the change in control compared to the TSR of the other companies in PG&E Corporation's comparator group for the same period.	Unvested restricted stock units vest if the restricted stock units are not assumed, continued or substituted and are settled in accordance with the normal vesting schedule, subject to the earlier settlement provisions of the restricted stock unit agreement.	Restricted stock will vest on the date of the change in control only if the Acquiror has not assumed or continued the awards.