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**From:** Human Resources  
**Sent:** Monday, January 26, 2009 2:06 PM  
**To:** All PGE Non-Union-Represented Employees  
**Subject:** Enhancements to PG&E Corporation Retirement Savings Plan (401(k) plan)

PG&E Employees,

I am pleased to announce that the company is enhancing the PG&E Corporation Retirement Savings Plan (RSP) for all non-union-represented employees. The changes described below offer participants the opportunity to save more towards retirement and may provide additional tax benefits since RSP savings are generally made on a before-tax basis. While many companies are cutting back on their 401(k) plans during this difficult economic time, PG&E continues to provide a competitive 401(k) plan to help you prepare for your financial future.

### **Company Match**

Beginning March 1, 2009, all non-union-represented employees with less than three years of service who participate in the RSP will receive a company match of \$0.75 for every \$1 you contribute up to 6 percent of base pay. We are eliminating the one-year waiting period on the company match for newly-hired employees as well as the 3 percent limit on the company match for employees with less than three years of service. Currently, non-union-represented employees enrolled in the RSP with one to three years of service receive a company match of \$0.75 for every \$1 up to 3 percent of base pay.

If you are not participating in the RSP or your current contribution is below 6 percent and you want to take advantage of the increased match beginning with your March paycheck, you will need to change your contribution level or enroll in the plan by the following date:

March 6 for biweekly paid employees  
March 13 for monthly paid employees

If you choose not to make a change to your contribution by the dates shown above, you are free to make the change at any time for a later pay date. Please contact Fidelity, the plan administrator, to enroll or change your contribution level (see contact information below).

### **Employee Contribution Levels**

Beginning March 1, 2009, all non-union-represented employees can contribute up to 50 percent of base pay (on a before-tax and after-tax basis); an increase from the current limit of 20 percent. The 50 percent limit is subject to annual dollar maximums as follows:

- Annual IRS before-tax 401(k) contribution limit (\$16,500 for 2009)
- Maximum before-tax catch-up contributions for employees age 50 or older (\$5,500 for 2009)
- Maximum total before-tax and/or after-tax contribution plus company match (\$49,000 for 2009)

If you reach the annual before-tax limit of \$16,500 before the end of the year and want to continue to receive the matching company contribution for the entire year, you should consider a provision under the plan called the "spillover election." This election automatically changes your before-tax contributions to after-tax contributions when you reach your before-tax limit. After-tax contributions are also eligible for matching company contributions. You may make the spillover election by contacting Fidelity.

To enroll in the RSP, make changes to your contribution levels or obtain answers to your questions about the plan, go to the Fidelity Web site at [www.401k.com](http://www.401k.com) or speak to a Fidelity representative by

calling 1-877-743-401k (1-877-743-4015). Additional information on the Retirement Savings Plan can be found on the HR intranet at: <http://www/HR/PlansPolicies/Pension401k.shtml>.

John Simon  
Senior Vice President  
Human Resources

*This document, dated January 26, 2009, constitutes a Summary of Material Modification to the PG&E Corporation Retirement Savings Plan. The PG&E Corporation Retirement Savings Plan together with this and all other Summaries of Material Modification collectively constitute the official plan document. This document also constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.*