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Nick Stavropoulos*

15 **UNITED STATES DISTRICT COURT**  
16 **NORTHERN DISTRICT OF CALIFORNIA**  
17 **SAN FRANCISCO DIVISION**

18 ANDREW S. BUSHKIN, derivatively on  
behalf of PG&E CORPORATION and  
PACIFIC GAS & ELECTRIC COMPANY,

19 Plaintiff,

20 v.

21 BARBARA L. RAMBO, *et al.*,

22 Defendants,

23 -and-

24 PG&E CORPORATION, a California  
corporation, and PACIFIC GAS &  
ELECTRIC COMPANY, a California  
25 corporation,

26 Nominal Defendants.

Case No. 3:16-cv-00973-SI

**STIPULATION AND ~~[PROPOSED]~~  
ORDER OF VOLUNTARY DISMISSAL  
WITH PREJUDICE**

1 Plaintiff Andrew S. Bushkin (“Plaintiff”), individual defendants C. Lee Cox, Peter  
2 Darbee, Anthony Earley, Kent Harvey, Christopher Johns, William Hayes, Geisha Williams,  
3 Nick Stavropoulos, Dinyar Mistry, Barbara Rambo, Lewis Chew, Fred Fowler, Maryellen  
4 Herring, Richard Kelly, Roger Kimmel, David Lawrence, Richard Meserve, Forrest Miller,  
5 Rosendo Parra, Anne Shen Smith and Barry Williams (“Individual Defendants”), and nominal  
6 defendants PG&E Corporation and Pacific Gas & Electric Company (“PG&E” and collectively  
7 with Plaintiff and the Individual Defendants, the “Parties”), through their respective counsel of  
8 record, submit this stipulation and [proposed] order.

9 WHEREAS, on February 27, 2016, Plaintiff filed a shareholder derivative complaint on  
10 behalf of PG&E, commencing this action against the Individual Defendants;

11 WHEREAS, this action has been stayed pending resolution of the *San Bruno Fire*  
12 *Derivative Cases*, JCCP No. 4648-C (the “State Derivative Actions”) being litigated in the  
13 Superior Court of California, County of San Mateo (the “State Court”);

14 WHEREAS, on March 10, 2017, the parties to the State Derivative Actions entered into a  
15 Stipulation of Settlement (the “Stipulation” or “Settlement”) (attached hereto as Exhibit A);

16 WHEREAS, the Settlement is expressly conditioned on the dismissal with prejudice of  
17 all other related derivative actions, including this action;

18 WHEREAS, on April 26, 2017, the State Court entered an order preliminarily approving  
19 the Settlement;

20 WHEREAS, on July 18, 2017, after notice and hearing as set forth in the Stipulation, the  
21 State Court entered an order and judgment finally approving the Settlement (attached hereto as  
22 Exhibit B);

23 WHEREAS, the Parties have met and conferred and agree this action should be dismissed  
24 with prejudice in accordance with the Settlement, with all Parties waiving all rights to appeal  
25 from or with respect to any aspect of this action;

26 NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by the Parties  
27 hereto, through their undersigned counsel, pursuant to Rules 23.1(c) and 41(a)(1)(A)(ii) of the  
28 Federal Rules of Civil Procedure and subject to the Court’s approval, that:

- 1           1.       This action shall be dismissed in its entirety with prejudice, with all Parties
- 2 waiving all rights to appeal from or with respect to any aspect of this action; and
- 3           2.       Except as otherwise provided in the Settlement, each Party shall bear his, her, or
- 4 its own costs, fees, and expenses, including attorneys' fees.

5           IT IS SO STIPULATED.

6 Dated: July 18, 2017

BOTTINI & BOTTINI, INC.

7  
 8                                   /s/ Francis A. Bottini, Jr.  
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1 Dated: July 18, 2017

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16 *Fred J. Fowler, Richard C. Kelly, Forrest E.*  
17 *Miller, Rosendo Parra, and Anne Shen Smith*

12 Dated: July 18, 2017

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*Nick Stavropoulos*

1 I, Francis A. Bottini, Jr., am the ECF User whose ID and password are being used to file  
2 this Stipulation and [Proposed] Order of Voluntary Dismissal With Prejudice. In compliance  
3 with Civil L.R. 5-1(i), I hereby attest that concurrence in the filing of this document has been  
4 obtained from each of the other signatories.

5 /s/ Francis A. Bottini, Jr.  
6 Francis A. Bottini, Jr.

7  
8 ~~[PROPOSED]~~ ORDER

9  
10 **PURSUANT TO THE STIPULATION, IT IS SO ORDERED.**

11 Dated: 7/19/17

12 

13 \_\_\_\_\_  
14 HONORABLE SUSAN ILLSTON  
15 UNITED STATES DISTRICT JUDGE  
16  
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# EXHIBIT A

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13 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
14 COUNTY OF SAN MATEO

15  
16 **PG&E SAN BRUNO FIRE  
DERIVATIVE CASES**

CASE NO. JCCP 4648-C

**Stipulation of Settlement**

Assigned to: Hon. Steven L. Dylina  
Department: 7  
Complaint Filed: October 18, 2010  
Trial Date: None set

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**STIPULATION OF SETTLEMENT**

The parties to the consolidated shareholder derivative litigation currently pending in the Superior Court of California, San Mateo County (the “Court”), captioned *San Bruno Fire Derivative Cases*, No. JCCP 4648-C, by and through their attorneys, have entered into the following Stipulation of Settlement (“Settlement”), subject to the approval of the Court:<sup>1</sup>

**I. BACKGROUND**

**A. The *San Bruno Fire Cases***

Following the September 9, 2010 pipeline rupture in San Bruno, California, nearly 500 individual plaintiffs filed personal injury tort cases, which the Court consolidated therein as the *San Bruno Fire Cases*, JCCP No. 4648 (the “*San Bruno Fire Cases*”). In connection with these tort cases, PG&E Corporation (“PG&E Corporation” or the “Corporation”) and Pacific Gas and Electric Company (the “Utility” and together with PG&E Corporation, “PG&E”) admitted in December 2011 that “its use of transmission pipe on Line 132 beginning in 1956 with a defective weld was negligent and this negligence was a proximate cause of the rupture of the pipe on September 9, 2010.” This admission helped facilitate settlements, and PG&E settled with nearly all of the tort plaintiffs by September 2013. The *San Bruno Fire Cases* have now been resolved.

**B. Shareholder Demand by Grace McGarvey**

On October 4, 2010, PG&E Corporation received a letter from counsel to Grace McGarvey, as Executrix for the Estate of Francis McGarvey, demanding, among other things, that the Corporation’s Board of Directors conduct an investigation into alleged breaches of fiduciary duty by PG&E’s directors and officers related to the San Bruno rupture. In response, PG&E Corporation’s Board of Directors formed an Evaluation Committee, which ultimately recommended that the Board reject the demand but reserve the right to commence further investigation or litigation regarding the San Bruno rupture at a later point, if it deemed such investigation or litigation appropriate. The Board unanimously adopted the recommendation of the Evaluation Committee on February 16, 2011.

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<sup>1</sup> All capitalized terms not otherwise defined earlier in this Stipulation shall have the meanings ascribed in the Definitions Section hereof.

1           **C.     The *San Bruno Fire Derivative Cases***

2           On October 18, 2010, former PG&E Corporation shareholder Saul Wollman filed a  
3 shareholder derivative complaint in the Court captioned *Wollman v. Andrews, et al.*, No. CIV  
4 499832 (Super. Ct. San Mateo Cty., filed Oct. 18, 2010). The *Wollman* complaint generally  
5 alleged that certain then-current and former PG&E officers and directors breached their fiduciary  
6 duties and that those breaches caused the San Bruno rupture.

7           On May 26, 2011, the Court stayed *Wollman* until substantial completion of the *San*  
8 *Bruno Fire Cases*. While this stay was in effect, two more plaintiffs, Hind Bou-Salman and  
9 Martha Potiriades— both represented by counsel who had represented tort plaintiffs—filed  
10 separate shareholder derivative complaints purportedly on behalf of PG&E, instituting cases  
11 captioned as follows: (1) *Bou-Salman v. Darbee, et al.*, No. Civ-524283 (Super. Ct. San Mateo  
12 Cty. filed Sept. 23, 2013); and (2) *Potiriades v. Darbee, et al.*, No. Civ-524281 (Super. Ct. San  
13 Mateo Cty. filed Sept. 23, 2013). These plaintiffs, like Wollman, alleged that certain then-  
14 current and former PG&E officers and directors breached their fiduciary duties, and that those  
15 breaches caused the San Bruno rupture. On September 23, 2013, the Court consolidated these  
16 derivative actions as the *San Bruno Fire Derivative Cases*, JCCP No. 4648-C (the “*San Bruno*  
17 *Fire Derivative Cases*”) and temporarily stayed the consolidated action except for the purposes  
18 of filing a consolidated complaint and engaging in settlement discussions. A Consolidated  
19 Derivative Complaint was filed in the *San Bruno Fire Derivative Cases* on November 16, 2013.<sup>2</sup>

20           On April 22, 2014, another shareholder, Louis Marini, filed a derivative complaint in a  
21 case captioned *Marini v. Darbee, et al.*, No. Civ-528140 (Super. Ct. San Mateo Cty. filed  
22 Apr. 22, 2014), which essentially mirrors the Consolidated Derivative Complaint. Marini was  
23 added as a named plaintiff to the *San Bruno Fire Derivative Cases* on May 7, 2014. On June 10,  
24  
25

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26 <sup>2</sup> Because Mr. Wollman sold his PG&E Corporation shares and abandoned his complaint, the  
27 Amended Consolidated Complaint dropped Wollman as a plaintiff and named as plaintiffs Bou-  
28 Salman, Potiriades, and Gary Sender only. *See* Order After Hearing of December 18, 2014, at 8  
(finding that “the *Wollman* Complaint was abandoned prior to the filing of the November 2013  
Amended Consolidated Complaint . . .”).

1 2014, plaintiffs filed the Amended Consolidated Derivative Complaint, adding allegations  
2 related to the pending federal indictment against the Utility. *See infra* § I.D.

3 On May 19, 2014, PG&E, joined by the individual defendants, filed a motion to continue  
4 the stay of the *San Bruno Fire Derivative Cases* and plaintiffs filed a motion to lift the stay. This  
5 Court lifted the stay on August 4, 2014, for the limited purposes of allowing PG&E and the  
6 individual defendants to demur to the Amended Consolidated Derivative Complaint. PG&E,  
7 joined by the individual defendants, promptly filed a Petition for Writ of Mandate (“Petition”) in  
8 the California Court of Appeal asking the appellate court to overturn this Court’s order lifting the  
9 stay. The Court of Appeal did not rule on the Petition at the time but requested to be informed  
10 when this Court ruled on PG&E’s and the individual defendants’ demurrers.

11 PG&E and the individual defendants demurred to the Amended Consolidated Derivative  
12 Complaint on September 15, 2014. On January 5, 2015, following motion practice regarding the  
13 appropriate board against which to assess demand futility, this Court ordered plaintiffs to amend  
14 their complaint to attempt to plead demand futility as of November 2013, the date of the  
15 Amended Consolidated Derivative Complaint. On February 9, 2015, plaintiffs filed their Second  
16 Amended Consolidated Derivative Complaint; PG&E and the individual defendants demurred on  
17 March 11, 2015. The Court overruled those demurrers in an order issued on August 28, 2015.

18 On September 3, 2015, in response to the Petition, the Court of Appeal temporarily  
19 stayed all proceedings in the *San Bruno Fire Derivative Cases* pending consideration of the  
20 Petition. On December 8, 2015, the Court of Appeal granted the Petition, commanding the Court  
21 to set aside and vacate its August 4, 2014 order and to enter a new order staying the *San Bruno*  
22 *Fire Derivative Cases* “pending conclusion of the federal criminal proceedings.” This Court  
23 ordered the required stay on December 22, 2015.

24 On November 17, 2015, PG&E Corporation’s Board of Directors adopted a resolution  
25 appointing a special litigation committee of the Board (the “Special Litigation Committee” or  
26 “SLC”) to “(1) review, investigate, analyze, and evaluate the matters raised in the Shareholder  
27 Derivative Claims, (2) reach its own conclusions, (3) determine what actions, if any, the  
28 Company should take, and (4) commence, prosecute, terminate, and/or compromise, or take any

1 steps the Board could take to cause the Utility to commence, prosecute, terminate, and/or  
2 compromise, any pending or future litigation relating to the Shareholder Derivative Claims and  
3 all related matters[.]” The Special Litigation Committee consists of directors Fred J. Fowler,  
4 Richard C. Kelly, and Anne Shen Smith.

5 **D. The Criminal Action**

6 On April 1, 2014, the United States Attorney’s Office for the Northern District of  
7 California filed a criminal indictment against the Utility in the United States District Court for  
8 the Northern District of California (the “Federal Court”) captioned *United States v. Pacific Gas*  
9 *and Electric Company*, No. 3:14-cv-00175 (N.D. Cal.) (the “Criminal Action”), followed by a  
10 superseding indictment on July 30, 2014. The superseding indictment alleges twenty-seven  
11 counts of knowing and willful violations of the Natural Gas Pipeline Safety Act (49 U.S.C.  
12 § 60123), as well as one count for obstruction of an investigation by the National Transportation  
13 Safety Board (18 U.S.C. § 1505). The Federal Court dismissed fifteen of these counts prior to  
14 trial. The Federal Court also dismissed the Alternative Fines Act allegations related to alleged  
15 losses prior to trial. No Settling Defendant is or was a party to the Criminal Action.

16 Trial in the Criminal Action began on June 17, 2016. On July 26, 2016, just before  
17 closing arguments, the Government dismissed another count, leaving twelve counts for the jury.  
18 The jury began deliberating on July 27, 2016. Before the jury returned its verdict, the Federal  
19 Court dismissed the Alternative Fines Act sentencing allegations related to alleged gains on  
20 August 2, 2016 on the Government’s motion. On August 9, 2016, the jury returned its verdict,  
21 finding the Utility guilty as to six counts and not guilty as to six counts. Specifically, the jury  
22 found the Utility guilty of five counts of violating the federal Pipeline Safety Act related to  
23 integrity management and one count of obstructing a National Transportation Safety Board  
24 proceeding. The jury acquitted the Utility of six counts related to recordkeeping under the  
25 Pipeline Safety Act. The Utility filed a motion for a judgment of acquittal pursuant to Rule 29 of  
26 the Federal Rules of Criminal Procedure on August 16, 2016 (the “Rule 29 Motion”), requesting  
27 that the Federal Court overturn the jury’s verdict as to the six guilty counts. The Government  
28 filed an opposition to that motion on September 13, 2016, and the Utility filed its reply on

1 September 27, 2016. The Federal Court denied the Rule 29 Motion in an Order dated  
2 November 17, 2016. On November 18, 2016, PG&E announced that the Utility did not intend to  
3 appeal the conviction on the five Pipeline Safety Act counts. A sentencing hearing began on  
4 January 23, 2017 and was continued to January 26, 2017. During the January 26, 2017  
5 sentencing hearing, the Federal Court sentenced the Utility to a five year probation term and  
6 ordered the Utility to pay a statutory fine in the amount of three million dollars (\$3,000,000.00),  
7 or five hundred thousand dollars (\$500,000) per count of conviction, as well as a special  
8 assessment of two thousand four hundred dollars (\$2,400.00). The Federal Court also imposed  
9 additional conditions, including the following: (i) the establishment of a third party monitor and  
10 development of an effective compliance and ethics program consistent with the goals outlined in  
11 United States Sentencing Guidelines Section 8B2.1; (ii) a requirement that the Utility publicize  
12 its criminal conviction in newspapers and television advertisements; and (iii) the performance of  
13 10,000 hours of community service, including 2,000 hours by high-level personnel, as defined in  
14 the commentary of United States Sentencing Guidelines Section 8A1.2. Judgment has not yet  
15 been entered in the Criminal Action.

16 **E. The Various Regulatory Actions and Investigations**

17 Various regulatory actions have also been initiated against PG&E since the San Bruno  
18 rupture. These actions include, but are not limited to, the following:

- 19 • *Order Instituting Investigation on the Commission's Own Motion into the*  
20 *Operations and Practices of Pacific Gas and Electric Company to Determine*  
21 *Violations of Pub. Util. Code § 451, General Order 112, and Other Applicable*  
22 *Standards, Laws, Rules and Regulations in Connection with the San Bruno*  
23 *Explosion and Fire on September 9, 2010, Investigation No. 12-01-007 [San*  
24 *Bruno OII];*
- 25 • *Order Instituting Investigation on the Commission's Own Motion into the*  
26 *Operations and Practices of Pacific Gas and Electric Company with Respect to*  
27 *Facilities Records for its Natural Gas Transmission System Pipelines,*  
28 *Investigation No. 11-02-016 [Gas Transmission Recordkeeping OII];*

- 1           • *Order Instituting Investigation on the Commission’s Own Motion into the*  
2           *Operations and Practices of Pacific Gas and Electric Company’s Natural Gas*  
3           *Transmission Pipeline System in Locations with High Population Density,*  
4           Investigation No. 11-11-009 [Class Location OII];
- 5           • *Order Instituting Investigation and Ordering Pacific Gas & Electric Company to*  
6           *Appear and Show Cause Why It Should Not Be Sanctioned for Violations of*  
7           *Article 8 and Rule 1.1 of the Rules of Practice and Procedure and Public Utilities*  
8           *Code Sections 1701.2 and 1701.3, Investigation No. 15-11-015 [Ex Parte OII];*
- 9           • *Order Instituting Investigation And Order to Show Cause on the Commission’s*  
10           *Own Motion into the Operations and Practices of Pacific Gas and Electric*  
11           *Company with Respect to Facilities Records for its Natural Gas Distribution*  
12           *System Pipelines, Investigation No. I.14-11-008 [Gas Distribution Recordkeeping*  
13           *OII];*
- 14           • *Order Instituting Rulemaking on the Commission’s Own Motion to Adopt New*  
15           *Safety and Reliability Regulations for Natural Gas Transmission and Distribution*  
16           *Pipelines and Related Ratemaking Mechanisms, Rulemaking No. 11-02-019*  
17           *[Pipeline Safety Enhancement Plan];*
- 18           • *Application of Pacific Gas and Electric Company Proposing Cost of Service and*  
19           *Rates for Gas Transmission and Storage Services for the Period of 2015-2017*  
20           *and Related Matter, Application No. 13-12-012 and Investigation No. 14-06-016*  
21           *[2015 GT&S Rate Case (ALJ Assignment Fines and Disallowances)];*
- 22           • *Order Instituting Investigation on the Commission’s Own Motion to Determine*  
23           *Whether Pacific Gas & Electric Company and PG&E Corporation’s*  
24           *Organizational Culture and Governance Prioritize Safety, Investigation No. 15-*  
25           *08-019 [Safety Culture OII];*
- 26           • Citation No. ALJ-274 2012-01-001 Issued to Pacific Gas and Electric Company  
27           for Violations of General Order 112-E [Citation for Failure to Conduct Leak  
28           Surveys on Distribution Mains];

- 1           • Citation No. ALJ-274 2014-11-001 Issued by the Safety and Enforcement  
2           Division [Carmel-By-The-Sea Explosion Citation];
- 3           • *Application of Pacific Gas and Electric Company for Authority, Among Other*  
4           *Things, to Increase Rates and Charges for Electric and Gas Service Effective on*  
5           *January 1, 2014 (U39M)*, Application 12-11-009 [General Rate Case (GRC), filed  
6           November 15, 2012];
- 7           • *Application of Pacific Gas and Electric Company to Update Pipeline Safety*  
8           *Enhancement Plan (U39G)*, Application 13-10-017 [PSEP Update Case, filed  
9           October 29, 2013]; and
- 10          • any other regulatory action, order, investigation or citation related to gas pipeline  
11          safety following the San Bruno rupture, including those referenced in (i) the  
12          pleadings filed by the Settling Plaintiffs, the plaintiffs in the Additional Derivative  
13          Cases, former PG&E shareholder Mr. Wollman, and (ii) any shareholder  
14          investigation or books and records demands served on the Board of Directors of  
15          the PG&E Corporation, including the McGarvey demand (*see supra* § I.B.) and  
16          the Bushkin demand (*see infra* § I.I.).
- 17 (the “Regulatory Proceedings”).

18           **F.     The *Iron Workers* Federal Derivative Action**

19           On February 7, 2013, PG&E Corporation shareholder Iron Workers Mid-South Pension  
20          Fund (“Iron Workers”) filed a shareholder derivative complaint (the “Iron Workers Complaint”)  
21          in Federal Court, instituting the action captioned *Iron Workers Mid-South Pension Fund v.*  
22          *Johns*, No. C 13-00550 SC (N.D. Cal.) (the “*Iron Workers* Federal Derivative Action”). The  
23          Iron Workers Complaint asserts breach of fiduciary duty claims against Christopher Johns, Kent  
24          Harvey, Dinyar Mistry, C. Lee Cox, Peter Darbee, Barry Williams, David Andrews, Barbara  
25          Rambo, Maryellen Herringer, Richard Meserve, Roger Kimmel, Lewis Chew and David  
26          Lawrence. Iron Workers did not make a demand on PG&E’s Board of Directors and alleges in  
27          its complaint that such a demand would have been futile. On April 15, 2013, the Federal Court  
28          stayed the *Iron Workers* Federal Derivative Action pending resolution of the *San Bruno Fire*



1 *Cases* and the *San Bruno Fire Derivative Cases*; as of September 30, 2016, that stay remains in  
2 place pending conclusion of the Criminal Action.

3 **G. The *Tellardin State Derivative Action***

4 On June 5, 2015, PG&E Corporation shareholder, Bruce Tellardin, filed a shareholder  
5 derivative complaint (the “Tellardin Complaint”) in the Superior Court of California, San Mateo  
6 County, instituting the action captioned *Tellardin v. Earley, et al.*, No. CIV-534119 (Super. Ct.  
7 San Mateo Cty.) (the “*Tellardin State Derivative Action*”). The Tellardin Complaint asserts  
8 breach of fiduciary duty claims against Anthony Earley, Christopher Johns, Dinyar Mistry, Kent  
9 Harvey, Peter Darbee, C. Lee Cox, Richard Meserve, Rosendo Parra, Maryellen Herringer,  
10 Roger Kimmel, Forrest Miller, Barbara Rambo, Barry Williams, Lewis Chew, Fred Fowler and  
11 Richard Kelly. Unlike plaintiffs in the *San Bruno Fire Derivative Cases*, Tellardin made a pre-  
12 suit litigation demand on PG&E’s Board of Directors. Tellardin alleges that his demand was  
13 wrongfully refused. The *Tellardin State Derivative Action* is not consolidated with the *San*  
14 *Bruno Fire Derivative Cases*, but is before the same Department of this Court for all purposes.  
15 The parties to the *Tellardin State Derivative Action* have agreed, with the approval of the Court,  
16 to extend the deadline for defendants’ response to the complaint until 30 days after entry of an  
17 order lifting the stay in the *San Bruno Fire Derivative Cases*.

18 **H. The *Bushkin Federal Derivative Action***

19 On February 27, 2016, PG&E Corporation shareholder Andrew Bushkin, filed a  
20 shareholder derivative complaint (the “Bushkin Complaint”) in Federal Court, instituting the  
21 action captioned *Bushkin v. Rambo, et al.*, No. 3:16-cv-00973-SI (N.D. Cal.) (the “*Bushkin*  
22 *Federal Derivative Action*”). The Bushkin complaint asserts breach of fiduciary duty claims  
23 against C. Lee Cox, Peter Darbee, Anthony Earley, Kent Harvey, Christopher Johns, William  
24 Hayes, Geisha Williams, Nick Stavropoulos, Dinyar Mistry, Barbara Rambo, Lewis Chew, Fred  
25 Fowler, Maryellen Herringer, Richard Kelly, Roger Kimmel, David Lawrence, Richard Meserve,  
26 Forrest Miller, Rosendo Parra, Anne Shen Smith and Barry Williams. Bushkin’s core allegations  
27 are similar to allegations in the *San Bruno Fire Derivative Cases*. Bushkin also failed to make a  
28 pre-suit litigation demand on PG&E’s Board of Directors and alleges that such a demand would

1 have been futile. The parties to the *Bushkin* Federal Derivative Action have agreed with the  
2 approval of the Federal Court to stay the action “at a minimum, pending conclusion of the trial in  
3 the Criminal Action.”

4 **I. The *Bushkin* State Court Writ Proceeding**

5 On May 23, 2016, Bushkin sent a letter to PG&E Corporation requesting an inspection of  
6 books and records pursuant to Section 1601 of the California Corporations Code  
7 (“Section 1601”). The stated purpose of Bushkin’s Section 1601 demand was to investigate  
8 potential mismanagement and breaches of fiduciary duties at PG&E, including related to the San  
9 Bruno rupture.

10 On June 20, 2016, Bushkin filed a Verified Petition for Writ of Mandate seeking to  
11 enforce his alleged Section 1601 right to inspect the accounting books and records of PG&E in  
12 the Superior Court of California, San Francisco County (the “*Bushkin* Petition”). PG&E  
13 Corporation simultaneously demurred and moved to stay the *Bushkin* Petition and the Superior  
14 Court of California, San Francisco County, stayed the matter pending resolution of the Criminal  
15 Action in an order dated August 29, 2016.

16 **J. The Litigation Progress and Extensive Settlement Negotiations**

17 Although this matter has not progressed into formal discovery, Settling Plaintiffs have  
18 access to all documents and depositions generated in the *San Bruno Fire Cases*. In addition,  
19 PG&E has voluntarily produced additional documents to the Settling Plaintiffs in connection  
20 with the below-described mediation efforts. These documents included documents such as  
21 minutes, agendas and other materials of the PG&E boards of directors and their various  
22 committees, and other materials responsive to Settling Plaintiffs’ requests.

23 As to the legal merits of Settling Plaintiffs’ claims, the parties have expended significant  
24 time and resources litigating two rounds of demurrers, briefing the Court on complex related  
25 issues arising under California law, and briefing motions to stay the litigation. Indeed, although  
26 the first demurrers were filed on September 15, 2014, because of the extensive briefing this  
27 Court received and careful consideration it gave, the demurrers were not finally resolved until  
28 August 28, 2015.

1 Counsel for the Settling Parties engaged in extensive efforts to resolve the shareholder  
2 derivative actions, including three separate mediation sessions. The first mediation was held in  
3 May 2014 before the Honorable Zerme P. Haning III (Ret.) and the Honorable Edward A. Panelli  
4 (Ret.) in San Francisco, California. The second mediation was held in September 2015 before  
5 Justices Haning and Panelli. Neither mediation was successful. In early fall 2016, the parties  
6 discussed efforts to reach a global resolution of the shareholder derivative actions, and ultimately  
7 agreed to participate in a mediation in San Francisco, California, before the Honorable Daniel R.  
8 Weinstein (Ret.), with Justices Haning and Panelli as advisors. The Settling Parties scheduled  
9 the mediation before Judge Weinstein and Justices Haning and Panelli for December 8 and 9,  
10 2016. Prior to the mediation, the Settling Parties exchanged mediation briefs on December 1,  
11 2016.

12 On December 8 and 9, 2016, the Settling Parties participated in a two-day mediation  
13 session in San Francisco. Substantial negotiations took place throughout the two days, and  
14 numerous settlement offers and counteroffers were exchanged. Although the Settling Parties  
15 made substantial progress towards reaching agreement on a number of settlement terms,  
16 including a settlement amount to be paid to PG&E Corporation and corporate governance  
17 reforms, no settlement was reached at that time. The Settling Parties continued their negotiations  
18 in the days and weeks following the mediation and after extensive, arm's-length negotiations  
19 reached agreement in principle on material terms for a settlement amount funded by insurers to  
20 be paid to PG&E Corporation and corporate governance therapeutics.

21 At the time the Settling Parties executed this Stipulation for Settlement of the *San Bruno*  
22 *Fire Derivative Cases*, the Settling Parties had not yet discussed the amount of attorneys' fees to  
23 be paid to Settling Plaintiffs' Counsel for the benefit conferred upon PG&E through the  
24 Settlement.

## 25 **II. THE SLC'S POSITION REGARDING THE SETTLEMENT**

26 The SLC and its Independent Counsel have in no way endorsed any of the Settling  
27 Parties' claims or defenses in the *San Bruno Fire Derivative Cases*, and have not participated in  
28 or assisted pursuit of the claims or defenses asserted therein, but the SLC has carefully reviewed

1 the merits of such claims and defenses in reaching its decision to unanimously approve the terms  
2 of the Settlement as being fair and reasonable and in the best interests of PG&E and its  
3 shareholders. In reaching this determination, the SLC and the SLC's Independent Counsel  
4 (1) reviewed and analyzed the filings in the *San Bruno Fire Cases*, the *San Bruno Fire*  
5 *Derivative Cases*, the Criminal Action, the Regulatory Proceedings, and the Additional  
6 Derivative Cases; (2) prepared for and conducted multiple meetings to review the facts and  
7 evidence underlying the *San Bruno Fire Cases*, the *San Bruno Fire Derivative Cases*, the  
8 Criminal Action, the Regulatory Proceedings, and the Additional Derivative Cases; (3) reviewed  
9 presentations made by counsel to all of the named parties in the *San Bruno Fire Derivative*  
10 *Cases*; (4) researched the applicable law with respect to the claims asserted (or which could be  
11 asserted) in the shareholder derivative actions and the potential defenses thereto and considered  
12 the costs and risks associated with the pursuit of such claims; (5) researched corporate  
13 governance issues; (6) attended the December 8 and 9 mediation session; (7) analyzed the cost  
14 benefit of a possible settlement of the claims asserted in the *San Bruno Fire Derivative Cases*  
15 and the Additional Derivative Cases; and (8) conferred with Judge Weinstein and Justices  
16 Haning and Panelli, the Settling Plaintiffs' Counsel, the Settling Defendants' Counsel, PG&E's  
17 Counsel, and the Settling Defendants' insurance carriers in connection with the mediation.

### 18 **III. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

19 As discussed above, Settling Plaintiffs' Counsel has access to all documents produced by  
20 PG&E and all depositions generated in the *San Bruno Fire Cases*. In addition, PG&E has  
21 voluntarily produced additional documents to the Settling Plaintiffs in connection with the  
22 above-described mediation efforts. These documents included minutes, agendas and other  
23 materials of the PG&E boards of directors and their various committees, and other materials  
24 responsive to Settling Plaintiffs' requests.

25 In addition to benefiting from discovery directly from PG&E, Settling Plaintiffs' Counsel  
26 have analyzed data from many other sources specific to this matter, including, but not limited to:  
27 (1) reviewing and analyzing PG&E's public filings with the U.S. Securities and Exchange  
28 Commission ("SEC"), press releases, announcements, transcripts of investor conference calls,

1 and news articles; (2) reviewing extensive public filings by the California Public Utilities  
2 Commission on issues related to the San Bruno rupture; (3) reviewing securities analyst,  
3 business, and financial media reports about PG&E and the industry; (4) reviewing and analyzing  
4 filings in the *San Bruno Fire Cases* and the Criminal Action; (5) researching the applicable law  
5 with respect to the claims asserted (or which could be asserted) in the shareholder derivative  
6 actions and the potential defenses thereto; (6) researching corporate governance issues;  
7 (7) researching, drafting, and filing complaints and opposition to demurrers and motions to stay;  
8 (8) preparing settlement demands and mediation statements; (9) attending the above-described  
9 mediation sessions; and (10) engaging in mediation discussions with counsel for the SLC, PG&E  
10 and the Settling Defendants.

11           Settling Plaintiffs' Counsel believe that the claims asserted in the *San Bruno Fire*  
12 *Derivative Cases* have merit and that their investigation supports the claims asserted. Without  
13 conceding the merit of any of the Settling Defendants' defenses, and in light of the benefits of  
14 the Settlement as well as to avoid the potentially protracted time, expense, and uncertainty  
15 associated with continued litigation, including potential trial(s) and appeal(s), Settling Plaintiffs  
16 have concluded that it is desirable that the *San Bruno Fire Derivative Cases* be fully and finally  
17 settled in the manner and upon the terms and conditions set forth in this Stipulation. Settling  
18 Plaintiffs and Settling Plaintiffs' Counsel recognize the significant risk, expense, and length of  
19 continued proceedings necessary to prosecute the *San Bruno Fire Derivative Cases* against the  
20 Settling Defendants through trial(s) and through possible appeal(s). Settling Plaintiffs' Counsel  
21 have also taken into account the uncertain outcome and the risk of any litigation, especially  
22 complex litigation such as the *San Bruno Fire Derivative Cases*, as well as the difficulties and  
23 delays inherent in such litigation. Based on their evaluation, and in light of what Settling  
24 Plaintiffs' Counsel believe to be the significant benefits conferred upon PG&E and the Current  
25 PG&E Shareholders as a result of the Settlement, Settling Plaintiffs and Settling Plaintiffs'  
26 Counsel have determined that the Settlement is in the best interests of Settling Plaintiffs, PG&E,  
27 and the Current PG&E Shareholders, and have agreed to settle the *San Bruno Fire Derivative*  
28 *Cases* upon the terms and subject to the conditions set forth herein.

1 In addition, the three mediators who presided over the parties' extensive mediation  
 2 efforts—the Honorable Zerne P. Haning III (Ret.), the Honorable Edward A. Panelli (Ret.), and  
 3 the Honorable Daniel Weinstein (Ret.)—each have concluded that the proposed Settlement is  
 4 fair and reasonable. Each of these mediators is familiar with the claims at issue in this case, as  
 5 well as the risks to all parties of continuing to litigate the claims.

6 **IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

7 Settling Defendants have denied and continue to deny that they have committed or  
 8 attempted to commit any violations of law, any breaches of fiduciary duty owed to PG&E, or any  
 9 wrongdoing whatsoever and expressly maintain that they diligently and scrupulously complied  
 10 with any and all fiduciary and other legal duties. However, to avoid the costs, disruption and  
 11 distraction of further litigation, and without admitting that Settling Plaintiffs have standing to  
 12 bring any claims in the *San Bruno Fire Derivative Cases*, the validity of any allegation made in  
 13 the *San Bruno Fire Derivative Cases*, or any liability with respect thereto, Settling Defendants  
 14 have concluded that it is desirable that the claims against them be settled and dismissed on the  
 15 terms reflected in this Stipulation.

16 Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor  
 17 any document or exhibit attached to or referred to in this Stipulation, nor any action taken to  
 18 carry out this Stipulation, is or may be construed or used as evidence of the validity or merit of  
 19 any of the Released Claims, or as an admission by or against any Settling Defendant of any fault,  
 20 wrongdoing, or concession of liability whatsoever.

21 **TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

22 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among  
 23 the undersigned counsel for the Settling Parties, in consideration of the benefits flowing to the  
 24 parties from the Settlement, and subject to the approval of the Court, that the *San Bruno Fire*  
 25 *Derivative Cases* and the Released Claims shall be finally and fully compromised, settled, and  
 26 released, and that the *San Bruno Fire Derivative Cases* shall be dismissed with prejudice, with  
 27 full preclusive effect, as to all Settling Parties, upon and subject to the terms and conditions of  
 28 the Stipulation, as set forth below.

1           **1. Definitions**

2           As used in this Stipulation, the following terms have the meanings specified below:

3                   1.1       “Action” or the “*San Bruno Fire Derivative Cases*” shall mean the actions  
4 consolidated as the *San Bruno Fire Derivative Cases*, JCCP No. 4648-C (Super Ct. San Mateo  
5 Cty.).

6                   1.2       “Additional Derivative Cases” means, collectively, the *Iron-Workers*  
7 Federal Derivative Action, the *Bushkin* Federal Derivative Action, the *Tellardin* State Derivative  
8 Action, and the *Bushkin* Petition.

9                   1.3       “Board” means the PG&E Corporation Board of Directors.

10                  1.4       “Court” means the Superior Court of California, San Mateo County.

11                  1.5       “Criminal Action” means *United States v. Pacific Gas and Electric*  
12 *Company*, No. 3:14-cv-00175 (N.D. Cal.).

13                  1.6       “Current PG&E Shareholders” means, for purposes of this Stipulation, any  
14 Persons who owned PG&E Corporation common stock as of the date of this Stipulation and who  
15 continue to hold their PG&E Corporation common stock as of the date of the Settlement  
16 Hearing.

17                  1.7       “Effective Date” means the date by which all of the events and conditions  
18 specified in paragraph 8.1 herein have been met and have occurred.

19                  1.8       “Fee and Expense Award” means any sum paid to Settling Plaintiffs’  
20 Counsel for attorneys’ fees and expenses as an award by this Court for the benefits conferred  
21 upon PG&E by the Settlement.

22                  1.9       “Final” means the time when a judgment that has not been reversed,  
23 vacated, or modified in any way is no longer subject to appellate review, either because of  
24 disposition on appeal and conclusion of the appellate process (including potential writ  
25 proceedings) or because of passage, without action, of time for seeking appellate or writ review.  
26 More specifically, it is that situation when (1) either no appeal or petition for review by writ has  
27 been filed and the time has passed for any notice of appeal or writ petition to be timely filed from  
28 the Judgment; or (2) if an appeal has been filed, the court of appeal has either affirmed the

1 Judgment or dismissed that appeal and the time for any reconsideration or further appellate  
2 review has passed; or (3) a higher court has granted further appellate review and that court has  
3 either affirmed the underlying Judgment or affirmed the court of appeal’s decision affirming the  
4 Judgment or dismissing the appeal or writ proceeding, and the time for any reconsideration or  
5 further appellate review has passed.

6 1.10 “Judgment” means the final order and judgment to be rendered by the  
7 Court, substantially in the form attached hereto as Exhibit B.

8 1.11 “Notice” means the Notice of Pendency and Proposed Settlement of  
9 Shareholder Derivative Action, substantially in the form of Exhibit A-1 attached hereto.

10 1.12 “Order Concerning the Proposed Settlement” means the Order to be entered  
11 by this Court, substantially in the form of Exhibit A attached hereto, including, *inter alia*,  
12 preliminarily approving the terms and conditions of the Settlement as set forth in this Stipulation,  
13 directing that Notice be provided to Current PG&E Shareholders, and scheduling a Settlement  
14 Hearing to consider whether the Settlement should be finally approved, whether the Fee and  
15 Expense Award should be finally approved and whether the Judgment should be entered.

16 1.13 “Person” or “Persons” means an individual, corporation, limited liability  
17 corporation, professional corporation, partnership, limited partnership, limited liability  
18 partnership, association, joint stock company, estate, legal representative, trust, unincorporated  
19 association, government or any political subdivision or agency thereof, and any business or legal  
20 entity, and their spouses, heirs, predecessors, successors, representatives, or assignees.

21 1.14 “PG&E” or “Nominal Defendants” means, collectively, PG&E  
22 Corporation and the Utility, and includes all of their subsidiaries, predecessors, successors and  
23 affiliates.

24 1.15 “PG&E Corporation” or the “Corporation” means PG&E Corporation, a  
25 publicly traded California corporation headquartered in San Francisco, California.

26 1.16 “PG&E’s Counsel” means Latham & Watkins LLP.

27 1.17 “Plaintiffs in the Additional Derivative Cases” means PG&E Corporation  
28 shareholders Andrew Bushkin, Iron Workers Mid-South Pension Fund, and Bruce Tellardin.



1           1.18    “Related Persons” means each of a Person’s immediate family members  
2 and current, former, or future parents, subsidiaries, associates, affiliates, partners, joint venturers,  
3 officers, directors, principals, shareholders, members, agents, representatives, employees,  
4 attorneys, financial or investment advisors, consultants, accountants, investment bankers,  
5 commercial bankers, trustees, engineers, insurers, co-insurers, reinsurers, heirs, assigns,  
6 executors, general or limited partners or partnerships, personal or legal representatives, estates,  
7 administrators, predecessors, successors, advisors, and/or any other individual or entity in which  
8 a Person has or had a controlling interest or which is or was related to or affiliated with a Person.

9           1.19    “Released Claims” means any and all claims, rights, demands, obligations,  
10 controversies, debts, damages, losses, causes of action and liabilities of any kind or nature  
11 whatsoever, whether in law or equity, including both known claims and Unknown Claims,  
12 suspected or unsuspected, accrued or unaccrued, held at any point from the beginning of time to  
13 the Effective Date of the Settlement, which have been or could have been asserted by any  
14 Releasing Person, or any PG&E Corporation shareholder on PG&E’s behalf, against any  
15 Released Person, arising out of or relating in any manner to any facts, matters, transactions,  
16 conduct, omissions or circumstances that (1) were or could have been alleged, in the San Bruno  
17 Fire Derivative Cases or the Additional Derivative Cases, or (2) were or are the subject of any of  
18 the actions or proceedings identified in Section I of this Stipulation or are based in whole or in  
19 part on any matter (including without limitation, all actions and proceedings identified in Section  
20 I of this Stipulation and any other action or proceeding by any governmental or regulatory body)  
21 that has been publicly disclosed by any means, including, but not limited to, by press report,  
22 regulatory body or company disclosure, on or before the entry of Judgment in the Action.

23           1.20    “Released Persons” means each and all of: (i) the Settling Defendants and  
24 their Related Persons; (ii) the current and former officers, directors and employees of PG&E, and  
25 each and all of their Related Persons; and (iii) PG&E and its Related Persons.

26           1.21    “Releasing Persons” means each and all of: (i) the Settling Plaintiffs, the  
27 Plaintiffs in the Additional Derivative Cases and each and all of their Related Persons;  
28

1 (ii) PG&E; (iii) each and all of the past and present shareholders of PG&E in their capacity as  
2 shareholders of PG&E or arising from their share ownership; and (iv) the SLC.

3 1.22 “Settling Defendants” means, collectively, the Settling Outside Director  
4 Defendants and the Settling Officer Defendants.

5 1.23 “Settling Officer Defendants” means C. Lee Cox, Peter Darbee, Anthony  
6 Earley, Kent Harvey, William Hayes, Christopher Johns, Thomas King, Dinyar Mistry, Bill  
7 Morrow, Nick Stavropoulos, and Geisha Williams.

8 1.24 “Settling Officer Defendants’ Counsel” means McDermott, Will & Emery  
9 LLP.

10 1.25 “Settling Outside Director Defendants” means David Andrews, Leslie  
11 Biller, Lewis Chew, David Coulter, Fred Fowler, Maryellen Herringer, Richard Kelly, Roger  
12 Kimmel, David Lawrence, Richard Meserve, Mary Metz, Forrest Miller, Rosendo Parra, Barbara  
13 Rambo, Anne Shen Smith and Barry Williams.

14 1.26 “Settling Outside Directors’ Counsel” means Skadden, Arps, Slate,  
15 Meagher & Flom LLP.

16 1.27 “Settling Parties” means, collectively, each of the Settling Plaintiffs (on  
17 behalf of themselves and derivatively on behalf of PG&E), the SLC, PG&E, and the Settling  
18 Defendants.

19 1.28 “Settling Plaintiffs” means, collectively, Hind Bou-Salman, Gary Sender,  
20 Martha Potiriades and Louis Marini.

21 1.29 “Settling Plaintiffs’ Counsel” means: (i) Cotchett, Pitre & McCarthy,  
22 LLP; and (ii) Hagens Berman Sobol, Shapiro LLP.

23 1.30 “Settlement” means the settlement documented in this Stipulation.

24 1.31 “Settlement Hearing” means a hearing by this Court to review this  
25 Stipulation and determine whether the Settlement should be finally approved, whether the Fee  
26 and Expense Award should be finally approved and whether the Judgment should be entered.

27 1.32 “Special Litigation Committee” or “SLC” means the Special Litigation  
28 Committee appointed by November 17, 2015 Board resolution, empowering the SLC to

1 “(1) review, investigate, analyze, and evaluate the matters raised in the Shareholder Derivative  
2 Claims, (2) reach its own conclusions, (3) determine what actions, if any, the Company [defined  
3 as PG&E Corporation] should take, and (4) commence, prosecute, terminate, and/or  
4 compromise, or take any steps the Board could take to cause the Utility [defined as Pacific Gas  
5 and Electric Company] to commence, prosecute, terminate, and/or compromise, any pending or  
6 future litigation relating to the Shareholder Derivative Claims and all related matters[.]” The  
7 SLC consists of directors Fred J. Fowler, Richard C. Kelly, and Anne Shen Smith.

8 1.33 “SLC’s Independent Counsel” means Gibson, Dunn & Crutcher LLP.

9 1.34 “Summary Notice” means the Summary Notice of Pendency and Proposed  
10 Settlement of Shareholder Derivative Action, substantially in the form of Exhibit A-2 attached  
11 hereto.

12 1.35 “Utility” means Pacific Gas and Electric Company, a wholly-owned  
13 subsidiary of PG&E Corp. and an electric and gas utility servicing Northern and Central  
14 California.

15 1.36 “Unknown Claims” means any and all claims that were alleged or could  
16 have been alleged in the Action or in the Additional Derivative Cases by Settling Plaintiffs or  
17 that could potentially have been alleged by the SLC, PG&E, or any PG&E shareholder  
18 derivatively on behalf of PG&E, including claims which he, she, or it does not know or suspect  
19 to exist in his, her, or its favor at the time of the release of the Released Persons, including claims  
20 which, if known by him, her, or it, might have affected his, her, or its decision to settle or the  
21 terms of his, her or its settlement with and release of the Released Persons, or might have  
22 affected his, her, or its decision not to object to this Settlement. With respect to any and all  
23 Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the  
24 Settling Plaintiffs, PG&E and the SLC shall expressly waive, and all other Releasing Persons by  
25 operation of the Judgment shall have expressly waived, the provisions, rights, and benefits of  
26 California Civil Code §1542, which provides:

27 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
28 WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT  
TO EXIST IN HIS OR HER FAVOR AT THE TIME OF

1 EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM  
2 OR HER MUST HAVE MATERIALLY AFFECTED HIS OR  
3 HER SETTLEMENT WITH THE DEBTOR.

4 The Settling Parties acknowledge that they may discover facts in addition to or different from  
5 those now known or believed to be true by them with respect to the Released Claims, but it is the  
6 intention of the Settling Parties to completely, fully, finally, and forever compromise, settle,  
7 release, discharge, and extinguish any and all of the Released Claims known or unknown,  
8 suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent,  
9 which now exist, or heretofore existed, or may hereafter exist, and without regard to the  
10 subsequent discovery of additional or different facts.

## 11 2. Settlement Consideration

12 2.1 Settlement Amount. In consideration of the Settlement, and subject to the  
13 terms and conditions of this Stipulation, the Settling Defendants shall cause to be paid by their  
14 insurance carriers ninety million dollars (\$90,000,000.00) in unrestricted funds (the “Settlement  
15 Amount”) to PG&E Corporation within eleven (11) business days of the entry of the Judgment in  
16 all material respects in the form set forth as Exhibit B attached hereto. Such payment shall be due  
17 regardless of the existence of any appeals or objections to any aspect of the Settlement, including  
18 without limitation any appeals or objections to the Settlement itself, the Court’s approval of any  
19 Fee and Expense Award or the Court’s approval of any allocation of any Fee and Expenses  
20 Award among counsel for Plaintiffs in the Action and the Additional Derivative Cases.

21 2.2 Corporate Governance Therapeutics. In consideration of the Settlement,  
22 PG&E Corporation and the Utility will implement certain corporate governance therapeutics,  
23 which the parties agree will provide substantial value to both companies and their shareholders.  
24 Both companies will work with diligence to implement these therapeutics after the Effective  
25 Date through the adoption or amendment of relevant Board committee charters, and the  
26 amendment of corporate governance guidelines, shareholder communication policies, codes of  
27 conduct and ethics, and management compensation plans, programs, and policies, as necessary  
28 and appropriate. The companies’ progress in implementing and completing the therapeutics

1 outlined in this Stipulation shall be disclosed annually in PG&E Corporation's Corporate  
2 Responsibility and Sustainability Report or another suitable report. The obligations set forth in  
3 this Stipulation shall be in effect for five years after the Effective Date.

4 a. Establishment of Safety Oversight Committees on the Boards of  
5 both companies. Pacific Gas and Electric Company shall create a Safety and Nuclear Oversight  
6 Committee. PG&E Corporation shall rename its current Nuclear, Operations, and Safety  
7 Committee as the Safety and Nuclear Oversight Committee, and revise that committee's  
8 responsibilities as necessary. The primary function of both companies' Safety and Nuclear  
9 Oversight Committees (each an "SNO Committee" and together, the "SNO Committees") shall  
10 be to oversee and review policies, practices, goals, issues, risks and compliance relating to  
11 safety. Both SNO Committees shall meet the following conditions:

12 i. Each SNO Committee shall be solely comprised of  
13 Independent Directors, as defined by the applicable company's Corporate Governance  
14 Guidelines and applicable NYSE or NYSE MKT independence standards and rules.

15 ii. The SNO Committees shall be empowered to act  
16 independently of other Board committees and, except to the extent limited by applicable legal  
17 restrictions and applicable NYSE or NYSE MKT standards and rules (such as NYSE corporate  
18 governance listing standards relating to audit committee duties and responsibilities with respect  
19 to risk assessment and risk management), shall not be subject to any direction or limitation by  
20 any other committee. The SNO Committees shall have the ability to retain or utilize whatever  
21 independent counsel and/or advisors they choose to hire, and the Boards of both companies shall  
22 provide reasonable resources requested by the SNO Committees. Any request for resources shall  
23 be documented in the SNO Committees' minutes, and any failure to provide requested resources  
24 shall be documented and explained in the minutes of both the SNO Committee/s and Board/s of  
25 Directors involved.

26 iii. The SNO Committees shall meet a minimum of six times  
27 per year, including semiannual joint meetings with the PG&E Corporation and Pacific Gas and  
28 Electric Company Audit Committees and the PG&E Corporation Compliance and Public Policy

1 Committee.

2 iv. The SNO Committees shall receive regular reports from  
3 appropriate members of senior management. The SNO Committees shall have the authority to  
4 request reports from any member of senior management, and, when requested, such manager  
5 shall provide the requested report within a reasonable period of time. Any dispute or  
6 unreasonable delay regarding such a request shall be documented in the relevant SNO  
7 Committee's minutes.

8 v. Each SNO Committee shall provide a report semiannually  
9 to both companies' full Boards of Directors detailing actions taken, and issues considered and  
10 addressed as part of its oversight responsibilities.

11 b. Enhanced transparency reporting through annual public disclosure  
12 of the results of API 1173 (or its successor standard) certification inspection by Lloyd's Register  
13 (or its replacement).

14 c. Commitment to shareholder involvement through regular dialogue.  
15 PG&E Corporation shall provide opportunities for dialogue with its 10 largest shareholders  
16 regarding corporate governance issues through in-person or telephonic meetings at least  
17 annually. Such meetings shall be hosted, when possible, by the Chair of the PG&E Corporation  
18 Board and/or the Lead Director of the PG&E Corporation Board, with senior management  
19 present to provide their input. Such meetings shall be subject to PG&E's obligations to avoid  
20 selective disclosure of material information under the federal securities laws, but will be intended  
21 to promote an exchange of ideas regarding ongoing enhancement of PG&E's corporate  
22 governance practices.

23 d. Restatement and update of Employee and Outside Contractor  
24 Codes of Conduct to incorporate various improvements and updates, including to more fully  
25 promote and ensure safety culture and reporting. In creating these restated Codes of Conduct,  
26 PG&E Corporation and Pacific Gas and Electric Company will consider codes of conduct  
27 adopted in the industry and in other industries.

28 e. PG&E Corporation and Pacific Gas and Electric Company shall

1 develop a joint statement, consistent with each company's Board-approved Corporate  
2 Governance Guidelines and Board committee charters as well as the governance requirements  
3 included herein, that describes (i) the respective responsibilities of the Chief Safety Officer  
4 ("CSO"), the Chief Ethics and Compliance Officer ("CECO"), and the SNOs with respect to  
5 creation and instillation of safety culture, and (ii) these entities' reporting and communications  
6 among each other and to the Boards and other Board committees regarding such matters. This  
7 statement shall acknowledge that (i) the CECO and the CSO each have access to any information  
8 needed from employees or senior management to perform such responsibilities; (ii) the CECO  
9 and the CSO provide reports directly to the SNOs regarding such matters; (iii) the SNOs have  
10 authority to request from senior management any reports necessary for the SNOs to perform their  
11 functions; and (iv) the SNOs provide communications and reports to the full Boards and certain  
12 other Board committees regarding safety and related compliance and ethics matters.

13 f. Incorporation of safety, compliance, and ethics into officer  
14 compensation, for example by permitting the Boards or the Compensation Committee of the  
15 PG&E Corporation Board to adjust officer compensation for performance on safety and  
16 compliance.

17 g. Providing for regular attendance and reporting by the Chief Ethics  
18 and Compliance Officer ("CECO") and the Chief Safety Officer ("CSO") at Board and Board  
19 committee meetings, and for access by the CECO and the CSO to senior management and  
20 employees. The CSO shall have access to performance metrics for safety programs, and the  
21 CECO shall have access to performance metrics for compliance and ethics programs. The CSO  
22 and the CECO will have access to any records necessary to fully evaluate performance metrics  
23 for safety programs in the case of the CSO and compliance and ethics programs in the case of the  
24 CECO. The CSO and the CECO will provide reports directly to the SNO Committees, and will  
25 provide regular reports at Board and Board committee meetings demonstrating establishment of  
26 and performance on safety, compliance, and ethics metrics. The CSO and the CECO shall  
27 include in their reports any significant delays or lack of cooperation by managers in obtaining  
28 information necessary for the preparation of their reports.

1 h. Enhancement of PG&E’s “speak up” program, to include anti-  
2 retaliation provisions for employees who participate, as well as special recognition for those  
3 whose reports result in changes to policy or procedure (employees may choose not to receive the  
4 recognition). The “speak up for safety” program will encourage employees to report safety  
5 concerns or violations and a reporting culture that reinforces that every opportunity to identify  
6 and control hazards, reduce risk, and prevent harmful incidents that must be acted on.

7 i. Providing recurrent safety training for PG&E employees and  
8 Board members appropriately tailored to their organizational roles, to include (i) information on  
9 applicable safety and regulatory standards as well as information on compliance performance  
10 and (ii) proper recordkeeping for such safety training. PG&E shall report on these safety training  
11 efforts and develop and maintain performance measures for its safety efforts.

12 2.3 Gas Operations Therapeutics. In consideration of the Settlement, Pacific  
13 Gas and Electric Company (the “Utility”) shall implement the following gas operations  
14 therapeutics, at the estimated cost of approximately \$32,050,000 (the “Gas Operations  
15 Therapeutics Reform Cost”). In no event shall the Utility be required by virtue of this settlement  
16 to spend more than the Gas Operations Therapeutics Reform Cost or the amount of any  
17 individual line-item cost for which an estimate is provided below in this paragraph 2.3. The  
18 Utility will work with diligence to implement these therapeutics upon the Effective Date.

19 a. API 1173 – Recommended Practice for Pipeline Safety  
20 Management Systems (\$90,000)

21 i. The Utility commits to maintaining compliance with the  
22 requirements contained in API 1173 (or its successor standard) for three years (2017-2019). The  
23 Utility will engage Lloyd’s Register (or its replacement) to perform third-party reassessments.  
24 The Utility will address any recommendations identified in the reassessments, with the goal of  
25 continuing to maintain compliance with the requirements contained in API 1173.

26 b. Pipeline Construction Inspector Certification per API 1169  
27 (\$210,000)

28 i. Over the period of 2017 to 2019, the Utility commits to



1 implementing the requirement for its inspectors (both Utility employees and its contractors) to  
2 obtain the Pipeline Construction Inspector certification pursuant to API 1169 (or its successor  
3 standard) for performing inspections of construction work on the Utility's gas transmission and  
4 distribution pipelines. The Utility will require its inspection contractors to be certified. The  
5 certification training for Utility employees will be provided by a third party and the certification  
6 itself will be administered by API.

7 c. Technology Research, Development, and Deployment

8 (\$6,500,000):

9 i. The Utility will support the development and  
10 commercialization of new applications of laser-based leak detection technology that is a  
11 thousand times more sensitive than traditional tools. The Utility will do so by actively  
12 supporting technology providers' efforts to commercialize the new technology by funding and  
13 participating in pre-commercialization testing of the technology in order to accelerate its market  
14 availability. (\$1,500,000)

15 ii. The Utility will support the development of technology  
16 that will enhance gas transmission pipe data accessibility and traceability. Specifically, the  
17 Utility will invest in a NYSEARCH project involving technology that will provide bar  
18 code/RFID embedded in pipe data, which endeavors to make that data available for those  
19 particular sections of pipe without having to excavate or access mobile information systems.  
20 (\$1,000,000)

21 iii. The Utility will implement through a pilot program the  
22 GTI/Locus View Distribution Material Traceability technology. The technology provides gas  
23 pipeline data recording capability, connection to information systems, and retrieval systems. The  
24 Utility will acquire the tablets and GPS and bar code readers as part of the pilot program.  
25 Assuming the pilot program is successful, the Utility will initiate deployment of the program  
26 system-wide, initially dedicating an estimated \$1,000,000 to the effort. (\$2,500,000)

27 iv. The Utility will support the commercialization of the  
28 technology necessary for an effective Tee Cap replacement program. That program is intended

1 to improve the sealing of replacement caps on gas distribution pipeline systems. Specifically, the  
2 Utility will invest in the development of materials and methodologies that would significantly  
3 improve the ability to permanently seal leaking Tee Caps in an effective and cost efficient  
4 manner. (\$1,500,000)

5 d. Enhanced Training (\$8,000,000 over 2017 and 2018)

6 i. Expand and enhance training curriculum that is available  
7 for new and existing gas operations personnel, including engineers, estimators, mappers,  
8 operators, corrosion mechanics, and others, that is aimed at improving the qualifications of the  
9 Utility's gas operations personnel. The Utility will invest in incremental curriculum and  
10 examination development beyond current capability, focusing on Lines of Progression and  
11 Apprentice Programs, and incorporating industry best practices.

12 e. Training for external first responders (\$1,500,000)

13 i. The Utility will work with the National Association of Fire  
14 Marshalls to develop comprehensive standardized first responder curriculum that will address  
15 industry-leading first responder response to gas-related fires.

16 ii. Specifically, the Utility will fund the construction of a  
17 natural gas fire training facility leveraging existing community training locations in the Winters,  
18 California area, and the training (both the instructor's training, and that of the first responders)  
19 for three years (2017-2019).

20 f. Enhancement of integrity management programs relating to data  
21 collection for threat assessments (\$15,000,000)

22 i. Develop program to collect and verify data in the field to  
23 validate conservative assumptions primarily for gas transmission pipeline conditions. The  
24 program will include performing excavations to validate pipeline features such as internal  
25 corrosion, coatings, and stress corrosion cracking, and will, among other things, complement the  
26 Utility's threat assessment function through the collection and maintenance of the data collected.

27 g. Enhance the Utility's Methods & Procedures Lab Facility in  
28 Dublin, CA (\$750,000)

1 i. The Utility will fund an improved and secured outdoor  
2 covered storage area in order to better secure and protect large samples such as transmission pipe  
3 that are to be analyzed and tested at the facility.

4 **3. Procedure for Implementing the Settlement**

5 3.1 Promptly after the execution of this Stipulation, Settling Plaintiffs'  
6 Counsel shall submit the Stipulation together with its exhibits to the Court and file a Motion for  
7 Order Concerning the Proposed Settlement, substantially in the form of Exhibit A attached  
8 hereto, requesting, *inter alia*: (i) preliminary approval of the Settlement set forth in this  
9 Stipulation; (ii) approval of the method of providing notice of pendency and proposed Settlement  
10 to Current PG&E Shareholders; (iii) approval of the forms of Notice attached hereto as  
11 Exhibit A-1 and Exhibit A-2; (iv) a date for the Settlement Hearing; and (v) leave to file an  
12 amended complaint, which shall be brought against all Settling Defendants (including all  
13 defendants named in the Additional Derivative Cases) and shall include all claims made in each  
14 pending shareholder derivative lawsuit brought on behalf of PG&E, including: (a) the *San*  
15 *Bruno Fire Derivative Cases*; (b) the *Iron Workers Federal Derivative Action*; (c) the *Tellardin*  
16 *State Shareholder Derivative Action*; and (d) the *Bushkin Federal Derivative Action* (the  
17 "Amended Complaint."). This Settlement is contingent on the occurrence of the Effective Date.

18 3.2 Within ten (10) days of the Court's entry of the Order Concerning the  
19 Proposed Settlement, Settling Plaintiffs shall submit a draft of the Amended Complaint to Settling  
20 Defendants' Counsel, PG&E's Counsel and the SLC's Counsel for comment. Assuming the  
21 Settling Parties agree on the form of the Amended Complaint, it shall be filed with the Court  
22 within twenty (20) days of the Court's entry of the Order Concerning the Proposed Settlement.

23 3.3 Within twenty (20) days of the Court's entry of the Order Concerning the  
24 Proposed Settlement, PG&E shall: (1) cause a copy of the Summary Notice, substantially in the  
25 form attached hereto as Exhibit A-2, to be published twice in the national edition of the  
26 *Investors' Business Daily*; and (2) post the Notice, substantially in the form attached hereto as  
27 Exhibit A-1, and this Stipulation on the Investor Relations page of the PG&E website  
28 <http://investor.pgecorp.com/>, which posting shall be maintained through the date of the Settlement

1 Hearing. PG&E shall cause to be paid all costs of such publishing and posting. Settling  
2 Plaintiffs' Counsel will also post the Notice on their firm's websites.

3           3.4     The Settling Parties believe the content and manner of such procedures  
4 constitute adequate and reasonable notice to Current PG&E Shareholders pursuant to applicable  
5 law.

6           3.5     Pending the Court's determination as to whether the Settlement should be  
7 finally approved and Judgment entered, Releasing Persons will be barred and enjoined from  
8 commencing, prosecuting, instigating, or in any way participating in the commencement or  
9 prosecution of all claims arising out of, relating to, or in any way connected with the institution,  
10 prosecution, assertion, settlement, or resolution of the Action, the Additional Derivative Cases or  
11 the Released Claims.

12           **4.     Dismissal of the Additional Derivative Cases**

13           4.1     This Settlement is expressly conditioned on the Additional Derivative Cases  
14 being dismissed with prejudice. Settling Plaintiffs agree it is their obligation to obtain dismissal  
15 with prejudice of the Additional Derivative Cases. The dismissal with prejudice of the Additional  
16 Derivative Cases is a material condition to the effectiveness of the Settlement, waivable only by  
17 PG&E and a majority of the Settling Defendants.

18           4.2     Settling Plaintiffs shall take, or cause to be taken, all actions, and to do, or  
19 cause to be done, all things necessary, proper, and appropriate to secure dismissal with prejudice of  
20 the Additional Derivative Cases in their entirety as to all parties. In the interim, the Settling Parties  
21 shall cooperate to, at a minimum, secure a postponement of any hearing or trial date(s) while this  
22 Settlement is under consideration by the Court.

23           **5.     Right to Withdraw from the Settlement**

24           5.1     The Settling Parties shall have the option to terminate the Settlement in the  
25 event that either (i) the Judgment referred to above and attached hereto as Exhibit B is not  
26 entered substantially in the form specified herein, or as modified by order of the Court with the  
27 consent of the Settling Parties, (ii) the Settlement does not receive Final approval by the Court,  
28 or the Court approves the Settlement but such approval is reversed or vacated or substantially

1 modified on appeal, reconsideration or otherwise. In the event that the Additional Derivative  
2 Cases are not dismissed with prejudice, the Settlement shall be terminated unless both PG&E  
3 and a majority of the Settling Defendants elect to proceed with the Settlement.

4           5.2     In the event that the Judgement does not become Final, or the Court  
5 approves the Settlement but such approval is reversed or vacated on appeal, reconsideration or  
6 otherwise, and such order reversing or vacating the Judgement becomes Final by lapse of time or  
7 otherwise, then the Settlement proposed herein shall be of no further force or effect, and this  
8 Settlement and all negotiations, proceedings and statements relating thereto and any amendment  
9 thereof shall be null and void and without prejudice to any party hereto, and each Settling Party  
10 shall be restored to his, her or its respective position as it existed prior to the execution of this  
11 Stipulation.

## 12           **6.     Fees and Expenses**

13           6.1     PG&E agrees that the Settlement Amount, the corporate governance  
14 therapeutics and the gas operations therapeutics, as set forth in paragraphs 2.1, 2.2 and 2.3 above,  
15 represent a valuable benefit to PG&E and its shareholders. Settling Plaintiffs intend to seek a Fee  
16 and Expense Award from the Court in an amount not to exceed twenty-five million dollars  
17 (\$25,000,000.00) for fees and five hundred thousand dollars (\$500,000.00) in costs. PG&E  
18 Corporation agrees that it will pay to Settling Plaintiffs' Counsel a Fee and Expense Award in an  
19 amount up to twenty-five million dollars (\$25,000,000.00) for fees, and up to five hundred  
20 thousand dollars (\$500,000.00) in costs, to be paid from the Settlement Amount, if and as  
21 ordered by and subject to the approval of the Court.

22           6.2     Approval by the Court of the Fee and Expense Award shall not be a  
23 precondition to approval of the Settlement or dismissal of the *San Bruno Fire Derivative Cases*  
24 or the Additional Derivative Cases in accordance with this Settlement. The Settling Plaintiffs  
25 may not cancel or terminate this Settlement based on the Court's or any appellate court's ruling  
26 with respect to attorneys' fees and/or expenses. Any appeal relating to an award of attorneys'  
27 fees or expenses will not affect the finality of the Settlement, the Judgment or the releases  
28 provided herein. The application for a Fee and Expense Award may be considered separately

1 from the proposed Settlement.

2           6.3     PG&E Corporation shall pay any fees and expenses awarded by the Court  
3 to Settling Plaintiffs' Counsel within fifteen (15) business days after entry of the Judgment in all  
4 material respects in the form set forth as Exhibit B attached hereto.

5           6.4     Payment of the Fee and Expense Award by PG&E Corporation in the  
6 amount approved by the Court shall constitute full, complete and final payment for: (i) all of  
7 Settling Plaintiffs' Counsel's services in the *San Bruno Fire Derivative Cases*, including fees and  
8 expenses that have been incurred or will be incurred in connection with the filing and prosecution of  
9 the *San Bruno Fire Derivative Cases* and the resolution of the claims alleged therein; and (ii) all  
10 legal fees and expenses for counsel for Plaintiffs in the Additional Derivative Cases. No separate  
11 payment shall be made to counsel for Plaintiffs in the Additional Derivative Cases and counsel for  
12 Plaintiffs in the Additional Derivative Cases shall have no claim to any such payment. In the event  
13 that counsel for Plaintiffs in the Additional Derivative Cases do not voluntarily participate in this  
14 Settlement, Settling Plaintiffs' Counsel shall be obligated to pay any fees and expenses ultimately  
15 due to counsel for Plaintiffs in the Additional Derivative Cases.

16           6.5     Upon payment of the Fee and Expense Award by PG&E Corporation,  
17 PG&E, the Settling Defendants and their insurer(s) shall be discharged from any liability for  
18 payment of Settling Plaintiffs' attorneys' fees, costs or expenses in the *San Bruno Fire Derivative*  
19 *Cases* or the Additional Derivative Cases.

20           6.6     Neither PG&E, Settling Defendants nor their respective counsel shall have  
21 any responsibility for the allocation of the Fee and Expense Award among Settling Plaintiffs'  
22 Counsel and counsel to Plaintiffs in the Additional Derivative Cases.

23           6.7     In the event that the Judgment fails to become Final, or, as the result of any  
24 proceeding or successful collateral attack, the Fee and Expense Award is reduced or reversed, if the  
25 Settlement itself is voided by any party as provided herein or by the terms of the Settlement, or if  
26 the Settlement is later reversed by any court of competent and valid jurisdiction, then it shall be  
27 Settling Plaintiffs' Counsel's several obligation to make appropriate refunds to PG&E Corporation  
28 or any Settling Defendants' insurance carriers that made payments of any portion of the Fee and

1 Expense Award within fifteen (15) business days.

2           6.8     Except as otherwise provided herein or except as provided pursuant to  
3 indemnification or insurance rights, each of the Settling Parties shall bear his, her, or its own costs,  
4 expenses, and attorneys' fees.

5           **7.     Releases**

6           7.1     As of the Effective Date, the Releasing Persons will, and hereby do,  
7 release any and all Released Claims.

8           7.2     Nothing herein shall in any way impair or restrict the rights of any Released  
9 Person to enforce the terms of the Settlement as set forth in this Stipulation.

10          7.3     Notwithstanding anything to the contrary in paragraph 7.1 above or  
11 otherwise, nothing herein shall be deemed in any way to impair or restrict the rights of PG&E or  
12 any Settling Defendant or their successors or representatives arising under any policy or contract  
13 of insurance.

14          **8.     Effective Date of Settlement; Effect of Disapproval, Cancellation, or**  
15                **Termination**

16          8.1     The Effective Date of the Settlement shall be the date on which all of the  
17 following events have occurred:

18               a.     filing of the Amended Complaint in the *San Bruno Fire Derivative*  
19 *Cases*, as set forth in paragraph 3.2;

20               b.     approval of the Settlement at or after the Settlement Hearing  
21 following notice to Current PG&E Shareholders as set forth in paragraph 3.3;

22               c.     entry of the Judgment, in all material respects in the form set forth as  
23 Exhibit B annexed hereto, approving the Settlement without awarding costs to any party, except as  
24 provided herein, dismissing the *San Bruno Fire Derivative Cases* with prejudice, and releasing the  
25 Released Persons from the Released Claims;

26               d.     payment of the Settlement Amount (\$90,000,000) by the Settling  
27 Defendants' insurance carriers to PG&E Corporation, as set forth in paragraph 2.1;

28               e.     the passing of the date upon which the Judgment becomes Final;

1 f. dismissal with prejudice of the Additional Derivative Cases; and  
 2 g. the passing of the dates upon which each of the dismissal orders in  
 3 the Additional Derivative Cases become Final.

4 8.2 If any of the conditions specified above in paragraph 8.1 are not met, then  
 5 the Stipulation shall be cancelled and terminated, unless all of the Settling Parties agree in  
 6 writing to proceed with the Stipulation; provided however that if the Additional Derivative Cases  
 7 are not dismissed with prejudice, the Settlement may proceed if, but only if, both PG&E and a  
 8 majority of the Settling Defendants elect to do so. If for any reason the Stipulation is in any way  
 9 canceled, terminated or the Judgment fails to become Final in accordance with the Stipulation's  
 10 terms: (a) all Settling Parties and Released Persons shall be restored to their respective positions  
 11 prior to execution of this Stipulation; (b) all releases delivered in connection with the Stipulation  
 12 shall be null and void, except as otherwise provided for in the Stipulation; (c) the Fee and  
 13 Expense Award shall not be paid; and (d) all negotiations, proceedings, documents prepared, and  
 14 statements made in connection herewith shall be without prejudice to the Settling Parties, shall  
 15 not be deemed or construed to be an admission by any of the Settling Parties of any act, matter,  
 16 or proposition, and shall not be used in any manner for any purpose in any subsequent  
 17 proceeding in the *San Bruno Fire Derivative Cases* or the Additional Derivative Cases or in any  
 18 other action or proceeding. If the Effective Date has not occurred by January 1, 2019, the  
 19 Stipulation may be cancelled and terminated by the majority of the Settling Defendants.

20 **9. Attorneys' Fees**

21 9.1 The Settling Parties have agreed to a process pursuant to which counsel to  
 22 Plaintiffs in the Additional Derivative Cases may receive funds from this Fee and Expense  
 23 Award; specifically, counsel to Plaintiffs in the Additional Derivate Cases may either come to  
 24 agreement with Settling Plaintiffs' Counsel on the amount of their distribution, or may make an  
 25 application for an award of fees and costs to Judge Weinstein, and Justices Haning and Panelli  
 26 ("the Panel"), at a time and in a format deemed appropriate by the Panel. The Panel will issue a  
 27 decision on the allocation of the Fee and Expense Award that will be subject to Final approval by  
 28 Court. The Court's determination on allocation shall be final and nonappealable. In either event,



1 funds may not be disbursed from the Fee and Expense Award to counsel for Plaintiffs in the  
2 Additional Derivative Cases until the applicable matter(s) are dismissed with prejudice, and any  
3 time to appeal has run.

4 **10. Miscellaneous Provisions**

5 10.1 The Settling Parties (i) acknowledge that it is their intent to consummate  
6 the Settlement; and (b) agree to act in good faith and cooperate to take all reasonable and  
7 necessary steps to expeditiously implement the terms and conditions of the Settlement set forth  
8 in this Stipulation.

9 10.2 The Settling Parties intend this Settlement to be a final and complete  
10 resolution of all disputes between them with respect to the *San Bruno Fire Derivative Cases*, the  
11 Additional Derivative Cases and the Released Claims. The Settlement compromises claims that  
12 are contested and shall not be deemed an admission by any Settling Party as to the merits of any  
13 claim, allegation, or defense. The Settling Parties and their respective counsel agree that at all  
14 times during the course of the litigation, each has complied with the requirements of the  
15 applicable laws and rules of the Court.

16 10.3 The Settling Parties agree that the terms of the Settlement were negotiated in  
17 good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after  
18 consultation with competent legal counsel. The Settling Parties will request that the Judgment will  
19 contain a finding that during the course of the *San Bruno Fire Derivative Cases* and the Additional  
20 Derivative Cases, the Settling Parties and their respective counsel at all times complied with the  
21 requirements of Federal Rule of Civil Procedure 11, California Code of Civil Procedure § 128.7,  
22 and all other similar rules of professional conduct. The Settling Parties reserve their right to rebut,  
23 in a manner that the parties determine to be appropriate, any contention made in any public forum  
24 that the *San Bruno Fire Derivative Cases* and the Additional Derivative Cases were brought or  
25 defended in bad faith or without a reasonable basis.

26 10.4 Each of the Settling Defendants expressly denies and continues to deny all  
27 allegations of wrongdoing or liability against himself or herself arising out of or relating to any  
28 conduct, statements, acts, or omissions alleged, or which could have been alleged, in the Action and

1 the Additional Derivative Cases. Neither the Stipulation (including any exhibits attached hereto)  
2 nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the  
3 Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be  
4 offered, or used in any way by the Settling Parties as a presumption, a concession, an admission, or  
5 evidence of any fault, wrongdoing, or liability of any of the Settling Parties or of the validity of any  
6 Released Claims; or (b) is or may be deemed to be or may be used as a presumption, concession,  
7 admission, or evidence of any liability, fault, or omission of any of the Released Persons in any  
8 civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal.  
9 Neither this Stipulation nor the Settlement, nor any act performed or document executed pursuant to  
10 or in furtherance of this Stipulation or the Settlement, shall be admissible in any proceeding for any  
11 purpose, except to enforce the terms of the Settlement, and except that the Released Persons may  
12 file the Stipulation and/or the Judgment in any action or proceeding that may be brought against  
13 them to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel,  
14 full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other  
15 theory of claim preclusion or issue preclusion or similar defense or counterclaim.

16           10.5 Settling Plaintiffs' Counsel agree that within thirty (30) days of the Effective  
17 Date, they will return to the producing party all documents and other discovery material obtained  
18 from such producing party in any matter, including all documents produced by PG&E or any of the  
19 Released Persons, whether formally or informally in connection with the mediation described herein  
20 (herein "Discovery Material"), or destroy all such Discovery Material and certify to that fact;  
21 provided, however that Settling Plaintiffs' Counsel shall be entitled to retain all filings, court papers,  
22 deposition and trial transcripts, and attorney work product containing or reflecting Discovery  
23 Materials, subject to the requirement that Settling Plaintiffs' Counsel shall not disclose any  
24 information contained or referenced in the Discovery Material to any person except pursuant to  
25 court order or agreement with PG&E. The Settling Parties agree to submit to Judge Weinstein any  
26 dispute concerning the return or destruction of Discovery Material, to be resolved by expedited  
27 binding mediation.

28

1           10.6 The Settling Parties agree that they will release a joint statement to the public  
2 concerning the settlement, to be mutually agreed upon. The Settling Parties agree not to make any  
3 other out-of-court statements about this Settlement. Nothing in this clause shall prevent PG&E or  
4 any of the Settling Defendants from complying with all legal, regulatory, and/or judicial  
5 requirements, including the rules and regulations applicable to filing reports with the SEC.  
6 Additionally, nothing in this clause shall prevent the Settling Parties from making public  
7 statements that are (a) consistent with the joint statement and (b) are deemed necessary by any  
8 Settling Party to support the approval of the settlement.

9           10.7 Any disputes arising out of the finalization of the settlement documentation,  
10 the implementation and enforcement of the terms of this Stipulation, or the Settlement itself shall be  
11 resolved by Judge Weinstein by expedited binding mediation.

12           10.8 The Stipulation and the exhibits attached hereto constitute the entire  
13 agreement among the Settling Parties with respect to the Settlement, and supersede any and all prior  
14 negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to such  
15 matters.

16           10.9 The exhibits to the Stipulation are material and integral parts hereof and are  
17 fully incorporated herein by this reference.

18           10.10 The Stipulation may be amended or modified only by a written instrument  
19 signed by or on behalf of all the Settling Parties or their respective successors-in-interest.

20           10.11 The Stipulation and the Settlement shall be binding upon, and inure to the  
21 benefit of, the successors and assigns of the Settling Parties and the Released Persons. The Settling  
22 Parties agree that this Stipulation will run to their respective successors-in-interest, and they further  
23 agree that any planned, proposed, or actual sale, merger, or change-in-control of PG&E shall not  
24 void this Stipulation, and that in the event of a planned, proposed, or actual sale, merger, or change-  
25 in-control of PG&E, they will continue to seek final approval of this Stipulation expeditiously,  
26 including but not limited to the Settlement terms reflected in this Stipulation and any Fee and  
27 Expense Award.

28

1           10.12 The Stipulation and the exhibits attached hereto shall be considered to have  
2 been negotiated, executed, and delivered, and to be wholly performed, in the State of California, and  
3 the rights and obligations of the Settling Parties to the Stipulation shall be construed and enforced in  
4 accordance with, and governed by, the internal, substantive laws of California without giving effect  
5 to that State's choice-of-law principles.

6           10.13 No representations, warranties, or inducements have been made to any party  
7 concerning the Stipulation or its exhibits other than the representations, warranties, and covenants  
8 contained and memorialized in such documents.

9           10.14 All agreements made and orders entered during the course of the Action  
10 relating to the confidentiality of information and documents shall survive this Stipulation.

11           10.15 The waiver by any Settling Party of any breach of this Stipulation by any  
12 other Settling Party shall not be deemed a waiver of that or any other prior or subsequent breach of  
13 any provision of this Stipulation by any other Settling Party.

14           10.16 In the event that any part of the Settlement is found to be unlawful, void,  
15 unconscionable, or against public policy by a court of competent jurisdiction, the remaining  
16 terms and conditions of the Settlement shall remain intact.

17           10.17 In the event that there exists a conflict or inconsistency between the terms of  
18 this Stipulation and the terms of any exhibits hereto, the terms of this Stipulation shall prevail.

19           10.18 Each counsel or other Person executing the Stipulation or its exhibits on  
20 behalf of any of the Settling Parties hereby warrants that such Person has the full authority to do so.

21           10.19 The Stipulation may be executed in one or more counterparts, including by  
22 signature transmitted by facsimile or emailed .pdf files. Each counterpart, when so executed, shall  
23 be deemed to be an original, and all such counterparts together shall constitute the same instrument.  
24 A complete set of executed counterparts shall be filed with this Court.

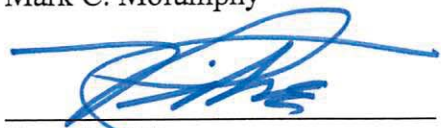
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26           IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be  
27 executed, by their duly authorized attorneys, dated as of March 10, 2017.

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DATED: MARCH 14, 2017

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DATED: \_\_\_\_\_, 2017

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*Co-Lead Counsel for Plaintiffs derivatively on  
behalf of Pacific Gas and Electric Company and  
PG&E Corporation*

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DATED: \_\_\_\_\_, 2017

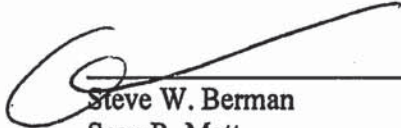
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DATED: March 15, 2017

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behalf of Pacific Gas and Electric Company and  
PG&E Corporation*

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DATED: 3/10, 2017

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DATED: March 12, 2017

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DATED: \_\_\_\_\_, 2017

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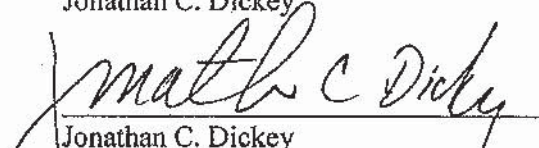
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DATED: March 10, 2017

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DATED: \_\_\_\_\_, 2017

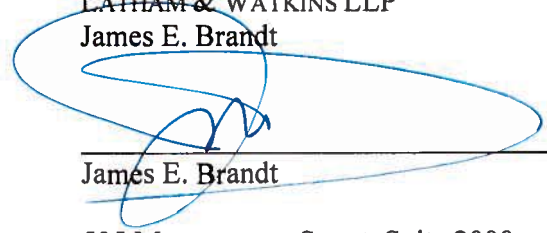
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DATED: 3/13, 2017

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DATED: \_\_\_\_\_, 2017

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DATED: \_\_\_\_\_, 2017

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DATED: \_\_\_\_\_, 2017

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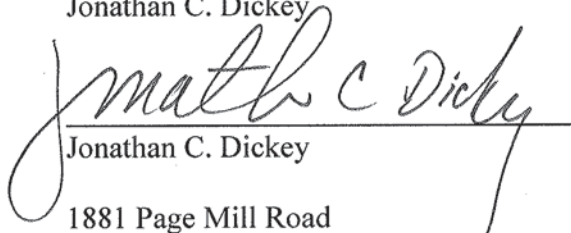
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DATED: March 10, 2017

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# EXHIBIT B

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**ENDORSED FILED**  
**SAN MATEO COUNTY**

JUL 18 2017

Clerk of the Superior Court  
By J. Obaob  
DEPUTY CLERK

SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF SAN MATEO

Coordination Proceeding Special Title  
(Rule 3.550)

PG&E SAN BRUNO FIRE CASES

JCCP 4648-C (Derivative Actions)

<sup>SLD</sup>  
~~PROPOSED~~ JUDGMENT

Date: July 18, 2017  
Time: 10:00 a.m.  
Dept: 7  
Judge: Steven L. Dylina

<sup>SLD</sup>  
~~PROPOSED~~ JUDGMENT  
CASE NO. JCCP 4648-C

1 This matter came before the Court for hearing pursuant to the Order Concerning Proposed  
2 Settlement of this Court dated April 26, 2017 (the "Preliminary Approval Order"), on the  
3 application of the parties for approval of the settlement set forth in the Stipulation of Settlement  
4 dated as of March 10, 2017 as modified by the Preliminary Approval Order (collectively, the  
5 "Stipulation") (the "Stipulation"). Due and adequate notice having been given as required in said  
6 Preliminary Approval Order, and the Court having considered all papers filed and proceedings had  
7 herein and otherwise being fully informed in the premises and good cause appearing therefore, IT  
8 IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

9 This Judgment incorporates by reference the definitions in the Stipulation, and all terms  
10 used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth  
11 herein.

12 This Court has jurisdiction over the subject matter of the Action and over all parties thereto,  
13 including Settling Plaintiffs, the current stockholders of PG&E Corporation, PG&E Corporation  
14 and Pacific Gas and Electric Company (the "Utility" and together with PG&E Corporation  
15 "PG&E"), and the Settling Defendants.

16 The Court hereby approves the Settlement set forth in the Stipulation as fair, reasonable,  
17 adequate, and in the best interests of PG&E and the shareholders of PG&E Corporation, and directs  
18 that the Settlement be consummated in accordance with the terms and conditions set forth in the  
19 Stipulation.

20 The Court hereby dismisses on the merits and with prejudice the Action and all Released  
21 Claims. Except as otherwise provided in the Stipulation, each party shall bear their own costs.

22 Upon the Effective Date, all Releasing Persons shall have and by operation of this  
23 Judgment shall be deemed to have, fully, finally, and forever waived, released, relinquished,  
24 discharged, and dismissed any and all Released Claims against the Released Persons.

25 Upon the Effective Date, all Releasing Persons shall have and by operation of this  
26 Judgment shall be deemed to have covenanted not to sue the Released Persons with respect to the  
27 Released Claims, and shall be forever barred and enjoined from commencing, prosecuting,  
28 instigating or in any way participating in the commencement or prosecution, in any court of law

1 or equity, arbitration tribunal, or administrative or other forum, of any Released Claims against  
2 any of the Released Persons and of all claims arising out of, relating to, or in any way connected  
3 with the institution, prosecution, assertion, settlement, or resolution of the Action, the Additional  
4 Derivative Cases or the Released Claims.

5 The Court finds that the notice given to current PG&E shareholders of the Settlement and  
6 the Settlement Hearing was the best notice practicable under the circumstances, and that said notice  
7 fully satisfied the requirements of due process and applicable law.

8 The Court hereby approves an aggregate Fee and Expense Award in the amount of twenty-  
9 five million five hundred thousand dollars (\$25,500,000.00) in accordance with the terms of the  
10 Stipulation, finds that such Fee and Expense Award is fair and reasonable, and directs said amount  
11 to be paid to Settling Plaintiffs' Counsel as provided in the Stipulation, such amounts to cover all  
12 fees and expenses of Plaintiffs' Counsel in the Additional Derivative Claims as well.

13 Neither the Stipulation (including any exhibits attached thereto) nor the Settlement  
14 contained therein, nor any act performed or document executed pursuant to or in furtherance of  
15 the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to  
16 be offered, or used in any way as a presumption, a concession, an admission, or evidence of any  
17 fault, wrongdoing, or liability of any of the Settling Parties or of the validity of any Released  
18 Claims; or (b) is or may be deemed to be or may be used as a presumption, concession, admission,  
19 or evidence of any liability, fault, or omission of any of the Released Persons in any civil, criminal,  
20 or administrative proceeding in any court, administrative agency, or other tribunal. Neither the  
21 Stipulation nor the Settlement contained therein, nor any act performed or document executed  
22 pursuant to or in furtherance of the Stipulation or the Settlement, shall be admissible in any  
23 proceeding for any purpose, except to enforce the terms of the Settlement, and except that the  
24 Released Persons may file the Stipulation and/or Judgment in any action or proceeding that may  
25 be brought against them to support a defense or counterclaim based on principles of *res judicata*,  
26 collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or  
27 reduction, or any other theory of claim preclusion or issue preclusion or similar defense or  
28 counterclaim.

1 The Court hereby retains jurisdiction pursuant to CCP section 664.6 to enforce the terms  
2 of the settlement, including but not limited to, the implementation of extensive corporate  
3 governance therapeutics as set forth in paragraph 2.2 of the Stipulation, and certain gas operations  
4 therapeutics, as set forth in paragraph 2.3 of the Stipulation. The Court orders that PG&E  
5 Corporation provide at least quarterly reports to the Court and to the city of San Bruno  
6 summarizing the progress of the implementation of these measures.

7 The Court finds that during the course of the Action, the Settling Parties and their respective  
8 counsel at all times complied with the requirements of California Code of Civil Procedure § 128.7,  
9 and all other similar laws.

10 In the event that the Settlement does not become effective in accordance with the terms of  
11 the Stipulation, or the Effective Date does not occur, then this Judgment shall be rendered null and  
12 void and shall be vacated to the extent provided by and in accordance with the Stipulation and, in  
13 such event, all orders entered and releases delivered in connection herewith shall be null and void  
14 to the extent provided by and in accordance with the Stipulation.

15 Without further order of the Court, the Settling Parties may agree to reasonable extensions  
16 of time to carry out any of the provisions of the Stipulation.

17 Judgment shall be, and hereby is, entered dismissing the Action with prejudice and on the  
18 merits. The Court finds that this Judgment is a final, appealable judgment and should be entered  
19 in accordance with applicable law.

20 IT IS SO ORDERED.

21  
22 DATED:  JUL 18 2017

**STEVEN L. DYLIINA**  
\_\_\_\_\_  
THE HONORABLE STEVEN L. DYLIINA  
SUPERIOR COURT JUDGE