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15 *and Debtors in Possession*

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

19 **In re:**

20 **PG&E CORPORATION,**

21 **- and -**

22 **PACIFIC GAS AND ELECTRIC**  
23 **COMPANY,**

24 **Debtors.**

- 25  Affects PG&E Corporation  
26  Affects Pacific Gas and Electric Company  
27  Affects both Debtors

28 *\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM)*

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Bankruptcy Case No. 19-30088 (DM)

Chapter 11  
(Lead Case) (Jointly Administered)

**DECLARATION OF KENNETH S. ZIMAN IN  
SUPPORT OF CONFIRMATION OF DEBTORS'  
AND SHAREHOLDER PROPONENTS' JOINT  
CHAPTER 11 PLAN OF REORGANIZATION**

1 Pursuant to 28 U.S.C. § 1746, I, Kenneth S. Ziman, hereby declare as follows under penalty of  
2 perjury:

3 1. I am a Managing Director in the Restructuring Group at Lazard Frères & Co. LLC  
4 (“**Lazard**”), an investment banking firm that has its principal office at 30 Rockefeller Plaza, New York,  
5 New York 10112. Lazard is the primary U.S. operating subsidiary of a preeminent international  
6 investment banking, financial advisory, and asset management firm. Together with its predecessors  
7 and affiliates, Lazard has been advising clients around the world for over 165 years. Lazard and its  
8 professionals have considerable expertise and experience in providing investment banking and  
9 financial advisory services to financially distressed companies and to creditors, equity holders and other  
10 constituencies in reorganization proceedings and complex financial restructurings, both in and out of  
11 court. In addition, Lazard’s investment banking professionals have extensive experience in advising  
12 debtors in chapter 11 cases and have served as investment bankers to numerous debtors, chapter 11  
13 trustees, creditors’ committees and buyers in chapter 11 cases. Since 1990, Lazard professionals have  
14 been involved in over 250 restructurings, representing over \$1 trillion in debtor assets.

15 2. At Lazard, I specialize in advising public and private companies and creditor groups in  
16 complex financial restructurings and in raising capital for, selling, or acquiring financially distressed  
17 businesses. I have nearly 30 years of experience in corporate finance and restructuring. I joined Lazard  
18 in March 2016 after a more than 25-year career as a bankruptcy and restructuring lawyer, previously  
19 as a partner at Simpson Thacher & Bartlett LLP and most recently as the Deputy Practice Leader of  
20 Skadden, Arps, Slate, Meagher & Flom LLP’s Corporate Restructuring department. Throughout my  
21 career I have represented debtors, individual creditors, official creditors’ committees, unofficial  
22 bondholder committees, and other parties in interest in numerous in-court and out-of-court  
23 restructurings and recapitalizations involving companies in multiple industries, including those of  
24 Takata Corporation, Cobalt International Energy, Inc., ManorCare Inc., Gavilan Resources LLC,  
25 SunEdison, Inc., CGG Holdings (U.S.) Inc., Millennium Health, LLC, Dendreon Corporation, Exide  
26 Technologies, Savient Pharmaceuticals, Inc., Energy Future Holdings Corporation, Residential Capital,  
27 LLC, Select Staffing, iPayment, Inc. and MF Global Holdings Ltd. I have submitted declarations  
28

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1 and/or affidavits or have had testimony proffered in CGG, SunEdison and GCX Limited, among other  
2 cases.

3 3. I graduated from Colgate University with a B.A. and I have a law degree from the  
4 University of Pennsylvania Law School.

5 4. Lazard is a long-time advisor to PG&E Corporation (“**PG&E Corp.**”), and its primary  
6 operating subsidiary, Pacific Gas and Electric Company (the “**Utility**”; together with PG&E Corp.,  
7 “**PG&E**”, the “**Company**” or the “**Debtors**”), with the initial engagement for advisory services starting  
8 in 2011. Since that time, Lazard has provided financial advisory and investment banking services to  
9 PG&E with respect to a variety of matters, including, without limitation: analysis of the financial  
10 condition of the Company, evaluation of potential transactions that the Company may pursue,  
11 assessment of financing options, and shareholder advisory services. Given Lazard’s long history with  
12 PG&E, Lazard has significant familiarity with and knowledge of the Debtors’ business, operations, and  
13 financial challenges.

14 5. Lazard currently serves as investment banker to the Debtors in their Chapter 11 Cases.  
15 In such capacity, Lazard assists the Company in its assessment of its ability to raise capital and its  
16 evaluation of the sources of financing required in order to successfully emerge from the Chapter 11  
17 Cases. During the course of these cases, Lazard has been directly and indirectly involved with various  
18 stakeholders and other potential financing sources regarding, among other things, their willingness to  
19 invest in the Company to finance its emergence from chapter 11.

20 6. I submit this Declaration (the “**Declaration**”) in support of confirmation of the *Debtors’*  
21 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated March 16, 2020* [Docket  
22 No. 6320] (as it may be amended, modified or supplemented, and together with any exhibits or  
23 schedules thereto, the “**Plan**”).<sup>1</sup> Together with the Debtors’ counsel and other advisors, I have  
24 reviewed, and I am generally familiar with, the terms and provisions of the Plan, the documents  
25 comprising the Plan Supplement, the Proposed Confirmation Order, the Memorandum, and the

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26 <sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or the *Plan*  
27 *Proponents’ Joint Memorandum of Law and Omnibus Reply in Support of Confirmation of Debtors’ and Shareholder*  
28 *Proponents’ Joint Chapter 11 Plan of Reorganization* (the “**Memorandum**”), filed contemporaneously herewith, as applicable.

1 requirements for confirmation of the Plan pursuant to section 1129 of title 11 of the United States Code  
2 (the “**Bankruptcy Code**”).

3 7. Except as otherwise indicated, the facts set forth in this Declaration (or incorporated by  
4 reference herein) are based upon my personal knowledge, including my review of relevant documents  
5 and the Debtors’ books and records, information provided to me by employees working under my  
6 supervision, my experience and knowledge related to the Debtors’ operations, businesses, and financial  
7 condition, and information supplied to me by the Debtors and the Debtors’ other professionals and  
8 advisors. If I am called upon to testify, I would testify competently to the facts set forth herein. I am  
9 authorized to submit this Declaration on behalf of the Debtors.

10 8. The Plan is predicated on total financing sources of approximately \$59 billion,  
11 consisting of \$38.1 billion of debt capital, \$15.75 billion of equity capital, \$2.2 billion of insurance  
12 proceeds and the remainder to come from anticipated cash on the Company’s balance sheet at  
13 emergence.

14 9. As of the start of the Confirmation Hearing, the Debtors expect to have commitments  
15 for nearly all of the approximately \$54 billion of debt and equity financing components of the  
16 emergence financing.<sup>2</sup> The approximate \$38 billion in debt capital commitments are comprised of a  
17 variety of potential sources, including:

- 18 a. approximately \$21.4 billion of prepetition bank and bond debt that is either being  
19 reinstated (\$9.6 billion) or refinanced (\$11.9 billion) in accordance with the terms  
20 of the Noteholder RSA, which was approved by this Bankruptcy Court on February  
21 4, 2020, and as provided in the Plan;
- 22 b. \$6 billion of bank financing per the terms of the bank commitments that the  
23 Company has received and expects to have fully executed prior to Confirmation;<sup>3</sup>  
24 and

25 \_\_\_\_\_  
26 <sup>2</sup> The Financial Projections assume total sources of funding of approximately \$59 billion after including  
cash, insurance, and certain deferred cash payments.

27 <sup>3</sup> The Company has filed a securitization application, and, if approved, will repay this debt in March  
28 2021 with proceeds of the securitization.

1 c. \$10.7 billion of bond financing proceeds (\$5.9 billion of investment grade bonds at  
2 the Utility and \$4.75 billion of high yield bonds at PG&E Corp.), which are to be  
3 raised in the public debt markets immediately following entry of the Proposed  
4 Confirmation Order. Based on feedback received to date from the Company's  
5 financing banks (which does not include Lazard), the Company has no reason to  
6 believe it will not be able to successfully raise this debt in the public debt markets  
7 as contemplated; nevertheless, the Company retains access to \$10.8 billion of bridge  
8 financing commitments, which were approved by the Court on March 16, 2020, if  
9 necessary to address this financing need.

10 10. Given the foregoing, Lazard expects that the Debtors will be able to raise the debt capital  
11 contemplated by the Plan necessary to fund their emergence from chapter 11.

12 11. In terms of the \$15.75 billion of nominal equity capital contemplated by the Plan, \$6.75  
13 billion of such nominal equity capital will be issued at Fire Victim Equity Value to the Fire Victim  
14 Trust pursuant to the Plan, and \$9 billion of cash equity financing is to be raised from investors. As  
15 previously described in my prior declaration, dated March 2, 2020 [Docket No. 6014], regarding the  
16 Final Equity Backstop Commitment Letters, which were approved by the Court on March 16, 2020,  
17 the Debtors will raise the \$9 billion of equity financing either by way of a public market offering, a  
18 Rights Offering, or by relying on the Backstop Commitments.

19 12. The Rights Offering Procedures, a true and correct copy of which is attached hereto as  
20 **Exhibit A**, are customary and consistent with the terms and conditions outlined in the Equity Backstop  
21 Commitment Letters and their approval is necessary to effectuate the Rights Offering. If it is  
22 determined to pursue a Rights Offering, it will be made available to all stockholders of record and will  
23 be registered under the Securities Act of 1933, as amended.

24 13. The Debtors are currently working with their financing banks and Lazard to evaluate  
25 strategies with respect to raising equity in the public markets and engaging with potential investors  
26 regarding the same. The Debtors intend to launch the equity offering shortly after entry of the  
27 Confirmation Order, and to also raise the public debt described above. The Debtors are focused on  
28

1 raising the \$9 billion of equity capital at the best possible price. If necessary, the cash to be raised by  
2 equity is available to the Debtors under the Backstop Commitments, which remain in full force and  
3 effect as of the date hereof.

4 14. Finally, to ensure adequate liquidity and flexibility upon emergence from chapter 11,  
5 the Debtors have also arranged multiple working capital facilities, including a \$3.5 billion Utility  
6 revolving credit facility and a \$500 million PG&E Corp. revolving credit facility. Furthermore, the  
7 Debtors are in the process of arranging a \$1 billion accounts receivable facility at the Utility that I  
8 understand from the Company will be available around the time of emergence from chapter 11. Taken  
9 together, the Debtors anticipate having access to \$4.5 billion of liquidity at the Utility and \$500 million  
10 at PG&E Corp. to finance the Company upon emergence and on a go-forward basis. Based on the  
11 Financial Projections and other information provided by the Company, these working capital facilities  
12 should be sufficient to meet the Company's post-emergence needs.

13 15. As is customary, obtaining these sources of capital and the related commitments will  
14 require, among other things, (i) appropriate authorizations and approvals to enter into the relevant  
15 documents and agreements and making filings and recordings as contemplated by the Plan Funding  
16 and Exit Financing; and (ii) authorization to pay the fees and expenses associated therewith to ensure  
17 the availability of such capital and the Debtors' timely emergence from chapter 11.

18 16. In sum, based on the foregoing and information provided by the financing banks and  
19 the Company, I believe that the Debtors will have the necessary sources of financing in order to emerge  
20 from these Chapter 11 Cases in a timely manner, and to meet their obligations under the Plan.

21 17. In addition, the Debtors and their advisors have been engaged in negotiations with the  
22 Tort Claimants Committee and its advisors with respect to a Registration Rights Agreement relating to  
23 the shares to be transferred to the Fire Victim Trust pursuant to the Plan. The proposed agreement  
24 provided to the Tort Claimants Committee is consistent with the recommendations of the Debtors'  
25 equity underwriter.

1 Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true  
2 and correct to the best of my knowledge, information, and belief.

3  
4 Dated: May 22, 2020  
5 Greenwich, CT

6 /s/ Kenneth S. Ziman  
7 Kenneth S. Ziman

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# Exhibit A



## Rights Offering Procedures<sup>1</sup>

### 1. Introduction

On March 16, 2020, PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**” and together with PG&E Corp., the “**Debtors**”), and certain funds and accounts managed or advised by Abrams Capital Management, LP and certain funds and accounts managed or advised by Knighthood Capital Management, LLP filed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated March 16, 2020* [Docket No. 6320] (as it may be amended, modified or supplemented, and together with any exhibits or schedules thereto, the “**Plan**”) and the accompanying *Disclosure Statement for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization* [Docket No. 6322] (the “**Disclosure Statement**”).

As described in the Disclosure Statement, in order to finance the transactions contemplated by the Plan, the Debtors expect to raise \$9 billion through one or more issuances of new PG&E Corp. common stock or equity-linked securities, which issuance may take the form of a Rights Offering. The Equity Backstop Commitment Letters, which were approved by the Court on March 16, 2020 [Docket No. 6321], and these Rights Offering Procedures outline the circumstances under which the Debtors will be permitted to undertake the Rights Offering and certain terms and conditions that must be included as part of the Rights Offering.

In the event that the Debtors determine to undertake a Rights Offering, the Debtors will issue a press release (the date of such press release, the “**Announcement Date**”) announcing the anticipated commencement of the Rights Offering and shortly thereafter the Debtors will file a prospectus supplement with the Securities and Exchange Commission (the “**SEC**”) describing the definitive terms and conditions of the Rights Offering (the “**Prospectus Supplement**”, and, together with the base prospectus it is supplementing, the “**Prospectus**”). Investors should refer to the Prospectus Supplement and other documents filed by the Debtors with the SEC for the definitive terms and conditions of the Rights Offering. The Debtors currently expect the Rights Offering would operate as follows: prior to the Effective Date of the Plan, each holder of PG&E Corp. common stock (each, an “**Eligible Offeree**”) as of 5:00 p.m., New York City time, on a date that is approximately ten days after the Announcement Date (the “**Record Date**”) shall receive transferable subscription rights to purchase shares of new PG&E Corp. common stock. At least one Business Day after the Record Date, each Eligible Offeree will receive one subscription right for each share of common stock owned as of the Record Date. The subscription rights will expire and have no value if they are not exercised by 5:00 p.m., New York City time, on a date that is not less than 14 after the date that subscription rights are distributed and which date and time will be identified, and may be extended as described in, the Prospectus Supplement (such date and time, the “**Expiration Date**”). The subscription rights will also expire and have no value if the Debtors terminate the Rights Offering at any time prior to settlement.

Each subscription right will permit the holder of such right to acquire, at a subscription price per share of common stock to be specified in the Prospectus Supplement (the “**Subscription Price**”), a number of shares of common stock specified in the Prospectus Supplement (the “**Basic Subscription Privilege**”). Each holder of a subscription right that fully exercises its Basic Subscription Privilege may also subscribe for additional shares (the “**Over-Subscription Privilege**”), for pro rata allocation in the event that not all available shares are purchased pursuant to the rightsholders’ Basic Subscription Privilege (subject to the limitations described below).

PG&E Corp. (or both Debtors) will engage a subscription agent to receive exercises of subscription rights and payments in respect thereof during the subscription period (the “**Subscription Agent**”). The Subscription Agent will hold in escrow the funds received from subscribers until the consummation or termination of the Rights Offering. Except to the extent otherwise described in the Prospectus Supplement, all exercises of subscription rights will be irrevocable.

The subscription rights will be transferable, and the Debtors expect that the subscription rights will be admitted to trade on the NYSE during the subscription period.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings set forth in the Disclosure Statement.

No securities are being offered for sale by these Rights Offering Procedures. Any new PG&E Corp. common stock that is issued in the Rights Offering will be registered under the Securities Act of 1933, as amended, and will be sold pursuant to the Prospectus and any related free writing prospectus. Before exercising any subscription rights, rightsholders should read the Prospectus and carefully consider the risks described under the “Risk Factors” section of the Prospectus before buying any of the securities offered thereby.

## 2. Anticipated Key Dates for the Rights Offering

Announcement Date	To be determined
Record Date	5:00 p.m., New York City time, approximately 10 days after the Announcement Date
Distribution of subscription rights	At least one business day after the Record Date
Expiration Date	5:00 p.m., New York City time, 14 or more days after the distribution of subscription rights

## 3. Distribution of Subscription Rights

### *Registered Holders*

The Subscription Agent will mail rights statements to registered owners of common stock as of the Record Date at their addresses of record.

### *Beneficial Owners*

For beneficial owners of common stock as of the Record Date who hold shares through a broker, dealer, custodian bank or other nominee, the broker, dealer, custodian bank or other nominee will distribute rights statements or similar materials to the beneficial owners. The Subscription Agent will not directly mail rights statements to beneficial owners.

## 4. Exercise of Subscription Rights

### **Method of Exercising Subscription Rights**

The subscription rights may be exercised at any time during the subscription period, which is expected to commence on the business day after the Record Date and expires on the Expiration Date unless extended by us in accordance with the procedures described in the Prospectus Supplement. Except to the extent otherwise described in the Prospectus Supplement, the exercise of subscription rights will be irrevocable and may not be canceled or modified.

### *Registered Holders*

Registered holders of subscription rights may exercise their subscription rights by delivering the documentation to be set forth in the Prospectus Supplement and full subscription payment for each share subscribed for to the Subscription Agent, at the address that will be set forth in the Prospectus Supplement before the Expiration Date.

### *Beneficial Owners*

Beneficial holders of subscription rights should instruct their brokers, dealers, custodian banks or other nominees to exercise the subscription rights and deliver all documents and payment on behalf of the beneficial holders prior to the Expiration Date. The Debtors will ask the nominees to notify beneficial holders of the Rights Offering. A beneficial holders’ nominee may establish an exercise deadline that may be before the Expiration Date. Beneficial holders should complete and return to their nominees the appropriate subscription documentation received from their nominees. Subscription rights will not be considered exercised unless the Subscription Agent receives from the broker, dealer, custodian bank or other nominee all of the required documents and full subscription payment prior to the Expiration Date.

## **Payment Method**

### ***Registered Holders***

Payments must be made in full in U.S. currency to the Subscription Agent in accordance with the instructions set forth in the Prospectus Supplement. Such payment will be deemed to have been received by the Subscription Agent immediately upon receipt. Payment received after the Expiration Date will not be honored, and the Subscription Agent will return such payment, without interest or penalty, as soon as practicable.

### ***Beneficial Owners***

Beneficial holders of subscription rights should follow the instructions of their nominee regarding payment. The nominee may require that the beneficial holder have sufficient funds in its account to charge that account for the Subscription Price.

Beneficial holders must act promptly to ensure that their brokers, dealers, custodian banks or other nominees act on behalf of the beneficial holders and that all required forms and payments are actually received by the Subscription Agent prior to the Expiration Date. The Debtors will not be responsible if a broker, dealer, custodian bank or other nominee fails to ensure that all required forms and payments are actually received by the Subscription Agent prior to the Expiration Date.

## **5. Use of Proceeds**

The maximum gross proceeds expected to be raised in the Rights Offering are estimated to be approximately \$9 billion. The Debtors intend to use the gross proceeds from the Rights Offering to pay the fees and expenses of the Rights Offering and to effectuate the reorganization in accordance with the terms and conditions contained in the Plan of Reorganization.

Pending such ultimate application, the Debtors intend initially to contribute some or all of the proceeds from the Rights Offering to the Utility.

## **6. Escrow**

The Subscription Agent will hold funds received in payment for shares of common stock to be issued pursuant to the exercise of subscription rights in a segregated account pending the Effective Date. The Subscription Agent will hold this money in escrow until the Effective Date or until the Rights Offering is consummated or terminated. If the Rights Offering is terminated for any reason, all subscription payments received by the Subscription Agent will be returned, without interest or penalty, by the Subscription Agent as soon as practicable.

## **7. Transferability**

The subscription rights will be transferable. The Prospectus Supplement will describe how rightsholders may transfer their subscription rights.

## **8. Limitation on Amount Purchased**

As discussed further in Section VIII.E of the Disclosure Statement, the Debtors currently have and expect to incur significant net operating loss carryforwards and other tax attributes, the utilization of which could be materially limited in the event of a change in ownership under Section 382 of the Internal Revenue Code (the “Code”) of 1986. In order to avoid a current or future ownership change and consistent with ownership restrictions in the New Organizational Documents, the Debtors anticipate that both the Basic Subscription Privilege and the Over-Subscription Privilege will be subject to certain limitations that may restrict the subscribing rightsholder from exercising its Basic Subscription Privilege or Over-Subscription Privilege where such exercise would result in such rightsholder or another related or coordinating person from owning (including through attribution under the tax law) more than 4.75% of PG&E Corp.’s issued and outstanding shares of common stock upon the consummation of the

Rights Offering. In order to administer the operation of this limitation and for other purposes related to Section 382 of the Code, the Debtors anticipate requesting relevant information, including, but not limited to, the rightsholder's holdings of PG&E Corp. common stock in connection with an exercise of subscription rights. Pursuant to such limitations, the Debtors reserve the right in their sole discretion to reject in full or in part the exercise of the Basic Subscription Privilege or Over-Subscription Privilege, including in the event that the requested relevant information is missing or incomplete.

**9. Information Agent**

In the event that the Debtors determine to undertake a Rights Offering, the identity of the Information Agent will be determined prior to the Announcement Date and disclosed in the Prospectus Supplement. Questions relating to the Rights Offering should be directed to the Information Agent at an address and phone number to be included in the Prospectus Supplement.

**10. Rights Offering Conditioned Upon Effectiveness of the Plan**

The consummation of the Rights Offering will be subject to and conditioned upon the occurrence of the Effective Date of the Plan.