



## Frequently Asked Questions—PG&E Corporation Retirement Savings Plan (a 401(k) Plan)

### Need Help?

#### Information About Your RSP Account

- Call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)**  
Customer Service Associates are available 5:30 a.m. to 9 p.m. Pacific Time on weekdays, excluding New York Stock Exchange holidays.
- Visit [www.401k.com](http://www.401k.com)

#### Information About Financial Engines Professional Management

- Call the RSP service provider, Fidelity Investments, at **1-877-401-5762**
- Visit [www.financialengines.com/forPGE](http://www.financialengines.com/forPGE)

### General Questions:

1. **Why is PG&E making changes to its 401(k) plan, the PG&E Corporation Retirement Savings Plan (RSP)?**

PG&E is committed to helping you plan for a secure financial future. We want to give you more choices to help meet your changing needs and reflect current 401(k) marketplace opportunities. We want to offer you more flexibility to invest the way you want. We're also offering expanded support from professional investment advisors.

2. **Do I need to take any action?**

No, but you might want to. Some investment options will no longer be available, so be sure you understand how your current contributions to and balances in closing funds will be reinvested if you take no action. Future contributions and existing fund balances for closing funds will be allocated automatically to the Target Date Fund with a targeted retirement date closest to your 65<sup>th</sup> birthday unless you take action.

If you don't want to invest in a Target Date Fund, you must:

- Change the direction of your contributions to available investment options by 1 p.m. Pacific Time on July 22, for your first affected paycheck. Keep in mind, even if your contributions default to a Target Date Fund, you can change your future contribution allocations to any available fund at any time through [www.401k.com](http://www.401k.com).
- Exchange any balances in the closing funds by 1 p.m. Pacific Time on October 13, to available investment options.

3. **Which funds are closing and when do I have to take action on these investments?**

All of the Tier 1 (Conservative, Moderate and Aggressive Asset Allocation Funds) and all of the Tier 3 (Mutual Fund Window) funds are closing. Many of the Tier 3 funds will be available as of July 13 through the Self-Directed Account. You'll need to establish a Self-Directed Account with Fidelity if you want to continue investing in available Tier 3 funds.

Current Tier 2 (RSP Core Fund) investments are not affected and will continue to be available. However, if you wish to direct your contributions or transfer an existing balance to one of the new funds, you'll need to take action. You can make these changes anytime after the new funds become available on July 13, 2009.



4. **Will all of the current Tier 3 Mutual Fund Window options be available through the Self-Directed Account (BrokerageLink)?**

No. While many of the current options will be available, some will no longer be offered or will be offered with certain restrictions. In some cases, a different share class of the same fund may be offered. If you have questions about any individual funds or whether a different class of shares might be available, call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)**.

5. **I'd like to put a portion of my future contributions and current balances in a Target Date Fund (Tier 1) and another portion in one of the new Core Funds (Tier 2). Can I do this?**

Yes. You can invest among all three tiers. While the funds are organized by tier to meet different investing styles, you're not limited to investing in a single tier. Please note that if you want to invest in the Self-Directed Account (Tier 3), you'll need to set up a Fidelity BrokerageLink® account in advance.

6. **If I take no action and my elections and balances in a closing fund are allocated to a Target Date Fund, when will I be allowed to make new elections or move my balances out of this fund?**

Beginning July 13, you can change your future contribution elections or move balances from a Target Date Fund to other available investment options. Remember, before you can invest in a mutual fund available through a Self-Directed Account, you must establish a Fidelity BrokerageLink account first.

7. **I understand my current Tier 1 and Tier 3 contributions will be automatically allocated to a Target Date Fund on July 13 and that I must make new elections if I don't want to be invested in the default Target Date Fund. Why do I have until July 22, 1 p.m. Pacific Time, to choose new elections?**

On July 13, payroll deductions directed to one of the closing funds will be automatically directed to the Target Date Fund with a target date closest to your 65<sup>th</sup> birthday. However, you can update where you want your contributions directed before your next pay date after July 13. If you're paid on a monthly basis, July 23 is the next pay date following July 13. If you're paid on a bi-weekly basis, July 24 is the next pay date following July 13.

You should make your election by 1 p.m. Pacific Time on July 22 to ensure Fidelity's system can process the new election in time for your July 23 or July 24 contribution. This is the deadline for the first pay period when the new funds will be available and the closing funds will no longer accept contributions. After that date, you can change the investment of your contributions to any available fund at any time. Your new investment election will take effect as of the next available pay period.

8. **Will access to my account be limited while the RSP changes are taking effect?**

No, you'll have full access to your account.

9. **I'm not currently enrolled in the RSP. How can I start participating?**

If you're an eligible employee, you may visit [www.401k.com](http://www.401k.com) or call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)** to enroll in the plan. Customer Service Associates are available 5:30 a.m. to 9 p.m. Pacific Time on weekdays, excluding New York Stock Exchange holidays.



### **Tier 1 — Target Date Funds:**

**10. Can I invest in more than one Target Date Fund?**

Yes, but you may not want to. The Target Date Funds are designed to allow you to achieve a well diversified portfolio by investing in just one fund. A single Target Date Fund, chosen based on your date of birth and an assumed retirement age of 65, is designed to provide your portfolio with adequate diversification and reduced exposure to market risk as you approach your targeted retirement date. Remember, these funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high yield, small cap, and foreign securities. Unless a plan investment option specifically states otherwise, principal is not guaranteed at any time and it possible to lose money at any time, including near and after your retirement.

**11. If I take no action, why is my 65<sup>th</sup> birthday used as the criteria to select a Target Date Fund?**

Though you may choose among any of the Target Date Funds, the standard default will be the Target Date Fund that targets a retirement date closest to your 65<sup>th</sup> birthday. PG&E's Retirement Plan considers age 65 to be the normal retirement age for all participants, and Social Security considers age 65 to be the normal retirement age for people born in 1937 and earlier.

**12. I'm over age 65 and according to the Target Date Fund chart, the Target Date Fund I should choose is the RSP Retirement Income Fund. Does this fund guarantee payment of interest or income?**

No. As with any mutual fund, there is no guarantee that this fund will ensure a gain or prohibit a loss. The investments in the Retirement Income Fund are intended for someone who expects to retire within a few years or is already retired, has a normal life expectancy and wants a diversified portfolio that emphasizes income over growth potential.

### **Tier 2 — Core Funds:**

**13. I currently have investments in the Tier 2 Core Funds; do I need to take any action?**

No action is required. The Tier 2 funds currently available will continue to be available.

**14. What does it mean that PG&E has “pre-screened” the Tier 1 Target Date Funds and Tier 2 Core Funds?**

The Employee Benefit Committee of PG&E Corporation, acting through PG&E staff, selects and monitors these funds to determine that they are appropriate for inclusion as investment options within the RSP. These funds offer a range of investment options with low fees that enable participants to build a well-diversified portfolio. Although these funds are screened for inclusion in the RSP, this does not ensure a gain or guarantee against loss. Keep in mind that all investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

The Plan's fiduciaries reserve the right to remove any investment options from the RSP if at any time they determine the option to be inappropriate for further inclusion in the RSP.



- 15. I understand many of the RSP Core Funds are index funds. How do index funds work?**  
Most of the funds in Tier 1 and 2 are passively managed index funds. Index funds seek to match the investment returns of a certain group of stocks or bonds, called an index. For instance, the RSP Large Company Stock Index Fund targets the return of the Standard & Poor's 500 Index (S&P 500). Because most index funds are passively managed, they typically carry lower annual expenses than actively managed funds.
- 16. What are the advantages of investing in index funds?**  
Index funds are a cost efficient option and emphasize the importance of asset allocation.
- 17. Why is PG&E adding new Core Funds to Tier 2?**  
The investment objective of the Core Funds is to provide investors with asset-class building blocks from which they can design their own portfolios. PG&E is expanding the Core Fund offerings to provide additional convenience and to include funds that represent asset classes with distinctly different risk and return characteristics. For example, the RSP Total US Stock Index Fund provides exposure to both large and small US stocks — while the RSP Emerging Markets Enhanced Index Fund and the RSP US Government Bond Index Fund offer different risk and return characteristics. For complete fund descriptions, please review the Fund Fact Sheets for the Core Funds at [www.401k.com](http://www.401k.com).

### **Tier 3 — Self-Directed Account (Fidelity BrokerageLink®):**

- 18. I like some of the funds in the Mutual Fund Window and want to continue to invest in them. Can I still do this?**  
It depends. Many of the Mutual Fund Window investment options will be available through BrokerageLink but other funds will not be offered. In some cases, a different share class of the same fund will be available. For the most up-to-date information on what funds will be available, call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)**.
- 19. What do I need to do to invest in Tier 3 funds?**  
You'll need to open a BrokerageLink account on or after July 13, 2009, to invest in funds available through the Tier 3 Self-Directed Account option, including any former Mutual Fund Window funds that will be offered through BrokerageLink. Please call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)** for a current listing of Mutual Fund Window investment options that will no longer be available or will carry restrictions.
- 20. Is there an annual fee to maintain a BrokerageLink account?**  
No, there are no annual fees to maintain this type of account, but there may be transaction fees or commissions for purchases and sales through your BrokerageLink account. A BrokerageLink account operates like most other individual brokerage accounts — transaction fees and commissions may apply when you purchase or sell securities in your account. For a listing of all applicable brokerage fees, see the Fidelity BrokerageLink Commission Schedule available at [www.401k.com](http://www.401k.com) within the Plan Information and Documents tab. Click on the Fidelity BrokerageLink Kit and select the Participant Acknowledgement Form.
- 21. What fees are associated with funds available through BrokerageLink?**  
Some funds available through BrokerageLink charge no fees, while others have transaction fees and commissions. Funds with a sales load charge a percentage of the purchase amount of the fund at the time you invest in the fund. BrokerageLink participants also could incur transaction fees when purchasing no-load mutual funds that don't participate in Fidelity's "no



transaction fee” program. Fidelity may charge an “excessive trading fee” for exchanges involving a no-load/no-transaction fee fund if you hold the investment fewer than 180 days or if you place more than 15 short-term trades in a 12-month period. For more information on sales loads and transaction fees, consult each fund’s prospectus and review the BrokerageLink materials.

**22. What’s a short-term trading fee?**

Some mutual funds may charge a fee if the money you wish to exchange has been invested in the fund for less than a stated number of days. Short-term trading fees generally protect investors from trading costs generated by active traders who trade fund units frequently. Be sure to consult each fund’s prospectus and review the BrokerageLink materials for details on fees and commissions.

**23. What’s an “in-kind” transfer?**

This is a one-time transaction to facilitate the transition from current Mutual Fund Window investments to mutual funds available through BrokerageLink. An “in-kind” transfer means that specific investments are transferred over to a new account without selling or buying. One of the main benefits of an in-kind transfer is you avoid incurring trading fees as well as transaction fees and brokerage commissions for this one-time transaction. You’ll be able to request an in-kind transfer of Mutual Fund Window investments to a new BrokerageLink account only if those same funds are available through BrokerageLink. If you elect an in-kind transfer, you won’t be able to sell or exchange balances affected after October 13, 1 p.m. Pacific Time, until the funds have moved, which should take no longer than three business days.

**24. How can I request an in-kind transfer?**

Visit [www.401k.com](http://www.401k.com) and follow the online instructions on how to request an in-kind transfer of your Mutual Fund Window balances, or call the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)**. If you choose to take advantage of this one-time, in-kind transfer opportunity, you don’t need to establish a BrokerageLink account before you request the transfer. However, you will need to complete the BrokerageLink account application process before you can request exchanges and contributions into these funds. The deadline for requesting an in-kind transfer is 1 p.m. Pacific Time, September 30, 2009.

**25. If I elect an in-kind transfer, will all of my balances in Mutual Fund Window funds transfer into BrokerageLink?**

If you elect an in-kind transfer by 1 p.m. Pacific Time September 30, all of your balances in Mutual Fund Window investments will transfer to available like funds in BrokerageLink. This transfer in kind will be initiated on October 13, 2009, at 1 pm Pacific Time, and should be completed within three business days. If you elect an in-kind transfer, you will not be able to sell or exchange balances affected until the funds have moved. Balances in funds that will not be available through BrokerageLink will transfer automatically to the Target Date Fund with a target date closest to your 65<sup>th</sup> birthday.

**26. Can I choose specific Mutual Fund Window investments to transfer in kind, or is this an all-or-nothing election?**

When you elect a transfer in kind at [www.401k.com](http://www.401k.com), you make this election for all of your Mutual Fund Window balances. You don’t have the option of requesting an in-kind transfer of specific funds. However, between July 13 and October 13, you may manually exchange balances out of Mutual Fund Window funds into other available investment options. Keep in



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mind, manual exchanges out of some Mutual Fund Window investment options may be subject to short-term trading fees. You can elect an in-kind transfer of "all" of your remaining Mutual Fund Window balances by 1 p.m. Pacific Time September 30, to have your remaining Mutual Fund Window balances transfer to like funds available through BrokerageLink. Balances in funds that will not be available through BrokerageLink will transfer automatically to the Target Date Fund with a target date closest to your 65<sup>th</sup> birthday.

**27. What happens if I request an in-kind transfer of funds from the Mutual Fund Window to a Self-Directed Account, but I don't complete the application process to activate my BrokerageLink account?**

The assets from your Mutual Fund Window funds will transfer in kind to like funds available through BrokerageLink. However, you will only be able to sell the funds that have transferred in kind. You won't be able to make additional investments — including investing future contributions — into those funds or any other BrokerageLink funds until you complete the account application process to fully activate your account. Instead, your future contributions will be invested automatically in the Target Date Fund with a target date closest to your 65<sup>th</sup> birthday until you:

- Activate your BrokerageLink account, or
- Change your future contribution elections to a fund available in Tier 1 or 2.

Request a BrokerageLink application packet for details on how to complete the account application process.

**28. How will I access my account after it's moved to BrokerageLink? Are there two separate accounts?**

BrokerageLink is a sub-account within your RSP account. You can access it through your RSP account and you can invest in it only with money that's held in your RSP account. For answers to specific questions regarding these transactions, contact a Fidelity BrokerageLink representative.

**29. If I open a BrokerageLink account, how do I invest in my desired mutual funds?**

After you open a BrokerageLink account, go to [www.401k.com](http://www.401k.com) to allocate a percentage of your payroll deductions or transfer existing balances to your BrokerageLink account. Contributions through payroll deductions or transfers from existing balances will be initially invested in a cash-equivalent "core fund" within your BrokerageLink account. After the cash has settled, you may start making exchanges to your selected BrokerageLink funds. To place your mutual fund order, you have three options:

- Log on to your BrokerageLink account through [www.401k.com](http://www.401k.com),
- Use the Fidelity Automated Service Telephone (FAST) system, or
- Speak with a Fidelity BrokerageLink representative.

These transaction options may require various brokerage fees. Review the BrokerageLink materials for details on fees and commissions. You're responsible for ensuring that your BrokerageLink core account holds sufficient cash to cover any associated transaction fees and trading expenses.



**30. Can I designate my broker or another third party to make transactions on my behalf in my BrokerageLink account?**

Yes, you can authorize someone other than yourself to have limited trading authority in your BrokerageLink® account. Please call the RSP Service Center at **1-877-PGE-401K (1-877-743-4015)** to request a Limited Third-Party Trading Authorization and Indemnification Form. Complete the form and return it as instructed. You can cancel or change this authorization in the future. Please note that you cannot authorize a broker or other third party to have trading authority on your behalf for Tier 1 or Tier 2 funds, except through the Financial Engines Professional Management program. (See the Financial Engines FAQs below.)

**31. Can I take a loan, withdrawal or distribution from my BrokerageLink account?**

No, not directly. To request a loan, withdrawal or distribution based on assets held in your BrokerageLink account, you'll need to liquidate those assets and transfer them to an RSP Core Fund before the funds can be available.

**32. I'm interested in the Self-Directed Account. How can I find out what specific investment funds are available through BrokerageLink?**

A complete listing of funds available through BrokerageLink can be found at [www.Fidelity.com](http://www.Fidelity.com):

- First select the Investment Products tab at the top.
- Then select Mutual Funds from the dropdown menu.
- Click on Other Company Funds from the left navigation and select Browse All Funds from the resulting dropdown menu.
- You'll see a page with an alphabetical Directory by Name in the middle of the page. Each letter includes the fund families, starting with that letter. Under each fund family are the funds available.

## **Financial Engines:**

**33. Who is Financial Engines?**

Financial Engines is an independent, registered investment advisor that does not sell investments or receive commission for the funds it recommends.

**34. What services are available?**

As an RSP participant, you can use Online Advice or Professional Management. For information on available services, see the Financial Engines *Investor Services Guide* or visit [www.401k.com](http://www.401k.com) and click on the Financial Engines link.

**35. How does Online Advice work?**

- You log on to the Web site and use the online service to build your personal plan and specific recommendations.
- You get personalized advice about what investments may be best for achieving your retirement goals.
- If you like what you see, you can implement all or part of the recommendations yourself.
- You can check back to make sure your savings and investments are on track with your retirement savings goals.



**36. How does Professional Management work?**

- Financial Engines researches the available plan options and creates a custom strategy for you from these options.
- You'll receive a printed "Retirement Plan" for your investments so you can review the new strategy.
- Financial Engines will make changes to your investments as needed and monitor your account on an ongoing basis.
- You stay informed with printed "Retirement Updates" and you can always speak to an Investment Advisor Representative.

**37. If I want to use Financial Engines services, do I need to pay a fee?**

It depends. You don't have to pay anything to use Online Advice. However, if you want to enroll in Professional Management and have Financial Engines manage your RSP account for you, you'll pay a fee. PG&E has negotiated a discounted annual rate of 50 basis points (0.50%) of the assets under Financial Engines' management in your RSP account. Additional discounts apply for account balances greater than \$100,000. This fee is deducted quarterly from your RSP account on a pro rata basis across all funds and sources.

**38. Why is PG&E offering Professional Management through Financial Engines?**

PG&E is offering Professional Management to give participants another option for investment advice. PG&E recognizes that some RSP participants may want unbiased, third-party investment professionals to manage their RSP accounts for them. That's why PG&E has negotiated discounted rates for this service and continues to offer the Online Advice service at no charge to RSP participants.

**39. Isn't PG&E already managing my RSP account(s)?**

No. PG&E selects the diverse mix of investment funds offered by the RSP, but it's your responsibility to make specific investment decisions for your own account. The RSP has been established as a participant-directed plan as described in Section 404(c) of ERISA. This means that participants are responsible for making investment decisions with respect to their accounts, and plan fiduciaries are ordinarily relieved of liability relating to the investment performance of the participant-directed investments.

The Plan's fiduciaries reserve the right to discontinue services and programs provided by Financial Engines to Plan participants, including the Professional Management program, if these fiduciaries at any time determine these services and programs to be inappropriate for further inclusion in the RSP.

**40. Is Fidelity being replaced by Financial Engines?**

No, Financial Engines is not a replacement for Fidelity. When you enroll in Professional Management, you authorize Financial Engines to manage your RSP account for you. As a result, Financial Engines, as your fiduciary, actively manages your account on your behalf and works with Fidelity to handle all the transactions to put your investment strategy into action. Until you cancel your membership in Professional Management, you do not have the ability to initiate investment changes in your account. For example, you won't be able to move investments between funds or change future investment allocations.





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**41. If I decide to participate in Professional Management, can I still be in charge of making contribution changes?**

You'll still be able to change the amount of your payroll deductions but Financial Engines will decide where your contributions should be invested. When you sign up for Professional Management, you delegate all investment decisions for your RSP account to Financial Engines.

**42. If I decide to participate in Professional Management, can I still request a loan or withdrawal from my RSP account?**

Yes. You'll be able to request a loan or withdrawal from your RSP account through [www.401k.com](http://www.401k.com) or by calling the Fidelity RSP Service Center at **1-877-PGE-401k (1-877-743-4015)**.

**43. How can I get more information on Professional Management?**

- By phone: Call **1-877-401-5762** to speak with a Retirement Representative at Fidelity Investments, who can answer questions and connect you to a Financial Engines Investment Advisor Representative (business days from 5:30 a.m. to 5 p.m. Pacific Time).
- Online: Visit <http://www.financialengines.com/forPG&E> to go directly to the Financial Engines Professional Management Web site.

**Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.**

Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4 p.m. Eastern time (1 p.m. Pacific Time), or on weekends or holidays, will receive the next available closing prices.

Be sure you understand the RSP guidelines and the impact of taking a loan before you initiate a loan from your RSP account. If you have investments through BrokerageLink, you must return those assets to Tier 1 or 2 funds for those assets to be available for loans.

Be sure you understand the tax consequences of any withdrawal from the RSP. If you have investments through BrokerageLink, you must return those assets to Tier 1 or 2 funds for those assets to be available for withdrawals or distributions.

A self-directed brokerage account entails greater risk and is not appropriate for everyone. Additional fees apply to a BrokerageLink account. Please see the BrokerageLink Factsheet available at [www.401k.com](http://www.401k.com) for a more detailed description of BrokerageLink and its associated risks before deciding to invest in BrokerageLink.

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