



**LETTER AGREEMENT
NO. R1-98-12-PGE**

IBEW



PACIFIC GAS AND ELECTRIC COMPANY
INDUSTRIAL RELATIONS DEPARTMENT
2850 SHADELANDS DRIVE, SUITE 100
WALNUT CREEK, CALIFORNIA 94598
(510) 974-4282

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, AFL-CIO
LOCAL UNION 1245, I.B.E.W.
P.O. BOX 4790
WALNUT CREEK, CALIFORNIA 94596
(510) 933-6060

MEL BRADLEY, MANAGER OR
DAVID J. BERGMAN, CHIEF NEGOTIATOR

JACK MCNALLY, BUSINESS MANAGER

September 17, 1998

Local Union No. 1245
International Brotherhood of
Electrical Workers, AFL-CIO
P.O. Box 4790
Walnut Creek, CA 94598

Attention: Mr. Jack McNally, Business Manager

Gentlemen:

After discussions between the parties, Company proposes to modify Part III (Retirement Plan) and Part IV (Savings Fund Plan) of the 1994 Benefit Agreement as detailed in the attachments. Revisions include changes as a result of Letter Agreements 94-83-PGE and R1-97-47-PGE, updates to the Pension Band Tables in Section 3.06 to reflect Basic Weekly Pay as of 1/1/97, 1/1/98 and 1/1/99, and changes that are legally mandated. Items proposed for deletion are indicated in bold type with brackets. Items proposed for addition are indicated by italicized underlining. Defined terms are indicated by underlining. Attachment 3 summarizes the changes.

Additionally, the sections of the Agreement that do not contain language changes will be amended to reflect changes in Sections 3.23 and 4.34, *Definitions*, by adding or removing underlining where appropriate.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided and return one executed copy of this letter to the Company.

Very truly yours,

PACIFIC GAS & ELECTRIC COMPANY

By: David J. Bergman
Chief Negotiator

The Union is in accord with the foregoing and agrees thereto as of the date hereof.

Sept 22, 1998

By: Jack McNally
Business Manager

1245

LOCAL UNION

P.O. Box 4790
Walnut Creek
CA 94596
3063 Citrus Circle
510 933.6060
FAX 510 933.0115

22 September 1998

Mr. David J. Bergman
Director and Chief Negotiator
Industrial Relations Department
Pacific Gas and Electric Company
2850 Shadelands Drive, Suite 100
Walnut Creek, California 94598

RE: **LETTERS OF AGREEMENT NOS. R1-98-12-PGE,
R2-98-23-PGE AND R2-98-59-PGE**

Dear Mr. Bergman:

Enclosed please find one fully executed copy each of Letters of Agreement R1-98-12-PGE, R2-98-23-PGE, and R3-98-59-PGE. These letters of agreement have been signed with the understanding that the provisions of each must be effected concurrently.

Thank you for your cooperation in this matter.

Sincerely,



JACK McNALLY
Business Manager

JKM:kmk

cc: D. Mitchell
D. Fortier

IBEW

International
Brotherhood of
Electrical
Workers, AFL-CIO

Jack McNally
Business Manager

Howard Stiefer
President

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PART III
RETIREMENT PLAN

3.01 INTRODUCTION

This is the controlling and definitive statement of the Pacific Gas and Electric Company Retirement Plan 1/ which, with certain exceptions, is effective on and after January 1, 1994, for Employees who are represented by Union and who are employed by Pacific Gas and Electric Company and other Employers.

This Plan is a further revision of the Plan originally placed in effect by the Company January 1, 1937, which has been amended from time to time in the intervening years. Rights of Participants in this Plan will not be less than rights of Participants under Company's Plan as it existed before [1991] 1994. *(Amended 1/1/94)*

The purpose of this Plan is to distribute the corpus and income of accumulated Pension trust funds in accordance with the Plan. Under no circumstances shall contributions or benefits under this Plan discriminate in favor of a "highly compensated Employee" as that term is defined using the simplified method under Code Section 414(g)(12) as described in applicable Treasury regulations or other guidance issued by the Internal Revenue Service. Forfeitures of nonvested accrued benefits under the Plan shall not be applied to increase benefits any Employee could otherwise receive under the terms of the Plan. (Added 1/1/94)

Participants who retire or terminate employment before the effective date of any amendment are not affected or benefited by such amendments. (Amended 1/1/91)

Is is proposed...(Same)

1/ Words underlined are defined in Section 3.[22]23.

PART III

RETIREMENT PLAN

3.06 BASIC PENSION BENEFIT FORMULA

A Participant whose Service continues...(same)

(a) Pension Band Tables

| <u>Basic Weekly Pay</u> <u>as of 1/1/97</u> | | | <u>Pension</u> <u>Band</u> | <u>Monthly</u> <u>Benefit Per</u> <u>Year of Service</u> |
|--|----|---------|-------------------------------|--|
| Up | to | 719.99 | 1 | 41.77 |
| 720 | to | 729.99 | 2 | 42.35 |
| 730 | to | 739.99 | 3 | 42.93 |
| 740 | to | 749.99 | 4 | 43.51 |
| 750 | to | 759.99 | 5 | 44.09 |
| 760 | to | 769.99 | 6 | 44.67 |
| 770 | to | 779.99 | 7 | 45.26 |
| 780 | to | 789.99 | 8 | 45.84 |
| 790 | to | 799.99 | 9 | 46.42 |
| 800 | to | 809.99 | 10 | 47.00 |
| 810 | to | 819.99 | 11 | 47.58 |
| 820 | to | 829.99 | 12 | 48.16 |
| 830 | to | 839.99 | 13 | 48.74 |
| 840 | to | 849.99 | 14 | 49.32 |
| 850 | to | 859.99 | 15 | 49.90 |
| 860 | to | 869.99 | 16 | 50.48 |
| 870 | to | 879.99 | 17 | 51.06 |
| 880 | to | 889.99 | 18 | 51.64 |
| 890 | to | 899.99 | 19 | 52.22 |
| 900 | to | 909.99 | 20 | 52.80 |
| 910 | to | 919.99 | 21 | 53.38 |
| 920 | to | 929.99 | 22 | 53.96 |
| 930 | to | 939.99 | 23 | 54.54 |
| 940 | to | 949.99 | 24 | 55.12 |
| 950 | to | 959.99 | 25 | 55.70 |
| 960 | to | 969.99 | 26 | 56.28 |
| 970 | to | 979.99 | 27 | 56.86 |
| 980 | to | 989.99 | 28 | 57.44 |
| 990 | to | 999.99 | 29 | 58.02 |
| 1000 | to | 1009.99 | 30 | 58.60 |
| 1010 | to | 1019.99 | 31 | 59.18 |

| | | | | |
|------|-----|---------|----|-------|
| 1020 | to | 1029.99 | 32 | 59.76 |
| 1030 | to | 1039.99 | 33 | 60.34 |
| 1040 | to | 1049.99 | 34 | 60.92 |
| 1050 | to | 1059.99 | 35 | 61.50 |
| 1060 | to | 1069.99 | 36 | 62.08 |
| 1070 | to | 1079.99 | 37 | 62.66 |
| 1080 | to | 1089.99 | 38 | 63.24 |
| 1090 | to | 1099.99 | 39 | 63.82 |
| 1100 | to | 1109.99 | 40 | 64.40 |
| 1110 | to | 1119.99 | 41 | 64.98 |
| 1120 | to | 1129.99 | 42 | 65.56 |
| 1130 | to | 1139.99 | 43 | 66.14 |
| 1140 | to | 1149.99 | 44 | 66.72 |
| 1150 | to | 1159.99 | 45 | 67.30 |
| 1160 | to | 1169.99 | 46 | 67.88 |
| 1170 | to | 1179.99 | 47 | 68.46 |
| 1180 | to | 1189.99 | 48 | 69.04 |
| 1190 | to | 1199.99 | 49 | 69.62 |
| 1200 | to | 1209.99 | 50 | 70.20 |
| 1210 | to | 1219.99 | 51 | 70.78 |
| 1220 | to | 1229.99 | 52 | 71.36 |
| 1230 | to | 1239.99 | 53 | 71.94 |
| 1240 | to | 1249.99 | 54 | 72.52 |
| 1250 | to | 1259.99 | 55 | 73.10 |
| 1260 | to | 1269.99 | 56 | 73.68 |
| 1270 | to | 1279.99 | 57 | 74.27 |
| 1280 | to | 1289.99 | 58 | 74.85 |
| 1290 | to | 1299.99 | 59 | 75.43 |
| 1300 | to | 1309.99 | 60 | 76.01 |
| 1310 | to | 1319.99 | 61 | 76.59 |
| 1320 | to | 1329.99 | 62 | 77.17 |
| 1330 | to | 1339.99 | 63 | 77.75 |
| 1340 | and | up | 64 | 78.33 |

| Basic Weekly Pay as of 1/1/98 | | | Pension Band | Monthly Benefit Per Year of Service |
|----------------------------------|----|--------|-----------------|---|
| Up | to | 749.99 | 1 | 43.51 |
| 750 | to | 759.99 | 2 | 44.09 |
| 760 | to | 769.99 | 3 | 44.67 |
| 770 | to | 779.99 | 4 | 45.26 |
| 780 | to | 789.99 | 5 | 45.84 |
| 790 | to | 799.99 | 6 | 46.42 |
| 800 | to | 809.99 | 7 | 47.00 |
| 810 | to | 819.99 | 8 | 47.58 |

| | | | | |
|------|----|---------|----|-------|
| 820 | to | 829.99 | 9 | 48.16 |
| 830 | to | 839.99 | 10 | 48.74 |
| 840 | to | 849.99 | 11 | 49.32 |
| 850 | to | 859.99 | 12 | 49.90 |
| 860 | to | 869.99 | 13 | 50.48 |
| 870 | to | 879.99 | 14 | 51.06 |
| 880 | to | 889.99 | 15 | 51.64 |
| 890 | to | 899.99 | 16 | 52.22 |
| 900 | to | 909.99 | 17 | 52.80 |
| 910 | to | 919.99 | 18 | 53.38 |
| 920 | to | 929.99 | 19 | 53.96 |
| 930 | to | 939.99 | 20 | 54.54 |
| 940 | to | 949.99 | 21 | 55.12 |
| 950 | to | 959.99 | 22 | 55.70 |
| 960 | to | 969.99 | 23 | 56.28 |
| 970 | to | 979.99 | 24 | 56.86 |
| 980 | to | 989.99 | 25 | 57.44 |
| 990 | to | 999.99 | 26 | 58.02 |
| 1000 | to | 1009.99 | 27 | 58.60 |
| 1010 | to | 1019.99 | 28 | 59.18 |
| 1020 | to | 1029.99 | 29 | 59.76 |
| 1030 | to | 1039.99 | 30 | 60.34 |
| 1040 | to | 1049.99 | 31 | 60.92 |
| 1050 | to | 1059.99 | 32 | 61.50 |
| 1060 | to | 1069.99 | 33 | 62.08 |
| 1070 | to | 1079.99 | 34 | 62.66 |
| 1080 | to | 1089.99 | 35 | 63.24 |
| 1090 | to | 1099.99 | 36 | 63.82 |
| 1100 | to | 1109.99 | 37 | 64.40 |
| 1110 | to | 1119.99 | 38 | 64.98 |
| 1120 | to | 1129.99 | 39 | 65.56 |
| 1130 | to | 1139.99 | 40 | 66.14 |
| 1140 | to | 1149.99 | 41 | 66.72 |
| 1150 | to | 1159.99 | 42 | 67.30 |
| 1160 | to | 1169.99 | 43 | 67.88 |
| 1170 | to | 1179.99 | 44 | 68.46 |
| 1180 | to | 1189.99 | 45 | 69.04 |
| 1190 | to | 1199.99 | 46 | 69.62 |
| 1200 | to | 1209.99 | 47 | 70.20 |
| 1210 | to | 1219.99 | 48 | 70.78 |
| 1220 | to | 1229.99 | 49 | 71.36 |
| 1230 | to | 1239.99 | 50 | 71.94 |
| 1240 | to | 1249.99 | 51 | 72.52 |
| 1250 | to | 1259.99 | 52 | 73.10 |
| 1260 | to | 1269.99 | 53 | 73.68 |
| 1270 | to | 1279.99 | 54 | 74.27 |
| 1280 | to | 1289.99 | 55 | 74.85 |
| 1290 | to | 1299.99 | 56 | 75.43 |
| 1300 | to | 1309.99 | 57 | 76.01 |

| | | | | |
|------|-----|---------|----|-------|
| 1310 | to | 1319.99 | 58 | 76.59 |
| 1320 | to | 1329.99 | 59 | 77.17 |
| 1330 | to | 1339.99 | 60 | 77.75 |
| 1340 | to | 1349.99 | 61 | 78.33 |
| 1350 | to | 1359.99 | 62 | 78.91 |
| 1360 | to | 1369.99 | 63 | 79.49 |
| 1370 | to | 1379.99 | 64 | 80.07 |
| 1380 | to | 1389.99 | 65 | 80.65 |
| 1390 | and | up | 66 | 81.23 |

| Basic Weekly Pay as of 1/1/99 | | Pension Band | Monthly Benefit Per Year of Service | |
|----------------------------------|----|-----------------|---|-------|
| up | to | 779.99 | 1 | 45.26 |
| 780 | to | 789.99 | 2 | 45.84 |
| 790 | to | 799.99 | 3 | 46.42 |
| 800 | to | 809.99 | 4 | 47.00 |
| 810 | to | 819.99 | 5 | 47.58 |
| 820 | to | 829.99 | 6 | 48.16 |
| 830 | to | 839.99 | 7 | 48.74 |
| 840 | to | 849.99 | 8 | 49.32 |
| 850 | to | 859.99 | 9 | 49.90 |
| 860 | to | 869.99 | 10 | 50.48 |
| 870 | to | 879.99 | 11 | 51.06 |
| 880 | to | 889.99 | 12 | 51.64 |
| 890 | to | 899.99 | 13 | 52.22 |
| 900 | to | 909.99 | 14 | 52.80 |
| 910 | to | 919.99 | 15 | 53.38 |
| 920 | to | 929.99 | 16 | 53.96 |
| 930 | to | 939.99 | 17 | 54.54 |
| 940 | to | 949.99 | 18 | 55.12 |
| 950 | to | 959.99 | 19 | 55.70 |
| 960 | to | 969.99 | 20 | 56.28 |
| 970 | to | 979.99 | 21 | 56.86 |
| 980 | to | 989.99 | 22 | 57.44 |
| 990 | to | 999.99 | 23 | 58.02 |
| 1000 | to | 1009.99 | 24 | 58.60 |
| 1010 | to | 1019.99 | 25 | 59.18 |
| 1020 | to | 1029.99 | 26 | 59.76 |
| 1030 | to | 1039.99 | 27 | 60.34 |
| 1040 | to | 1049.99 | 28 | 60.92 |
| 1050 | to | 1059.99 | 29 | 61.50 |
| 1060 | to | 1069.99 | 30 | 62.08 |
| 1070 | to | 1079.99 | 31 | 62.66 |
| 1080 | to | 1089.99 | 32 | 63.24 |

| | | | | |
|------|-----|---------|----|-------|
| 1090 | to | 1099.99 | 33 | 63.82 |
| 1100 | to | 1109.99 | 34 | 64.40 |
| 1110 | to | 1119.99 | 35 | 64.98 |
| 1120 | to | 1129.99 | 36 | 65.56 |
| 1130 | to | 1139.99 | 37 | 66.14 |
| 1140 | to | 1149.99 | 38 | 66.72 |
| 1150 | to | 1159.99 | 39 | 67.30 |
| 1160 | to | 1169.99 | 40 | 67.88 |
| 1170 | to | 1179.99 | 41 | 68.46 |
| 1180 | to | 1189.99 | 42 | 69.04 |
| 1190 | to | 1199.99 | 43 | 69.62 |
| 1200 | to | 1209.99 | 44 | 70.20 |
| 1210 | to | 1219.99 | 45 | 70.78 |
| 1220 | to | 1229.99 | 46 | 71.36 |
| 1230 | to | 1239.99 | 47 | 71.94 |
| 1240 | to | 1249.99 | 48 | 72.52 |
| 1250 | to | 1259.99 | 49 | 73.10 |
| 1260 | to | 1269.99 | 50 | 73.68 |
| 1270 | to | 1279.99 | 51 | 74.27 |
| 1280 | to | 1289.99 | 52 | 74.85 |
| 1290 | to | 1299.99 | 53 | 75.43 |
| 1300 | to | 1309.99 | 54 | 76.01 |
| 1310 | to | 1319.99 | 55 | 76.59 |
| 1320 | to | 1329.99 | 56 | 77.17 |
| 1330 | to | 1339.99 | 57 | 77.75 |
| 1340 | to | 1349.99 | 58 | 78.33 |
| 1350 | to | 1359.99 | 59 | 78.91 |
| 1360 | to | 1369.99 | 60 | 79.49 |
| 1370 | to | 1379.99 | 61 | 80.07 |
| 1380 | to | 1389.99 | 62 | 80.65 |
| 1390 | to | 1399.99 | 63 | 81.23 |
| 1400 | to | 1409.99 | 64 | 81.81 |
| 1410 | to | 1419.99 | 65 | 82.39 |
| 1420 | to | 1429.99 | 66 | 82.97 |
| 1430 | to | 1439.99 | 67 | 83.55 |
| 1440 | and | up | 68 | 84.13 |

- (i) (Same)
- (ii) (Same)
- (iii) (Same)
- (iv) (Same)
- (v) **ADDITIONAL RETIREMENT INCOME**

Each Participant shall upon retirement...(Same)

Additional Retirement Income is computed as follows:

The actual straight-time compensation received by Participant for shift premiums, Sunday premiums, nuclear premiums during Participant's last calendar year prior to retirement shall be totaled and divided by the total number of weeks worked in that year (52 weeks in a year) which will result in an average premium per week. [In computing the actual straight time compensation, that portion of a Participant's annual compensation which, when added to the Participant's Basic Weekly Pay exceeds \$200,000 for 1989, multiplied by the adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Internal Revenue Code for years beginning after December 31, 1989, shall be discarded in calculating Additional Retirement Income.] *No amount of compensation in excess of the compensation limits imposed by Code Section 401(a)(17) shall be taken into account for purposes of computing additional retirement income.* The average premium per week will then be multiplied by the current factor which will result in a monthly benefit per year of Service amount. The factor referred to is computed on the effective date of any Plan agreement by dividing applicable first year Monthly Benefit Per Year of Service amount by the maximum Basic Weekly Pay provided for that monthly amount. For example, assuming the 199[1] § Pension Band 9 applies to a Participant who retires in any year of the contract term, the factor would be .05802 (\$[36.55]48.16 - \$829.99). The monthly benefit per year of Service amount will then be multiplied by the Participant's Credited years of Service which will result in the Additional Monthly Retirement Income. *(Amended 1/1/94)*

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3.09 DEFERRED RETIREMENT

An Employee who continues employment beyond the Normal Retirement Date as provided for in Section 3.05, shall not be entitled to a Pension until Participant's Actual Retirement Date. Any provision of the Plan notwithstanding, distributions from the Plan shall comply with the requirements of Code Section 401(a)(9) and the regulations thereunder. [if an Employee continues employment beyond the end of the year in which the Employee attains age 70-1/2, Pension payments shall begin no later than April 1 of the year following the year in which the Employee attains age 70-1/2.] The amount of the Pension payable shall be the Pension benefit accrued as of April 1 following the end of the year in which the Employee attains age 70-1/2, adjusted for any elections made by the Participant and, any forms of Pension required under Section 3.10. (Amended 1/1/94)

Pursuant to Code Section 401(a)(9)(A)(ii), if an Employee continues employment beyond the end of the year in which the Employee attains age 70-1/2, a Pension shall be distributed, commencing not later than April 1 of the calendar year following the calendar year in which the Employee attains age 70-1/2, over the life of the Employee or over the joint lives of the Employee and the Employee's Spouse or other Joint Pensioner. (Added 1/1/94)

If an Employee dies after the distribution of the Employee's interest in the Plan has begun, then, in accordance with Code Section 401(a)(9)(B)(i), the remaining portion of the Employee's accrued Pension benefit, if any, will be distributed at least as rapidly as under the method of distributions being used as of the date of his or her death. If an Employee dies before the Actual Retirement Date, then the Employee's Spouse may elect to postpone receiving distributions under the Spouse's Pension, but postponement of receipt of benefits shall not extend beyond the date that the Employee would have attained age 70-1/2. Death benefits provided under the Plan shall be no more than incidental, within the meaning of the Code, to the Plan's primary purpose of providing retirement benefits to Employees. (Added 1/1/94)

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3.10 FORMS OF PENSION

(a) **JOINT PENSION WITH NON-SPOUSE**

(Same)

(b) **JOINT PENSION WITH SPOUSE**

(Same)

(c) **BASIC OR EARLY RETIREMENT PENSION TERMINATING UPON THE DEATH OF THE PARTICIPANT**

(Same)

(d) **CONDITIONS APPLICABLE TO ALL FORMS OF PENSIONS**

The written [consent] Consent of the Spouse is required whenever a Qualified Election is made [an option is elected] which would provide benefits to a surviving Spouse less than those provided by a Marital Pension. (Amended 1/1/94)

Once elected, no option under this Section can be changed after the 30th day preceding the Participant's Actual Retirement Date except, however, in the event that the Participant or Spouse or Joint Pensioner should die before the Participant's Actual Retirement Date, any election will automatically become inoperative.

The Spouse of a Participant may not receive a benefit under any provisions of this Section if a larger Spouse's Pension is payable under Section 3.11.

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RETIREMENT PLAN

3.11 SPOUSE'S PENSION

- (a) (Same)
- (b) The surviving Spouse of a Participant...(Same)

A Spouse's Pension...(Same)

Unless a vested Participant or vested former Employee and his or her Spouse have elected otherwise pursuant to a Qualified Election, if a Participant dies on or before age 55, the Participant's or Former Employee's surviving Spouse (if any) will receive the same benefit that would have been payable if the Participant or former Employee had: (Added 1/1/94)

(1) separated from Service on the date of death (or date of separation from Service, if earlier). (Added 1/1/94)

(2) survived to age 55 (Added 1/1/94)

(3) retired with a Marital Pension at age 55 (Added 1/1/94)

(4) died on the day of retirement, and begun to receive benefit payments at the date as of which the Participant or former Employee would have attained age 55. (Added 1/1/94)

Unless a surviving Spouse elects otherwise, the surviving Spouse will begin to receive payments at the date as of which the Participant or former Employee would have attained age 55. Benefits commencing after this date will be the Actuarial Equivalent of the benefit to which the surviving Spouse would have been entitled if benefits had commenced at this date. (Added 1/1/94)

- [(1) For a Participant who is less than 55 years of age at the time of his death, the Spouse's Pension will be an amount equal to the Marital Pension that would have been payable to the Participant's Spouse if the Participant had terminated employment at the date of death, had lived until age 55, had begun to receive Pension payments, and had subsequently died.
- (2) For a former Employee, age 55 or older at the time of his death, who is not yet receiving Pension payments, the Spouse's Pension will be equal to the monthly Pension that would have been payable to the Spouse calculated as though the former Employee had elected a 50 percent Joint Pension with a non-spouse under Special Provision C and had begun receiving a Pension immediately prior to his death.

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RETIREMENT PLAN

- (3) For a former Employee, younger than age 55 at the time of his death, the Spouse's Pension will be equal to the monthly Pension that would have been payable to the Spouse calculated as though the former Employee had survived until age 55, had elected a 50 percent Joint Pension with a non-spouse under Special Provision C, had begun receiving a Pension, and had subsequently died.]

A Participant's Spouse may not receive both a Spouse's Pension under this Section and a Marital or Joint Pension under Section 3.10. If the Participant dies within 30 days after the Participant's Actual Retirement Date, the Spouse will receive the larger of the monthly Pensions under this Section and Section 3.10, but not both.

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3.12 WITHDRAWAL OF PARTICIPANT CONTRIBUTIONS ON TERMINATION OF EMPLOYMENT

A Participant's contributions to the Plan may not be withdrawn prior to Actual Retirement Date or other termination of Service. After a Participant's Service is terminated, the Participant, by written notice to the Participant's Employer at least 30 days before the date the Pension begins, may elect to have such Contributions Plus Interest returned. [If Service terminates before the Participant has ten years of Service, such withdrawal terminates all of the Participant's rights under the Plan. If such Participant is reemployed and such cancelled Service would otherwise be restored pursuant to Section 3.04, the Participant shall be given an option to repay the amount of any contributions withdrawn under this Section, together with additional interest at the rate of five percent per annum from the date of distribution to the date of repayment. Such repayment must be made within 24 months of the reemployment date of such Participant. If such withdrawn contributions are not thus repaid, the Participant's prior Service which was accrued during the period of time that contributions to the Plan were required shall not be restored. If such failure to repay causes a forfeiture of all prior Service, such Participant shall be treated as a new Employee for all purposes.]

[If Service terminates with at least ten years of Service (5 years of Service effective 1/1/89)] If a Participant elects to withdraw such Contributions Plus Interest, the Pension the Participant would otherwise be entitled to at the Normal or Early Retirement Date shall be reduced by an amount that reflects the actuarial value of the contributions withdrawn. The factors used to reduce the Pension of a Participant who has withdrawn his contributions shall apply with Code Sections 411(a)(7)(D) and 411(c)(2)(B) and are contained in the table set forth in Special Provision I. (Amended 1/1/94)

[These factors may be changed by the Employee Benefit Administrative Committee from time to time to reflect the ERISA formula, but in no event will the Pension be reduced more than one-third.]

PART III

RETIREMENT PLAN

3.14 FACILITY OF PAYMENT

- (a) If the present value of [the] all Pension benefits payable under the Plan to any individual is less than \$3,500.00 as of the Severance from Service Date or Actual Retirement Date the equivalent value shall be paid in a lump sum, as directed by the Administrator. For Participants terminating before age 55, present value means the Actuarial Equivalent of the normal retirement benefit commencing at Normal Retirement Date. For Participants retiring at or after age 55, present value means the Actuarial Equivalent of the early, normal or deferred retirement benefit commencing at Actual Retirement Date. In determining the present value, the Plan Administrator shall use the Unisex Pensioner Mortality Table for 1984 (UP-84) and the interest rates set, as of the first day of the Plan Year in which the lump sum payment is made, by the Pension Benefit Guaranty Corporation for the purpose of determining the present value of a lump sum distribution on Plan termination. (Amended 1/1/94)
- (b) If the Administrator determines...(Same)
- (c) If the distributee of any eligible rollover distribution (as defined below) elects to have the distribution paid directly to an eligible retirement plan (as defined below), and if the distributee specified, according to the manner specified by the Plan, the eligible retirement plan to which such distribution is to be paid, then the distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan specified by the distributee. The trustee-to-trustee transfer shall be made available only if the distribution from the Plan would be subject to federal income taxation. (Added 1/1/94)

The term "eligible rollover distribution" shall mean any distribution to a Participant or former Employee of all or part of the balance to the credit of the Participant or former Employee in the Plan. The term shall not, however, include any distribution which is one of a series of "substantially equal periodic payments (as defined at Code Section 402(c)(4)(A), or any distribution that is required under Code Section 401(a)(9). (Added 1/1/94)

The term "eligible retirement plan" means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), an annuity plan described in Code Section 403(a), or a qualified defined contribution plan, the terms of which permit the acceptance of rollover distributions. (Added 1/1/94)

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3.21 QUALIFIED DOMESTIC RELATIONS ORDERS (Added 1/1/94)

The Employee Benefit Administrative Committee shall apply the provisions of this section with regard to a Domestic Relations Order (as defined below) to the extent not inconsistent with Section 414(p) of the Code. (Added 1/1/94)

The Employee Benefit Administrative Committee shall establish procedures, consistent with Section 414(p) of the Code, to determine the qualified status of any Domestic Relations Order, to administer distributions under any Qualified Domestic Relations Order (as defined below), and to provide to the Participant and the Alternate Payee(s) (as defined below) all notices required under Section 414(p) of the Code with respect to any Domestic Relations Order. (Added 1/1/94)

Within a reasonable period of time after receipt of a Domestic Relations Order (or any modification thereof), the Employee Benefit Administrative Committee shall determine whether such order is a Qualified Domestic Relations Order. (Added 1/1/94)

For purposes of this section: (Added 1/1/94)

- (a) Alternate Payee shall mean any Spouse, former Spouse, child, or other dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant. (Added 1/1/94)
- (b) Domestic Relations Order shall mean any judgment, decree, or order (including approval of a property settlement agreement) which: (Added 1/1/94)

 - (1) relates to the provision of child support, alimony payments, or marital property rights to a Spouse, former Spouse, child, or other dependent of a Participant; and (Added 1/1/94)
 - (2) is made pursuant to a state domestic relations law (including a community property law). (Added 1/1/94).
- (c) qualified Domestic Relations Order shall mean a Domestic Relations Order which meets the requirements of Section 414(p)(1) of the Code. (Added 1/1/94)

PART III

RETIREMENT PLAN

[3.21]3.22 AMENDMENT, TERMINATION, AND MERGER

(Renumbered)

PART III
RETIREMENT PLAN

[3.22]3.23 DEFINITIONS AND CROSS-REFERENCES

ACTUARIAL EQUIVALENT OR ACTUARIAL EQUIVALENCE: For purposes of determining actuarially equivalent benefits under this Plan, the provisions of Special Provision D shall apply. (Added 1/1/94)

BASIC WEEKLY PAY: See Section 3.06(a) (ii), (iii), (iv).

(a) (Same)

(b) (Same)

(c) (Same)

(d) For purposes of calculating a Participant's accrued benefit under this Plan, the compensation limitations of Internal Revenue Code Section 401(a)(17) shall be applicable. For purposes of calculating accruals after December 31, 1993, the amount of a Participant's compensation taken into account shall not exceed \$150,000, or such greater amount permitted by the Secretary of the Treasury. For purposes of calculating accruals after December 31, 1988, and before January 1, 1994, the amount of compensation taken into account shall not exceed \$200,000, or such greater amount permitted by the Secretary of the Treasury. (Added 1/1/94)

Unless otherwise provided under this Plan, each Internal Revenue Code Section 401(a)(17) Employee's accrued benefit under this Plan will be the greater of the accrued benefit determined for the employee under 1 or 2 below: (Added 1/1/94)

1. The Employee's accrued benefit determined with respect to the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the Employee's total years of Service taken into account under the Plan for the purposes of benefit accruals, or (Added/1/94)

2. The sum of:

(a) the Employee's accrued benefit as of the last day of the last Plan Year beginning before January 1, 1994, frozen in accordance with Internal Revenue Code Section 1.401(a)(4)-13, and (Added 1/1/94)

(b) the Employee's accrued benefit determined under the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the Employee's years of Service credited to the

PART III
RETIREMENT PLAN

[3.22]3.23 DEFINITIONS AND CROSS-REFERENCE (Continued)

Employee for Plan Years beginning on or after January 1, 1994, for purposes of benefit accruals. (Added 1/1/94)

An Internal Revenue Code Section 401(a)(17) Employee means an Employee whose current accrued benefit as of a date on or after the first day of the first Plan Year beginning on or after January 1, 1994, is based on compensation for a year beginning prior to the first day of the first Plan Year beginning on or after January 1, 1994, that exceeded \$150,000. (Added 1/1/94)

CODE: Code shall mean the Internal Revenue Code of 1986, as amended from time to time. (Added 1/1/94)

CONSENT: The Consent by a spouse that is required for a Qualified Election. Any such Consent shall be effective only with respect to such Spouse. A Consent permitting designation by the Participant without future Consent from the Spouse must acknowledge that the Spouse has the right to limit Consent to a specific Beneficiary and also to a specific benefit form, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior Qualified Election may be made by a Participant without the Consent of the Spouse at any time prior to the commencement of benefits. An unlimited number of revocations shall be permitted. No Consent obtained under this provision shall be valid unless the Participant has received proper Notice. (Added 1/1/94)

COVERED COMPENSATION: Subject to the limitations set forth in paragraph (d) in the definition of Basic Weekly Pay, a [A] Participant's Covered Compensation shall be the amount of Participant's earnings from an Employer, including straight-time pay for hours worked, shift, *rubber glove*, and nuclear premiums at the straight-time pay for temporary upgrades, vacation pay (including vacation pay upon retirement), inclement weather pay, sick leave pay, holiday pay, differential pay for military training, and pay for other time off with permission carrying full pay. A Participant's Covered Compensation shall not include-pay or shift and nuclear premiums for more than 40 hours per week, overtime bonuses, other special fees or allowances, per them allowances, and payments under Part B of the Group Life Insurance and Long-Term Disability Plan, any Workers' Compensation Law, supplemental benefits for industrial injury, voluntary wage benefit, or state disability plans, or any other benefit plan. [, or earnings from an Employer in excess of \$150,000 for 1994, as adjusted by the Secretary of Treasury under Section 415(d) of the Internal Revenue Code for years beginning after December 31, 1994.] (Amended 1/1/94)

PART III
RETIREMENT PLAN

[3.22]3.23 DEFINITIONS AND CROSS-REFERENCE (Continued)

EMPLOYEE: An Employee of an Employer who is in a bargaining unit represented by Local Union 1245, International Brotherhood of Electrical Workers, or Engineers and Scientists of California, *or the International Union of Security Officers*. A "leased employee," as defined in Section 414(A)2 of the Internal Revenue Code shall not be considered an Employee eligible to become a Participant in the Plan. *Notwithstanding any other provision in the Plan, solely for purposes of Code Section 414(n)(3), the term Employee shall, to the extent required by Code Section 414, include leased employees. (Amended 1/1/94)*

EMPLOYER: Pacific Gas and Electric Company, [Standard Pacific Gas Line Incorporated,] Pacific Gas Transmission Company, Pacific Service Employees Association, [Pacific Gas Properties Company, Calaska Energy Company, Eureka Energy Company, Pacific Energy Services Company,] and any other company, association, or credit union designated by the Board of Directors as eligible to participate in this Plan is an Employer. *(Amended 1/1/94)*

NOTICE: *The Notice that is required by this Plan pursuant to Code Section 417 in order to waive the Marital Pension.*

PART III
RETIREMENT PLAN

[3.22]3.23 DEFINITIONS AND CROSS-REFERENCE (Continued)

In the case of Marital Pension, the Plan shall provide to each Participant, and to each vested former Employee, no less than 30 days and no more than 90 days prior to the annuity starting date a written explanation of: (i) the terms and conditions of the Marital Pension, (ii) the right to make and the effect of an election to waive the Marital Pension, (iii) the rights of the Participant's or the former Employee's Spouse, (iv) the right to make an election to waive the Marital Pension and the effect of revoking a previous election to waive the Marital Pension and (v) the relative values of the various optional forms of benefit under the Plan. (Added 1/1/94)

PLAN YEAR: The Plan Year shall be the calendar year which shall also be the limitation year for purposes of applying the annual benefit limitations of Code Section 415. (Added 1/1/94).

QUALIFIED ELECTION: An election qualifying under Code Section 417(a) to waive either, or both, of the 50 percent spousal survivor annuities that are based on the Marital Pension and that are described in Sections 3.10(b) or 3.11(b) of the Plan. Any such waiver shall not be considered a Qualified Election unless: (a) the Participant's Spouse furnishes written Consent to the election, (b) the election designates a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal Consent (or the Spouse expressly permits designations by the Participant without any further spousal Consent), (c) the Spouse's Consent acknowledges the effect of the election, and (d) the Spouse's Consent is witnessed by a Plan representative or a notary public. A Participant's waiver of the survivor annuity will not constitute a Qualified Election unless the form of benefit payment may not be changed without spousal Consent, or the Spouse expressly permits designations by the Participant without any further spousal Consent. If it is established to the satisfaction of the Plan representative that such written Consent may not be obtained because there is no Spouse or the Spouse cannot be located, then a waiver will be deemed a Qualified Election. (Added 1/1/94)

UNION: Local 1245, International Brotherhood of Electrical Workers, AFL-CIO [or], Engineers and Scientists of California, MEBA, AFL-CIO, or International Union of Security Officers. (Amended 1/1/94)

PART III
RETIREMENT PLAN
SPECIAL PROVISION H
MAXIMUM PENSION

This Plan incorporates by reference the benefit limitations imposed by Code Section 415. (Added 1/1/94)

The annual benefit amount otherwise payable to a former Employee at any time will not exceed the maximum permissible amount under Code Section 415. For purposes of determining compliance with the Section 415 benefit limitations, the limitation year shall be the Plan Year. If the benefit the Participant would otherwise accrue in a limitation year would produce an annual benefit in excess of the maximum permissible amount under Code Section 415, then the rate of accrual will be reduced so that the annual benefit will equal the maximum permissible amount. (Added 1/1/94)

If a Participant in this Plan also participates in any defined contribution plan maintained by an Employer, the sum of the Participant's "Defined Benefit Fraction" and the Participant's "Defined Contribution Fraction" shall not exceed 1.0. In the event that in any Plan Year the sum of the Participant's Defined Benefit Fraction and the Participant's Defined Contribution Fraction exceed 1.0 then the Pension payable under this Plan shall be reduced so that the sum of such fractions in respect of that Participant will not exceed 1.0." (Added 1/1/94)

For purposes of determining the Plan's compliance with Code Section 415, the annual benefit is a retirement benefit payable under the Plan in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity must be adjusted to an Actuarially Equivalent straight life annuity before applying the limitations of Section 415. The interest rate assumption used to determine Actuarial Equivalence will be the greater of rate used in Special Provision D or 5 percent. No actuarial adjustment to the benefit is required for the value of a qualified joint and survivor annuity, the value of benefits that are not directly related to retirement benefits (such as the qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and the value of post-retirement cost-of-living increases made in accordance with 415(d) of the Code. The annual benefit does not include any benefits attributable to Employee contributions or rollover contributions or the assets transferred from a qualified plan not maintained by the Company. (Added 1/1/94)

Compensation, for purposes of determining the Plan's compliance with Section 415 of the Code, shall mean all of each Participant's wages, tips, and other Box 10 compensation on the Participant's Form W-2. (Added 1/1/94)

PART III
RETIREMENT PLAN
SPECIAL PROVISION H
MAXIMUM PENSION

[Anything herein contained to the contrary notwithstanding, in no event shall any Pension payable under this Plan exceed the lesser of (i) \$90,000 per year or (ii) 100 percent of the Participant's average compensation (as defined in Section 415 of the Internal Revenue Code) for Participant's three highest consecutive years. Items (i) and (ii) above are subject to adjustment for increases in the cost of living in accordance with regulations issued by the Secretary of the Treasury under Section 415 of the Internal Revenue Code. If a Participant in this Plan also participates in the Company's Savings Fund Plan, Section 415 of the Code imposes a combined benefit limitation. If the combined maximum benefit permitted would be exceeded, the Pension will be reduced, so that the limitation will be met.

In addition to other limitations set forth in the Plan and notwithstanding any other provisions of the Plan, the accrued benefit, including the right to any optional benefit provided in the Plan (and all other defined benefit plans required to be aggregated with this Plan under the provisions of Section 415 of the Internal Revenue Code of 1954) shall not increase to an amount in excess of the amount permitted under Section 415 of the Internal Revenue Code of 1954, as amended by the Tax Equity and Fiscal Responsibility Act of 1982 and as further amended by the Tax Reform Act of 1986. (Amended 1/1/88).]

PART III
 RETIREMENT PLAN
 SPECIAL PROVISION I

If prior to 1989 Service terminates with at least ten years of Service, or with at least five years of Service after 1988, the Pension the Participant would otherwise be entitled to receive shall be reduced because of the withdrawal. (Amended 1/1/94)

If the withdrawal occurs prior to age 55...(Same)

If the withdrawal occurs after age 55...(Same)

Notwithstanding the foregoing...(Same)

The monthly reduction...(Same)

EXAMPLE:

Assumptions:

| | | |
|--------------------------|--------------------------|----------------|
| Age Factor | .0871 | |
| Basic Pension | \$1,500.00/[Per][M]month | |
| Contributions | \$4,500.00 | |
| Interest | <u>\$4,500.00</u> | |
| Total | \$9,000.00 | |
| <u>Monthly Reduction</u> | | <u>-65.33*</u> |

[Reduced Pension with contributions including interest withdrawn \$1,434.67 Per Month]

*Calculation: (Added 1/1/94)

((Contributions + Interest) x Age 60 Refund Factor) ÷ 12 Months = Reduction

(((\$6,000 + \$3,000) x .0871) ÷ 12 Months = \$65.33

Basic Pension - Monthly Reduction = Pension with contributions plus interest withdrawn

\$1,500.00 - 65.33 = \$1,434.67/Month

Pension with contributions plus interest withdrawn = \$1,434.67/Month

**[*Calculation: (Contributions + Interest x Age 60 Refund Factor) ÷ 12 months
 (= Reduction \$9,000 x .0871 ÷ 12 Months = \$65.33)]**

PART III
RETIREMENT PLAN

SPECIAL PROVISION J
TOP HEAVY PROVISIONS
(Entire Provision Added 1/1/94)

(a) GENERAL RULE

For any Plan Year for which this Plan is a "top-heavy plan" as defined in subsection (g) below, any other provisions of this Plan to the contrary notwithstanding, this Plan shall be subject to the following provisions:

- (1) The vesting provisions of subsection (b).
- (2) The minimum benefit provisions of subsection (c).
- (3) The limitation on compensation set by subsection (d).
- (4) The limitation on benefits set by subsection (e).

If any individual has not performed Service for an Employer at any time during the five-year period ending on the last day of the preceding Plan Year, any accrued benefit for such individual shall not be taken into account for purposes of determining whether the Plan is a "top-heavy plan." For purposes of determining whether the Plan is top-heavy, a non-key Employee's accrued benefit must be determined as if it is accrued not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C) (i.e., the "fractional rule").

(b) VESTING PROVISIONS

Each Participant who (i) has completed an hour of Service during any Plan Year in which the Plan is top heavy and (ii) has completed the number of years of Credited Service specified in the following table shall have a nonforfeitable right to the percentage of the benefit accrued under this Plan derived from Employer contributions correspondingly specified in the following table:

| <u>Years of credited service:</u> | <u>Percentage of nonforfeitable benefit:</u> |
|---------------------------------------|--|
| <u>2</u> | <u>20</u> |
| <u>3</u> | <u>40</u> |
| <u>4</u> | <u>60</u> |
| <u>5</u> | <u>80</u> |
| <u>6 or more</u> | <u>100</u> |

PART III
RETIREMENT PLAN

TOP HEAVY PROVISIONS
(Continued)

"Credited Service" as used in this subsection (b) shall constitute Service as defined in Section 3.23 of this Plan.

Each Participant nonforfeitable accrued benefit shall not be less than his nonforfeitable accrued benefit determined as of the last day of the last Plan Year in which the Plan was a top-heavy plan. If the Plan ceases to be top-heavy, each Participant with five or more years of Service, whether or not consecutive, shall have his nonforfeitable accrued benefit determined in accordance with this Section and Section 3.03. Each such Participant shall have the right to elect the applicable schedule within 60 days after the day the Participant is issued written notice by the Employee Benefit Administrative Committee, or as otherwise provided in accordance with regulations issued under the provision of the Internal Revenue Code of 1954, as amended, relating to changes in the vesting schedule.

This provision shall apply without regard to contributions or benefits under Social Security or any other Federal or State law.

(c) MINIMUM BENEFIT PROVISIONS

Each Participant who (i) is a non-key Employee (as defined in subsection (i) below) and (ii) has completed 1,000 hours of Service during any Plan Year shall be entitled to an accrued benefit in the form of an annual retirement benefit (as defined in paragraph (1) below) that shall be not less than the applicable percentage (as defined in paragraph (2) below) of the Participant's average annual compensation for years in the testing period (as defined in paragraph (3) below).

(1) "Annual retirement benefit" means a benefit payable annually in the form of a single life annuity (with no ancillary benefits) beginning at Normal Retirement Date as defined in Section 3.23 of this Plan or its Actuarial Equivalent.

(2) "Applicable percentage" means the lesser of two percent multiplied by the number of top-heavy Plan Years of Service (as defined in paragraph (4) below) of 20 percent.

PART III
RETIREMENT PLAN

TOP HEAVY PROVISIONS
(Continued)

(3) "Testing period" means, with respect to a Participant, the period of consecutive years (not exceeding five) of Service during which the Participant had the greatest aggregate compensation from the Employer. The testing period shall not include any year of Service not included as year of Service as defined in paragraph (4) below. The testing period shall also not include any year of Service that ends in a Plan Year beginning before January 1, 1984 or during which the Plan was not a top-heavy plan.

(4) "Years of service" means Service as defined in Section 3 of this Plan.

Benefits taken into account under this Subsection shall not include any benefits payable under the Social Security Act or any other Federal or State law.

(d) LIMITATIONS ON BENEFITS

In the event that the Employer also maintains a defined contribution Plan providing contributions on behalf of Participants in this Plan, one of the two following provisions shall apply:

(1) If for the Plan Year this Plan would not be a "top-heavy plan" as defined in subsection (g) below if "90 percent" were substituted for "60 percent," then subsection (c) shall apply for such Plan Year as if amended so that the "applicable percentage" means the lesser of three percent multiplied by the number of years of Service (as defined in paragraph (4) of subsection (c)) during which the Plan would be top-heavy (as defined in subsection (g)) and the overall applicable percentage does not exceed the lesser of 30% or 20% plus 1% for each year the Plan is taken into account under this subsection (e) (1).

(2) If for the Plan Year this Plan would continue to be a "top-heavy plan" as defined in subsection (g) below if "90 percent" were substituted for "60 percent," then the denominator of both the defined contribution plan fraction and the defined benefit plan fraction shall be calculated as set forth in Special Provision H for limitation year ending in such Plan Year by substituting "1.0" for "1.25," except with respect to any individual for whom there are no Employer contributions, forfeitures or voluntary nondeductible contributions allocated or any accruals for such individual under the defined benefit Plan. Furthermore, the transitional rule set forth in Code Section 415 shall be applied by substituting "\$41,500" for "\$51,875".

PART III
RETIREMENT PLAN

TOP HEAVY PROVISIONS
(Continued)

(e) COORDINATION WITH OTHER PLANS

In the event that another defined contribution or defined benefit Plan maintained by the Employer provides contributions or benefits on behalf of Participants in this Plan, such other Plan shall be treated as a part of this Plan pursuant to applicable principles (such as Rev. Rule. 81-202 or any successor ruling) in determining whether this Plan satisfies the requirements of subsection (b), (c) and (d). Such determination shall be made upon the advice of counsel by the Employee Benefit Administrative Committee.

(f) TOP-HEAVY PLAN DEFINITION

This plan shall be a "top-heavy plan" for any Plan Year if, as of the determination date (as defined in subsection (g) (1) below), the present value (as determined in subsection (g) (2) below) of the cumulative accrued benefits under the Plan for Participants (including former Participants) who are key Employees (as defined in subsection (h) below) exceeds 60 percent of the present value of the cumulative accrued benefits under the Plan for all Participants, excluding former key Employees, or if this Plan is required to be in an aggregation group (as defined in subsection (g) (3) below) which for such Plan Year is a top-heavy group (as defined in subsection (g) (4) below).

(1) "Determination date" means for any Plan Year the last day of the immediately preceding Plan Year.

(2) The present value shall be determined as of the most recent valuation date that is within the twelve-month period ending on the determination date and as described in the regulations under the Internal Revenue Code as of 1954, as amended.

(3) "Aggregation group" means the group of plans, if any, that includes both the group of plans that are required to be aggregated and the group of plans that are permitted to be aggregated.

(A) The group of plans that are required to be aggregated (the "required aggregation group") includes

(i) Each plan of the Employer (as defined in subsection (i) below) in which a key Employee is a Participant, including collectively-bargained plans, and

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RETIREMENT PLAN

TOP HEAVY PROVISIONS
(Continued)

(ii) Each other Plan, including collectively-bargained plans of the Employer (as defined in subsection (i) below) which enables a plan in which a key Employee is a Participant to meet the requirements of the Internal Revenue Code of 1954, as amended, prohibiting discrimination as to contributions or benefits in favor of Employees who are officers, shareholders or the highly-compensated or prescribing the minimum participation standards.

B) The group of plans that are permitted to be aggregated (the "permissive aggregation group") includes the required aggregation group plus one or more plans of the Employer (as defined in subsection (i) below) that is not part of the required aggregation group and that the Employee Benefits Administrative Committee certifies as constituting a Plan within the permissive aggregation group. Such plan or plans may be added to the permissive aggregation group only if, after the addition, the aggregation group as a whole continue not to discriminate as to contributions or benefits in favor of officers, shareholders or the highly-compensated and to meet the minimum participation standards under the Internal Revenue Code of 1954, as amended.

(4) "Top-heavy group" means the aggregation group, if as of the applicable determination date, the sum of the present value of the cumulative accrued benefits for key Employees under all defined benefit plans included in the aggregation group plus the aggregate of the accounts of key Employees under all defined contribution plans included in the aggregation group exceeds 60% of the sum of the present value of the cumulative accrued benefits for all Employees, excluding former key Employees, under all such defined benefit plans plus the aggregate accounts for all Employees, excluding former key Employees under such defined contribution plans. If the aggregation group that is a top-heavy group is a required aggregation group, each Plan in the group will be top heavy. If the aggregation group that is a top-heavy group is a permissive aggregation group, only those plans that are part of the required aggregation group will be treated as top-heavy. If the aggregation group is not a top-heavy group, no Plan within such group will be top-heavy.

(5) In determining whether this plan constitutes a "top-heavy plan", the Employee Administrative Committee (or its agent) shall make the following adjustments in connection therewith:

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RETIREMENT PLAN

TOP HEAVY PROVISIONS
(Continued)

(A) When more than one Plan is aggregated, the Employee Benefit Administrative Committee shall determine separately for each Plan as of each plan's determination date the present value of the accrued benefits or account balance. The results shall then be aggregated by adding the results of each Plan as of the determination dates for such plans that fall within the same calendar year.

(B) In determining the present value of the cumulative accrued benefit or the amount of the account of any Employee, such present value or account shall include the amount in dollar value of the aggregate distributions made to such Employee under the applicable Plan during the five-year period ending on the determination date, unless reflected in the value of the accrued benefit or account balance as of the most recent valuation date. Such amounts shall include distributions to Employees which represented the entire amount credited to their accounts under the applicable Plan.

(C) Further, in making such determination, in any case where an individual is a "non-key Employee" as defined in subsection (h) below, with respect to an applicable Plan, but was a key Employee with respect to such Plan for any prior Plan Year, any accrued benefit and any account of such Employee shall be altogether disregarded. For this purpose, to the extent that a key Employee is deemed to be a key Employee if he met the definition of key Employee within any of the four preceding Plan Year, this provision shall apply following the end of such period of time.

(g) KEY EMPLOYEE

The term "key Employee" means any Employee or former Employee under this Plan who, at any time during the Plan Year containing the determination date or during any of the four preceding Plan Years, is or was one of the following:

(1) An officer of the Employer (as defined in subsection (i)). Whether an individual is an officer shall be determined by the Employee Benefit Administrative Committee on the basis of all the facts and circumstances, such as an individual's authority, duties and term of office, not on the mere fact that the individual has the title of an officer. For any such Plan Year, there shall be treated as officers no more than the lesser of:

A) 50 Employees, or

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(Continued)

(B) the greater of three Employees or 10 percent of the Employees.

For this purpose, the highest-paid officers shall be selected. Business organizations other than corporations shall be deemed to have no officers.

(2) One of the ten Employees owning (or considered as owning, within the meaning of the constructive ownership rules of the Internal Revenue Code of 1954, as amended) the largest interests in the Employer (as defined in subsection (i)). An Employee who has some ownership interest is considered to be one of the top ten owners unless at least ten other Employees own a greater interest than that Employee. However, an Employee will not be considered a top ten owner for a Plan Year if the Employee earns less than the maximum dollar limitation on contributions and other annual additions to a Participant's account in defined contribution plan under the Internal Revenue Code of 1954, as amended, as in effect for the calendar year in which the determination date falls.

(3) Any person who owns (or is considered as owning within the meaning of the constructive ownership rules of the Code more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the combined total voting power of all stock of the Employer.

(4) A one percent owner of the Employer having an annual compensation from the Employer of more than \$150,000, and possessing more than five percent of the combined total voting power of all stock of the Employer. For purposes of this subsection, compensation means all items includable as compensation for purposes of applying the limitations on contributions and other annual additions to a Participant's account in a defined contribution plan and the maximum benefit payable under a defined plan under the Internal Revenue Code of 1954, as amended.

For purposes of parts (1), (2), (3) and (4) of this definition, a Beneficiary of a key Employee shall be treated as a key Employee. For purposes of parts (3) and (4), each Employer is treated separately (without regard to the definition in subsection (i) in determining ownership percentages; but, in determining the amount of compensation, the definition of Employer in subsection (i) is taken into account.

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TOP HEAVY PROVISIONS
(Continued)

(h) NON-KEY EMPLOYEE

The term "non-key Employee" means any Employee (and any Beneficiary of an Employee) who is not a key Employee.

(i) EMPLOYER

The term "Employer" means Employer as defined in Section 3.23 of this Plan.

(j) COLLECTIVE BARGAINING RULES

The provisions of subsection (b), (c) and (d) above do not apply with respect to any Employee included in a unit of Employees covered by a collective bargaining agreement unless the application of such subsections has been agreed upon with the collective bargaining agent.

(k) DISTRIBUTION TO KEY EMPLOYEES

Any other provisions of this plan to the contrary notwithstanding, distribution of the entire interest in this plan of each Participant who is or any time has been a key Employee shall commence no later than the end of the taxable year of the Participant in which the Participant attains age 70-1/2.

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This is the controlling and definitive statement of the Pacific Gas and Electric Company Savings Fund-Plan for [Non-Management] Union-Represented Employees ^{1/} in effect on and after [January] April 1, 199[4]5. The Plan, which covers Eligible Employees of the Company and other Employers, is a further revision of the one originally placed in effect by the Company as of April 1, 1959. It has since been amended from time to time. The Plan as amended may be further amended retroactively in order to meet applicable rules and regulations of the Internal Revenue Service, the United States Department of Labor and all other applicable rules and regulations. (Amended [1/1/94] 4/1/95)

The Plan is maintained for the exclusive benefit of participants or their Beneficiaries, and contributions or benefits under the Plan do not discriminate in favor of Highly Compensated Employees. (Added 1/1/94)

^{1/} Words underlined are defined in Section 4.[28]34. (Amended 1/1/94)

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4.01 ELIGIBILITY

A [Non-Management] Union-Represented Employee becomes an Eligible Employee upon [completion of one year of Service] attainment of regular status. Once eligibility occurs it continues as long as the Employee remains a [Non-Management] Union-Represented Employee and Service continues. *(Amended 10/1/97)*

4.02 PARTICIPATION

To become a participant, an Eligible Employee must [submit a completed Application to the Plan Administrator. Through the Application,] provide Notice to the Plan Administrator of the Eligible Employee's election to participate and to be bound by the terms of the Plan. Through such Notice, the Eligible Employee shall:

- (1) authorize[s] the Employer to reduce his Covered Compensation by a stated percentage and to contribute such amount to the Plan as a 401(k) Contribution; and/or
- (2) elect[s] to make Non-401(k) Contributions, if any, to the Plan; and
- (3) instruct[s] the Plan Administrator as to the manner in which Employee contributions and matching Employer Contributions are to be invested.
(Amended [1/1/94] 4/1/95)

4.03 EMPLOYEE CONTRIBUTIONS

(c) CHANGING CONTRIBUTIONS

[By submitting a completed Application to the Plan Administrator,] By giving Notice to the Plan Administrator, a participant may direct the Plan Administrator to cease or resume making contributions, or to change the rate of contributions. Any such change shall become effective within 30 days of receipt by the Plan Administrator of [an appropriate, correctly completed Application] such Notice. *(Amended [1/1/91] 4/1/95)*

4.04 EMPLOYER CONTRIBUTIONS

- (a) Each and every time that participants...(Same)
 - (1) [Both] 401(k) and Non-401(k) Contributions are eligible for matching Employer Contributions. Although a participant may elect to defer up to 15

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percent of Covered Compensation to the Plan, the maximum amount of a participant's contributions eligible for matching Employer Contributions shall be one of the following percentages of Covered Compensation:
(Amended 1/1/94)

- (i) zero percent, ...(Same)
- (ii) up to 3 percent,...(Same)
- (iii) up to 4 percent,...(Same)
- (iv) up to 5 percent,...(Same)
- (v) up to 6 percent,...(Same)
- (vi) for a participant who is absent...(Same)
 - (a) the maximum...(Same)
 - (b) the dollar amount...(Same)

(b) INVESTMENT OF EMPLOYER CONTRIBUTIONS.

(Same)

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4.05 ROLLOVER CONTRIBUTIONS

- a) With the approval of the Plan Administrator, an Eligible Employee may make a rollover to the Plan in cash an amount which constitutes all or part of an eligible rollover distribution (as defined in Section 402(c) (4) of the Code). However, a direct or indirect transfer to this Plan from another qualified plan will not be permitted if such transfer would subject this Plan to the qualified joint and survivor rules of Code Section 401(a)(11).
- b) The Employer, the Plan Administrator and the Trustee have no responsibility for determining the propriety of, proper amount or time of, or status as a tax-free transaction of any transfer under Subsection (a) above.
- c) The Plan Administrator shall develop such procedures, and may require such information from the individual who is requesting to make a rollover to the Plan, as necessary or desirable in order to determine that the proposed rollover will meet the requirements of this Section 4.05.
- d) A rollover will be credited to the participant's account and will be recorded separately as a Rollover Contribution by the Plan Administrator as soon as practicable following the receipt thereof by the Trustee.
- e) The Plan Administrator in its discretion may direct the return to the participant (or the transfer to another trustee or custodian designated by the participant) of any Rollover Contribution and any earnings thereon to the extent the Plan Administrator determines that such return may be necessary to insure the continued qualification of this Plan under Section 401(a) of the Code.
- f) Rollover Contributions shall not be eligible for matching Employer Contributions as described in Section 4.

(Added 10/01/97)

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4.[05]06 LIMITATIONS

(a) AVERAGE DEFERRAL PERCENTAGE LIMITATION...(Same)

(1) the average rate of 401(k) Contributions ...(Same)

[(2) the average rate of 401(k) Contributions as a percentage of compensation for all other participating Eligible Employees multiplied by 2 but only if the average rate of 401(k) Contributions for the participating Eligible Highly Compensated Employees does not exceed by more than 2 percentage points the average rate of 401(k) Contributions for all other participating Eligible Employees, or such lesser amount as the Secretary of the Treasury may prescribe in order to prevent the multiple use of this alternative limitation with respect to any Highly Compensated participant.]

(2) *the lesser of:*

(i) the average rate of 401(k) Contributions as a percentage of compensation for all other participating Eligible Employees multiplied by 2; or

(ii) the average rate of 401(k) Contributions as a percentage of compensation for all other participating Eligible Employees plus 2 percentage points, or such lesser amount as the Secretary of the Treasury may prescribe in order to prevent the multiple use of this alternative limitation with respect to any Highly Compensated participant. (Amended 1/1/94)

The average rate of 401(k) Contributions for a Plan Year for a designated group of Eligible Employees shall be the average of the ratios, calculated separately for each participating Eligible Employee in the group, of the amount of 401(k) Contributions made by each Employee for the Plan Year, to the Employee's compensation for such Plan Year. As used in this subsection, compensation shall mean compensation paid by an Employer to the participant during the Plan Year which is required to be reported as wages on the participant's form W-2 and shall also include compensation which is not currently includable in the participant's gross income by reason of the application of Code Sections 125 and 402[(a)(8)]
(e)(3) Amended (1/1/94)

For purposes of this subsection, the ratio of the amount...(Same)

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For purposes of determining the ratio of the amount ..(Same)

The determination and treatment...(Same)

(b) **AVERAGE CONTRIBUTION PERCENTAGE LIMITATION...**(Same)

(1) the average rate of Non-401(k) Contributions ...(Same)

[(2) the average rate of Non-401(k) Contributions and Employer Contributions as a percentage of compensation for all other participating Eligible Employees multiplied by 2, but only if the average rate of Non-401(k) Contributions and Employer Contributions for the participating Highly Compensated Eligible Employees does not exceed by more than 2 percentage points the average rate of Non-401(k) Contributions and Employer Contributions for all other participating Eligible Employees, or such lesser amount as the Secretary of the Treasury may prescribe in order to prevent the multiple use of this alternative limitation with respect to any Highly Compensated participant.]

(2) *the lesser of:*

(i) *the average rate of Non-401(k) Contributions and Employer Contributions as a percentage of compensation for all other participating Eligible Employees multiplied by 2; or*

(ii) *the average rate of Non-401(k) Contributions and Employer Contributions for all other participating Eligible Employees plus 2 percentage points, or such lesser amount as the Secretary of the Treasury may prescribe in order to prevent the multiple use of this alternative limitation with respect to any Highly Compensated participant (Amended 1/1/94)*

The average rate of Non-401(k) Contributions and Employer Contributions for a Plan Year for a designated group of Eligible Employees shall be the average of the ratios, calculated separately for each participating Eligible Employee in the group, of the amount of Non-401(k) Contributions and Employer Contributions made by and

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on behalf of each Employee for the Plan Year, to the Employee's compensation for such Plan Year. As used in this subsection, compensation shall mean compensation paid by an Employer to the participant during the Plan Year which is required to be reported as wages on the participant's form W-2 and shall also include compensation which is not currently includable in the participant's gross income by reason of the application of Code Sections 125 and 402[(a)(8)](e)(3) (Amended 1/1/94)

For purposes of this subsection, the ratio ...(Same)

For purposes of determining the ratio...(Same)

The determination and treatment of Non-401(k) Contributions and Employer Contributions of any participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

- (c) In the event that the ...(Same).

The Plan Administrator shall first determine ...(Same)

Notwithstanding any other provision of the Plan, if, as of the end of a Plan Year, the Plan fails to meet either or both of the tests described in Subsections 4.05(a) or 4.05(b), the Plan Administrator shall, on or before [April 15] December 31 of the following Plan Year distribute to each Highly Compensated participant, beginning with the participant having the higher ratio, such excess portion of the participant's 401(k) Contributions and/or Non-401(k) Contributions and Employer Contributions (and any income allocable to such portion), until the Plan satisfies both of the tests. If there is a loss allocable to such excess amount, the amount of the distribution shall in no event be less than the lesser of the (i) participant's account or (ii) the participant's 401(k) Contributions, or Non-401(k) Contributions and Employer Contributions, as appropriate, for the Plan Year. (Amended 1/1/94)

- (d) ANNUAL 401(K) LIMITATION...(Same)

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(e) **SECTION 415 LIMITATION.** Anything herein to the contrary notwithstanding, in no event shall the annual additions to a participant's accounts in a Year exceed the lesser of (1) 25 percent of the participant's compensation (as defined in Subparagraph 4.05(e)(1), below) for the Year or (2) \$30,000 or, if greater, one-fourth of the defined benefit dollar limitation set forth Section 415(b)(1) of the Code as in effect for the Plan Year. For purposes of applying the limitations of Section 415 of the Code, the annual additions which must be kept within the limits set forth above, shall mean the sum credited to a participant's account for any Plan Year of (i) Employer [Matching] Contributions and 401(k) Contributions, (ii) Non-401(k) Contributions, and (iii) any amounts allocated to an individual medical account, as defined in Sections 415(l)(2) and 419A(d)(2) of the Code. The compensation limitation percentage referred to above shall not apply to (i) any contribution for medical benefits, as defined in Section 419A(f)(2) of the Code, after a participant's separation from Service which is otherwise treated as annual addition, or (ii) any amount which is otherwise treated as an annual addition under Section 415(l)(1) of the Code.
(Amended 1/1/94)

(1) Solely for purposes of...(Same)

(a) Contributions made by an Employer ...(Same)

(b) Amounts realized from the exercise ...(Same)

(c) Amounts realized from the sale...(Same)

(d) Other amounts which receive special tax benefits ...(Same)

In the event that the annual additions ...(Same)

(f) If a participant of this Plan is also a participant in the Company's Retirement Plan, Section 415 of the Code imposes a combined benefit limitation. Contributions to this Plan will nevertheless be permitted to the maximum extent permitted by Section 415 of the Code and the terms of the Plan. If the combined maximum benefit permitted would be exceeded, the benefit from the Company's Retirement Plan shall be reduced so that the limitation will be met. The combined maximum benefit for a participant shall be determined pursuant to the provisions of Section 415(e) of the Code.
Amended 1/1/94

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[If a participant is also a participant in the Company's Retirement Plan, the Code provides that the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Plan Year shall not exceed 1.0. The defined benefit plan fraction for any Plan Year is a fraction, the numerator of which is the participant's projected annual benefit under the Company's Retirement Plan (determined at the close of the Plan Year) and the denominator of which is the greater of the product of 1.25 multiplied by the projected current accrued benefit; or the lesser of: (i) the product of 1.25 multiplied by the maximum dollar limitation provided under Code Section 415(b)(1)(A) for a Plan Year, or (ii) the product of 1.4 multiplied by the amount which may be taken into account under Code Section 415(b)(1)(B) for such Plan Year. (Amended 1/1/94)]

[(1) For purposes of applying the limitations of Code Section 415, the projected annual benefit for any participant is the benefit, payable annually, under the terms of the Retirement Plan determined pursuant to Regulation 1.415-7(b)(3).]

[(2) For purposes of applying the limitations of Code Section 415, projected current accrued benefit for a participant in the Retirement Plan shall be the accrued benefit, payable annually, provided for under question T-3 of the Internal Revenue Service Notice 83-10.]

[The defined contribution plan fraction for any Plan Year is a fraction, the numerator of which is the sum of the annual additions to the participants' accounts in this Plan and in any other defined contribution plan maintained by the Employer in such Plan Year and the denominator of which is the sum of the lesser of the following amounts determined for such Plan Year and each prior year of Service with an Employer: (i) the product of 1.25 multiplied by the dollar limitation in effect under Code Section 415(c)(1)(A) for such Plan Year (determined without regard to Code Section 415(c)(6), or (ii) the product of 1.4 multiplied by the amount which may be taken into account under Code Section 415(c)(1)(B) for such year. For years beginning before January 1, 1987, the annual additions shall not be recomputed to treat all Non-401(k) Contributions as an annual addition. Notwithstanding the foregoing, the numerator of the defined contribution plan fraction shall be adjusted pursuant to Regulation 1.415-7(d)(1) and questions T-6 and T-7 of Internal Revenue Service Notice 83-10.] At the election of the Plan Administrator, special transitional rules may apply for both the defined

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benefit fraction and the defined contribution fraction for Employees who were participants as of December 31, 1982. (Amended 1/1/94)

(g) Top Heavy Provisions...(Same)

(h) For purposes of determining all benefits under the Plan, for Plan Years beginning after 1988 and before 1994, the maximum compensation of each Employee that may be taken into account each Plan Year shall not exceed \$200,000 (as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code. For purposes of determining all benefits under the Plan, for Plan Years beginning after 1993, the maximum compensation of each Employee that may be taken into account each Plan Year shall not exceed \$150,000 (as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code). In determining the compensation of a Highly Compensated Employee for purposes of this limitation, the rules of Section 414(g)(6) of the Code shall apply, except that the term "family" shall include only the spouse of the Employee and any lineal descendants of the Employee who have not attained age 19 before the close of the Year. If the aggregate compensation of family members exceeds the applicable compensation limit of compensation as limited by Section 401(a)(17) of the Code then the amount of compensation considered under the Plan for each family member is proportionately reduced so that the total equals the applicable compensation limitation under Section 401(a)(17) of the Code. (Added 1/1/94)

4.[06]07 SELECTION OF INVESTMENT FUNDS

(a) **401(k) CONTRIBUTIONS, NON-401(k) CONTRIBUTIONS, AND EMPLOYER CONTRIBUTIONS.** A participant shall [direct] *instruct* the Plan Administrator to invest his 401(k) Contributions, Non-401(k) Contributions, and Employer Contributions in one or more Investment Funds. The minimum amount which can be invested in any single Investment Fund shall be [twenty] *one* percent of a participant's current [401(k) Contributions] *contributions* to the Plan. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of [five] *one* percent. [of the participant's current 401(k) Contributions.] *(Amended 4/1/95)*

[(b) **NON-401(k) CONTRIBUTIONS.** A participant who is making Non-401(k) Contributions to the Plan shall direct the Plan Administrator to

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invest his Non-401(k) Contributions in one or more Investment Funds. A participant's directions as to the investment of participant Non-401(k) Contributions shall be separate and distinct from investment directions given for 401(k) Contributions. The minimum amount of Non-401(k) Contributions which may be invested in any single Fund shall be twenty percent of a participant's current Non-401(k) Contributions to the Plan. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of five percent of the participant's current Non-401(k) Contributions. (Amended 1/1/91)].

[(c) **EMPLOYER CONTRIBUTIONS.** A participant shall direct the Plan Administrator to invest the matching Employer Contributions allocated to his account into one or more Investment Funds. The minimum amount which can be invested in any single Investment Fund shall be twenty percent of the matching Employer Contributions currently allocated to the participant's account. A participant's directions as to the investment of matching Employer Contributions shall be separate and distinct from investment directions given for 401(k) Contributions and Non-401(k) Contributions. A participant may elect to invest more than the minimum amount in any Investment Fund, provided that any such increase must be in increments of five percent of the current matching Employer Contributions allocated the participant's account. If the Plan Administrator has not received directions from a participant as to the investment of matching Employer Contributions allocated to the participant's account, the Plan Administrator shall invest Employer Contributions in Company Stock. (Amended 1/1/94)]

[(d)](b) **CHANGE OF INVESTMENT FUND ALLOCATIONS.** [By submitting the appropriate Form] By giving Notice to the Plan Administrator, a participant may (1) change the percentage levels of future contributions which are to be allocated to any Investment Fund or Funds or, (2) change the Investment Funds in which his future contributions are to be invested. [A participant shall be permitted to make one such change in any Calendar Quarter.] Each election regarding investment of future contributions shall be effective with the next deposit of contributions. (Amended [1/1/94] 4/1/95)

4.[07]08 COMPANY STOCK FUND

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This Fund is invested [entirely] *primarily* in Common Stock of the Company, *with a small portion invested in cash or cash equivalents*. The Fund also holds [all] Company Stock and the earnings thereon attributable to Employer Contributions and participant contributions made to the Basic Fund of the Plan as it existed prior to April 1, 1984. All cash dividends received by the Trustee on Company Stock are reinvested in [Company Stock and credited to the participant account in which the Company Stock is held. Company Stock received by the Trustee as a stock dividend or stock right or from a stock split or bought with cash obtained from the sale of a stock right, warrant or option is similarly credited to the account in which the underlying Company Stock is held] *the Fund*. (Amended [1/1/94] 4/1/95)

- (a) **INVESTMENT GENERALLY.** Whenever the Trustee invests cash in Company Stock, the Employee Benefit Finance Committee shall direct the Trustee to purchase the Company Stock either (i) *at a public sale on a recognized stock exchange*, [(i)](ii) directly from the Company at [an averaged cost] *a price equal to that day's closing price for Company Stock on the New York Stock Exchange*, [(ii) at a public sale on a recognized stock exchange,] or (iii) from a private source at a price no higher than the price that would have been payable under [(ii)](i).
- [(b) **DIVIDENDS.** Cash dividends or other cash received by the Trustee on Company Stock shall be reinvested in additional Company Stock at the averaged cost.]
- [(c) **COMPUTATION OF AVERAGED COST.** The cost to the Trustee of all Company Stock purchased directly from the Company shall be the averaged cost. The averaged cost for all Company Stock held in the Company Stock Fund is the average of the mid-points of the daily high and low composite prices for the period for which the money was contributed. The averaged cost for Company Stock purchased with dividends will be averaged over the five trading days immediately preceding receipt of the dividends by the Trustee. The cost to the Trustee of all Company Stock purchased at a public sale on a recognized stock exchange shall be the average of the purchase prices paid for all stock required for a given periodic contribution. Thus, if the Trustee is required to purchase stock for a contribution to the Plan over several days, the purchase price for all of the shares shall be the average of the prices paid during the days required to make the total purchase. (Amended 1/1/89)]
- [(d)](b) **VOTING OF COMPANY STOCK.** Each and every time shareholders who are not participants in the Plan are entitled to vote Company Stock,

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participants shall have an absolute right to vote Company Stock. Whenever participants are given the opportunity to vote Company Stock, the Trustee shall inform each participant of all relevant material received by the Trustee with a written request for confidential voting instructions. The Trustee is required to vote the Company Stock credited to a participant's account as the participant directs. If the participant does not give such instructions within the required time, the Trustee may not vote any Company Stock [in] credited to a participant's account. (Amended [1/1/88] 4/1/95).

(c) COST OF UNITS. The cost of a Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the Company Stock Fund. (Added 4/1/95).

(d) VALUE OF UNITS. The value of a Unit is the value of the Company Stock held in the Fund at the closing price on the New York Stock Exchange plus the cash held in the Fund, as determined by the Trustee each Business Day, less any fees or other expenses which are charged to the Fund which shall reduce the earnings of that Fund, divided by the number of Units. Each payment into the Company Stock Fund of contributions shall increase, and each payment out of the Company Stock Fund shall decrease, the number of Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment. (Added 4/1/95)

4.[08]09 UNITED STATES BOND FUND

This Fund was maintained for the purpose of investing Employee contributions in United States Bonds. This Fund also holds all Bonds attributable to participant contributions made to the Basic Fund of the Plan as it existed prior to April 1, 1984. Income from Bonds is reflected in the greater redemption values of the Bonds. Bonds held in this Fund cannot be transferred to another Investment Fund under the transfer provisions of Section 4.14. (Amended 1/1/94)

Effective July 1, 1991, the U.S. Bond Fund [will] no longer accept Employee contributions. Bonds purchased to date with Employee contributions will continue to be held in the Plan until a distribution is requested by the Employee in accordance with current Plan provisions. (Amended [1/1/91] 4/1/95).

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4.[09 DIVERSIFIED EQUITY FUND (DEF)]¹⁰ LARGE COMPANY STOCK INDEX FUND (LCSE)

This Fund is maintained for the purpose of investing in a diversified portfolio consisting principally of common stock of large U.S. companies and securities convertible into common stock. However, at no time shall the [DEF] LCSE be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the [DEF] LCSE Investment Manager. The [DEF] LCSE Investment Manager directs the day-to-day investment of the Fund. Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the [DEF] LCSE Investment Manager. A participant's account is credited with the number of [DEF] LCSE Units purchased with contributions allocated to his account. [All Diversified Investment Fund Units attributable to participant contributions made to the Plan as it existed prior to April 1, 1984, are held in this Fund under the new designation of DEF Units].

- (a) **COST OF [DEF] LCSE UNITS.** The cost of a [DEF] LCSE Unit shall be the current value of a Unit as determined by the [DEF Investment Manager] Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the [DEF] LCSE.
- (b) **VALUE OF [DEF] LCSE UNITS.** [2/] The value of a [DEF] LCSE Unit is the value of the Fund assets, as determined [from time to time] each Business Day by the [DEF Investment Manager] Trustee, [(but no less frequently than once a week)] less any liabilities (other than the interests of participants in the Fund), divided by the number of [DEF] LCSE Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

(Amended 10/1/97)

[2/ The initial value of a DEF Unit was \$5,000 in October, 1969. Subsequent valuation were determined in the same manner as DEF Units are presently valued.]

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4.10 UTILITY STOCK FUND (USF) Entire section deleted 10/1/97

4.11 SMALL COMPANY STOCK INDEX FUND (SCSF)

This Fund is maintained for the purpose of investing in a diversified portfolio consisting principally of common stock of small capitalization US companies and securities convertible into common stock. However, at no time shall the SCSF be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the SCSF Investment Manager.

The SCSF Investment Manager directs the day-to-day investment of the Fund Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the SCSF Investment Manager. A participant's account is credited with the number of SCSF Units purchased with contributions allocated to his account.

(a) COST OF SCSF UNITS. The cost of a SCSF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the SCSF.

(b) VALUE OF SCSF. The value of a SCSF Unit is the value of the Fund assets, as determined each Business Day by the Trustee, less any liabilities (other than the interest of participants in the Fund), divided by the number of SCSF Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

(Added 10/1/97)

4.12 INTERNATIONAL STOCK INDEX FUND (ISF)

This Fund is maintained for the purpose of investing in a diversified portfolio consisting principally of non--US common stock and securities convertible into common stock. However, at no time shall the ISF be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the ISF Investment Manager.

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The ISF Investment Manager directs the day-to-day investment of the Fund. Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the ISF Investment Manager. A participant's account is credited with the number of ISF Units purchased with contributions allocated to his account

(a) COST OF ISF UNITS. The cost of a ISF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the ISF.

(b) VALUE OF ISF UNITS. The value of a ISF Unit is the value of the Fund assets, as determined each Business Day by the Trustee, less any liabilities (other than the interests of participants in the Fund), divided by the number of ISF Units. Each payment into the Fund of contributions shall increase, and each payment out the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

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4.13 STOCK AND BOND FUND (SBF) *(Entire Section Deleted 10/01/97)*

4.[11 GUARANTEED INCOME FUND]~~13~~ STABLE VALUE FUND (GIF)(SVF)

Entire Guaranteed Income Fund Section Deleted

This Fund is designed to provide participants with preservation of principal while earning a stable and consistent rate of return. The Fund is made up of investment contracts with a diversified group of insurance companies, banks, and other financial institutions which provide for credited interest rates and terms that are negotiated at the time of purchase.

Contributions made to the [GIF]SVF are invested in a portfolio of investment contracts. The [GIF]SVF Investment Manager directs the day-to-day investments of the Fund. The blended interest earned on all contracts held in the portfolio is posted daily to the participant's account.

(a) COST OF [GIF]SVF UNITS. The cost of a [GIF]SVF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the [GIF]SVF.

(b) VALUE OF [GIF]SVF UNITS. The value of a [GIF]SVF Unit is the value of the [GIF]SVF assets, as determined each Business Day by the Trustee, less any liabilities (other than the interests of participants in the [GIF]SVF, divided by the number of [GIF]SVF Units. Each payment into the [GIF]SVF of contributions shall increase, and payments out of the [GIF]SVF shall decrease, the number of [GIF]SVF Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of payment.

(Amended 10/1/97)

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4.[12]14 BOND INDEX FUND (BIF)

The **BIF** is maintained for the purpose of investing in a diversified portfolio consisting principally of marketable fixed-income securities. However, at no time shall the **BIF** be invested directly in securities issued or guaranteed by the **Company** or any of its subsidiaries, *except to the extent that any such securities are held in a commingled account invested in by the **BIF Investment Manager**.* The **BIF Investment Manager** directs the day-to-day investment of the **BIF**. *(Amended 1/1/94)*

Contributions to the **BIF**...Same

(a) **COST OF BIF UNITS**...Same

(b) **VALUE OF BIF UNITS**. The value of a **BIF Unit** is the value of the **BIF** assets, as determined [from time-to-time] *each Business Day* by the **Trustee** [(but no less frequently than once a week)], less any liabilities (other than the interests of participants in the **BIF**), divided by the number of **BIF Units**. Each payment into the **BIF** of contributions shall increase, and each payment out of the **BIF** shall decrease the number of **BIF Units** by a number equal to the amount of the payment divided by the last **Unit** value determination immediately preceding the date of payment. *(Amended [1/1/94] 4/1/95).*

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4.15 CONSERVATIVE ASSET ALLOCATION FUND (CAAF)

The Fund is maintained for the purpose of investing in a diversified portfolio with a primary emphasis on bonds and a secondary emphasis on stocks. This Fund has an allocation to each of the following Funds: the Small Company Stock Index Fund (SCSF), the Large Company Stock Index Fund (LCSF), the International Stock Index Fund (ISF), and the Bond Index Fund (BIF). At no time shall the CAAF be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the CAAF Investment Manager.

The CAAF Investment Manager directs the day-to-day investment of the Fund. Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the CAAF Investment Manager. A participant's account is credited with the number of CAAF Units purchased with contributions allocated to his account.

(a) COST OF CAAF UNITS. The cost of a CAAF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the CAAF.

(b) VALUE OF CAAF UNITS. The value of a CAAF Unit is the value of the Fund assets, as determined each Business Day by the Trustee, less any liabilities (other than the interest of participants in the Fund), divided by the number of CAAF Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

(Added 10/1/97)

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4.16 MODERATE ASSET ALLOCATION FUND (MAAF)

The Fund is maintained for the purpose of investing in a diversified portfolio with an emphasis on stocks and bonds. This Fund has an allocation to each of the following Funds: the Small Company Stock Index Fund (SCSF), the Large Company Stock Index Fund (LCSF), the International Stock Index Fund (ISF), and the Bond Index Fund (BIF). However, at no time shall the MAAF be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the MAAF Investment Manager.

The MAAF Investment Manager directs the day-to-day investment of the Fund. Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the MAAF Investment Manager. A participant's account is credited with the number of MAAF Units purchased with contributions allocated to his account.

(a) COST OF MAAF UNITS. The cost of a MAAF Unit shall be the current value of a Unit as determined by the Trustee as of the valuation date immediately preceding the date that the Trustee invests contributions in the MAAF.

(b) VALUE OF MAAF UNITS. The value of a MAAF Unit is the value of the Fund assets, as determined each Business Day by the Trustee, less any liabilities (other than the interest of participants in the Fund), divided by the number of MAAF Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

(Added 10/1/97)

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4.17 AGGRESSIVE ASSET ALLOCATION FUND (AAAF)

The Fund is maintained for the purpose of investing in a diversified portfolio with a primary emphasis on stocks and a secondary emphasis on bonds. This Fund has an allocation to each of the following Funds: the Small Company Stock Index Fund (SCSF), the Large Company Stock Index Fund (LCSF), the International Stock Index Fund (ISF), and the Bond Index Fund (BIF). However, at no time shall the AAAF be invested in securities issued or guaranteed by the Company or any of its subsidiaries, except to the extent that any such securities are held in a commingled account invested in by the AAAF Investment Manager.

The AAAF Investment Manager directs the day-to-day investment of the Fund. Contributions to this Fund are paid over to the Trustee and invested in accordance with instructions received from the AAAF Investment Manager. A participant's account is credited with the number of AAAF Units purchased with contributions allocated to his account.

- (a) COST OF AAAF UNITS. The cost of a AAAF Unit shall be the current value of a Unit as determined by the AAAF Investment Manager as of the valuation date immediately preceding the date that the Trustee invests contributions in the AAAF.
- (b) VALUE OF AAAF UNITS. The value of a AAAF Unit is the value of the Fund assets, as determined each Business Day by the Trustee, less any liabilities (other than the interest of participants in the Fund), divided by the number of AAAF Units. Each payment into the Fund of contributions shall increase, and each payment out of the Fund shall decrease, the number of Fund Units by a number equal to the amount of the payment divided by the last Unit value determination immediately preceding the date of the payment.

(Added 10/1/97)

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4. [14]18 TRANSFER OF INVESTMENT FUND BALANCES

(a) [A] *By giving Notice to the Plan Administrator*, a participant may elect to transfer [**Investment Fund Units**] *any portion of the contributions* held in his account, plus the earnings thereon, from any **Investment Fund** to another **Investment Fund** or **Funds**. [A participant shall be permitted to make one such change in any **Calendar Quarter**. Effective July 1, 1992, **Investment Fund Units** attributable to **Employer Contributions**, plus earnings thereon, may also be transferred.] *A transfer shall be effective and shall be valued on the day it is made, if such day is a Business Day, and the participant provides Notice of such transfer prior to the closing time of the New York Stock Exchange. All other transfers shall be effective and valued as of the next Business Day.* (Amended [1/1/94] 4/1/95)

(a) **ELIGIBLE TRANSFERS BETWEEN FUNDS.** By submitting the appropriate transfer form to the **Plan Administrator**, a participant may transfer all or a portion of the **Units** held in any **Investment Fund** to another **Fund** or **Funds**, except as follows:]

[(1) **Units** held in the **U.S. Bond Fund** are not eligible for transfer to any other **Fund**. Effective July 1, 1991, transfers cannot be made from another **Fund** to the **U.S. Bond Fund**.]

[(2) **GIF Units** attributable to **Employee** contributions or transfers into the **GIF** before April 1, 1990 are not eligible for transfer to other **Funds** until the expiration of the applicable contract.]

[(3) **GIF Units** attributable to **Employee** contributions or transfers into the **GIF** on or after April 1, 1990 are transferable to any other **Fund** except the **Money Market Investment Fund**.]

[A transfer from one **Fund** to another **Fund** shall be in a minimum amount of twenty percent of the number of **Units** held in the **Fund** from which the transfer is made. A participant may elect to transfer more than twenty percent of the **Units** held in any **Fund** to another **Fund**, provided, however, that any such greater amount must be in increments of five percent of the number of **Units** held in the **Fund** from which the transfer is made. Transfers shall be made as soon as practicable, but in no event later than 30 days, after receipt by the Trustee of a completed transfer form. (Amended 1/1/94)]

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Upon receipt of [the] a transfer [form] Notice, the Trustee shall value the Units to be transferred from the Fund and convert the Units to cash. The Fund account of the participant shall be debited with the number of Units transferred from that Fund and the Trustee shall purchase with the cash proceeds realized from the converted Units,

Units in the appropriate Fund or Funds, as designated by the participant. The cost of the Units purchased shall be the value of the Fund Units as determined on the date of transfer, and the number of Units purchased shall be credited to the appropriate Investment Fund account of the participant. *(Amended 4/1/95)*

(b) **COMPANY STOCK FUND - OVERALL LIMITATION...Same**

4.[15]19 **PARTICIPANT ACCOUNTS (Renumbered)**

4.[16]20 **ACCOUNT STATEMENTS (Renumbered)**

4.[17]21 **WITHDRAWAL DURING SERVICE**

Except as provided...(Same)

(a) **401(k) CONTRIBUTIONS**

(1) A participant may withdraw all or part...Same

(2) A participant may withdraw an amount...Same

(a) To cover medical expenses...Same

(b) The purchase of a...Same

(c) To meet tuition...Same

(d) To prevent eviction...Same

A request for withdrawal under this Subsection 4.[17]21(a)(2) will not be deemed to be for immediate and heavy financial needs unless the participant represents that the need cannot be met from the following resources:

(a) through reimbursement...Same

(b) by reasonable liquidation...Same

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(c) by cessation of contributions...Same

(d) by other distributions,...Same

For purposes of this Subsection 4.[17]21(a)(2), a participant's resources shall be deemed to include any assets of his spouse and minor children that are reasonably available to the participant. In addition, withdrawals under Subsection 4.[17]21(a)(2) may not exceed the amount actually required to meet the participant's immediate financial needs.

(3) A participant who withdraws Units under Subsection 4.[17]21(a) will automatically be suspended from the Plan and will not be permitted to resume making contributions to the Plan for six months following the date upon which the withdrawal form is processed by the Plan Administrator. After suspension ends, contributions may be resumed [by submitting a new Application] by giving Notice to the Plan Administrator.
(Amended 4/1/95)

(b) **Non 401(k) CONTRIBUTIONS...**(Same)

(c) **EMPLOYER CONTRIBUTIONS**

(1) A participant may withdraw...(Same)

(2) Units, including the income attributable thereto, brought with Employer Contributions which would not be withdrawable under Subsection 4.[17]21(c)(1), shall nonetheless be withdrawable upon the occurrence of any of the following events:

(a) the participant is disabled...(Same)

(b) the participant has attained...(Same)

(c) the participant has requested and is entitled to receive a hardship distribution which meets the requirements of Subsection 4.[17]21(a)(2) but only if all amounts distributable under Subsection 4.[17]21(a) have been exhausted. *(Amended 1/1/94)*

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Anything herein to the contrary notwithstanding, if as of any single month, the Trustee is required as a result of the withdrawal provisions of this Subsection 4.[17]21(c) to sell on the open market more than one percent of the outstanding shares of Company Stock, then the Trustee shall immediately so advise the Employee Benefit Finance Committee. The Employee Benefit Finance Committee may, in its sole discretion, limit, proate, or temporarily suspend further sales of Company Stock by the Plan or take whatever steps necessary to ensure an orderly market in Company Stock.

A participant shall submit the appropriate Form to the Savings Fund Plan Office directing the Plan Administrator as to the amount of the withdrawal, [and the manner in which the withdrawal is to be allocated among the Investment Funds.] Distribution will be made as soon as practicable after receipt of the withdrawal Form. Upon each withdrawal, the Units credited to the appropriate Fund or Funds will be reduced by the number of Units withdrawn. Withdrawals from the Bond Fund can only be made in United States Bonds. Withdrawals from the Company Stock Fund may be made in cash or whole shares of stock at the election of the participant. Withdrawals of [DEF], [USF], BIE, LCSE, SCSE, ISE, SVF, CAAF, MAAF, or AAAF, [SBE, or GIF] Units will be made in cash at the then current value of the Units; or, at the election of the participant, the Units will be transferred to the Company Stock Fund pursuant to Section 4.[14]18 and distribution will be made in whole shares of Company Stock. (Amended 4/1/95)

(d) ROLLOVER CONTRIBUTIONS:

A participant may at any time elect to withdraw all or any part of the Units including income thereon bought with the participant's Rollover Contributions to the Plan. Such an election will not cause suspension from the Plan. (Added 10/1/97)

[d](e) ORDERING OF WITHDRAWALS

Whenever the Plan Administrator is required to make a distribution under this Section 4.21 or Section 4.22, the Plan Administrator shall first withdraw Units and earnings thereon attributable to a participant's Non-401(k) Contributions made prior to 1987, followed by Units and

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earnings thereon attributable to Non-401(k) Contributions made after 1986, followed by Units and earnings thereon attributable to Rollover Contributions, followed by Units withdrawable under Subsection 4.21(c)(1) followed by Units withdrawable under Subsection 4.21(c)(2), but only if available for withdrawal under that subsection, followed by Units and earnings thereon attributable to a participant's 401(k) Contributions, but only to the extent that such Units can be withdrawn by the Participant under Subsection 4.21(a). (Amended 10/1/97)

4.[18]22 TERMINATION OF PARTICIPATION

Participation in the Plan ends as of the date that a participant ceases to be an Eligible Employee. Although a former participant may elect to have an account balance held in the Plan under Section 4.[19]23 after participation ends, a former participant may not contribute to the Plan, except that contributions to the Plan will be accepted with respect to retroactive wage payments. [Upon submission of the appropriate Form(s) to the Plan Administrator, a] A former Participant who has an account balance in the Plan may make withdrawals from the account balance, and transfer from one or more Funds to another Fund or Funds pursuant to the terms of the Plan. (Amended [1/1/91] 4/1/95)

Upon the death of a participant, the Plan Administrator shall distribute the participant's account balance to the participant's Beneficiary within a reasonable time but not later than 60 days after receipt of a completed withdrawal form or 180 days after the Plan Administrator receives Notice of the participant's death. If the Beneficiary does not complete a withdrawal form within the time periods set forth above, the distribution shall be in cash and paid directly to the Beneficiary. (Added 1/1/94)

4.[19]23 DISTRIBUTION OF PLAN BENEFITS

- (a) Upon termination of participation, a distribution shall be made of the balances allocated to a participant's accounts if the value of the participant's account is \$3,500 or less. Such distribution shall be made no later than the 60th day following the close of the Plan Year in which participation terminates, unless the participant elects to receive distribution at an earlier date. If the value of a participant's account exceeds \$3,500, distribution will be made upon receipt by the Plan Administrator of the written distribution request of the participant. Distribution will therefore be made within 60 days of the receipt of such distribution request. Any provision of the Plan notwithstanding, if participation

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continues beyond the end of the Year in which the participant attains age 70-1/2, distribution of the participant's entire interest in the Plan shall be made no later than April 1 of the Year following the Year in which the participant attains age 70-1/2. (Amended 4/1/95)

All distributions due under the Plan shall be payable only out of the Plan's assets as directed by the Administrator. Unless a cash distribution is requested the Trustee will distribute a certificate for the whole shares of Company Stock, the United States Bonds, and the Trustee's check for the then current value of all other Units credited to the participant's account, plus any uninvested cash. Alternatively, at the direction of the participant, Fund Units other than U.S. Savings Bonds may be transferred to the Company Stock Fund pursuant to Section 4. [14] / 8 and distribution will be made in whole shares of Company Stock.

If a participant elects a cash distribution, upon receipt of the appropriate Form requesting such distribution, the Trustee will [sell the Company Stock on the open market and] distribute [the cash proceeds less brokerage commissions, together with] the then current value of the Investment Fund Units and uninvested cash. Until the Trustee [sells Company Stock or] converts Investment Fund Units to cash, all Units shall continue to share in investment gains and losses. Distributions from the Bond Fund can only be made in United States Bonds. (Amended 4/1/95)

b) Any provision of the Plan notwithstanding:

Unless the participant otherwise elects, distribution to such participant shall be made (or shall commence) not later than the 60th day after the close of the Plan Year in which occurs the latest of the following events:

- (1) The participant attains age 65
- (2) The participant attains the 10th anniversary of the date on which he or she became a participant under the Plan; or
- (3) The participant's termination of employment with the Employer (Added 1/1/94)

(c) Distributions thereunder will be made in accordance with Section 401 (a) (9) of the Code and the regulations thereunder, including Treasury regulation Section 1.401 (a) (9)-2, which are incorporated by reference herein. (Added 1/1/94)

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4.24 DIRECT ROLLOVERS (Added 1/1/94)

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a participant's election under this section, effective January 1, 1993, a participant or Beneficiary who is a surviving spouse may elect, at the time and in the manner prescribed by the Plan Administrator to have any portion of an eligible rollover distribution, as defined below, paid directly to an eligible retirement plan, as defined below, specified by the participant or Beneficiary who is a surviving spouse in a direct rollover. Any taxable portion of an eligible rollover distribution that is not transferred directly to an eligible retirement plan will be subject to mandatory federal income tax withholding.

- (a) An eligible rollover distribution shall mean any distribution of all or any portion of the balance to the credit of the participant, except that an eligible rollover distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the participant or the joint lives (joint life expectancies) of the participant and his or her designated Beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
- (b) An eligible retirement plan shall mean an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified Trust described in Section 401(a) of the Code, that accepts the participant's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

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ADMINISTRATIVE PROVISIONS

[4.20]4.25 COMPANY'S POWERS AND DUTIES *(Amended 1/1/94)*

The Company, acting through its Board of Directors...(Same)

[4.21]4.26 FUNDING AND INVESTMENT PROVISIONS *(Amended 1/1/94)*

The Employee Benefit Finance Committee appointed...(Same)

[4.22]4.27 ADMINISTRATION *(Amended 1/1/94)*

The Employee Benefit Administrative Committee, appointed...(Same)

The Administrator shall also maintain...(Same)

The Administrator may appoint and delegate...(Same)

[4.23]4.28 CLAIMS AND APPEALS PROCEDURE

If a claim is denied in whole or in part,....(Same)

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4.29 QUALIFIED DOMESTIC RELATIONS ORDERS (added 1/1/94)

The Employee Benefit Administrative Committee shall apply the provisions of this section with regard to a Domestic Relations Order (as defined below) to the extent not inconsistent with Section 414(p) of the Code.

The Employee Benefit Administrative Committee shall establish procedures consistent with Section 414(p) of the Code, to determine the qualified status of any Domestic Relations Order, to administer distributions under any Qualified Domestic Relations Order (as defined below), and to provide to the Participant and the Alternate Payee(s) (as defined below) all notices required under Section 414(p) of the Code with respect to any Domestic Relations Order.

Within a reasonable period of time after the receipt of a Domestic Relations Order (or any modification thereof), the Employee Benefit Administrative Committee shall determine whether such order is a Qualified Domestic Relations Order.

For purposes of this section:

- (a) Alternate Payee shall mean any spouse, former spouse, child, or other dependent of a participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.
- (b) Domestic Relations Order shall mean any judgment, decree, or order (including approval of a property settlement agreement) which:
 - (1) relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant; and
 - (2) is made pursuant to a state domestic relations law (including a community property law)
- (c) Qualified Domestic Relations Order shall mean a Domestic Relations Order which meets the requirement of Section 414(p)(1) of the Code.

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[4.24]4.30 LOST PARTICIPANT OR BENEFICIARY (*Amended 1/1/94*)

If, after three years, the Administrator cannot locate...(Same)

[4.25]4.31 BENEFITS ARE NOT ASSIGNABLE (*Amended 1/1/94*)

Except as may be required by law,...(Same)

[4.26]4.32 FACILITY OF PAYMENT (*Amended 1/1/94*)

If the Administrator determines that any individual...(Same)

[4.27]4.33 FUTURE OF THE PLAN

If participation in the Plan is ended...(Same)

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[4.28] 4.34 DEFINITIONS (*Amended 1/1/94*)

AAAF

The Aggressive Asset Allocation Fund. (Added 10/1/97)

[APPLICATION:]

[A form prepared by the Administrator which must be completed by an Eligible Employee to become a participant, or by a participant to suspend participation or change future contributions.]

***AGGRESSIVE ASSET
ALLOCATION FUND:***

A fund invested in a diversified portfolio with a primary emphasis on stocks and a secondary emphasis on bonds. (See Section 4.17) (Added 10/1/97)

BENEFICIARY:

The person or persons entitled to receive any distribution due under the Plan, in the event of a participant's death. For a married participant the participant's spouse shall automatically be the Beneficiary unless the participant, with the written consent of his spouse, elects to designate another person or persons to be Beneficiary. The consent of the spouse shall be in writing, shall acknowledge the effect of the consent, and shall be witnessed by a notary public or Plan representative. A participant designates a Beneficiary on a Designation of Beneficiary Form available from [his Division or General Office Personnel Department.] *the Plan Administrator. In the event an unmarried participant does not designate a Beneficiary, the participant's estate shall be deemed to be the Beneficiary. (Amended 4/1/95)*

BUSINESS DAY:

Any day that the New York Stock Exchange is open for business. (Added 4/1/95)

CAAF

The Conservative Asset Allocation Fund (Added 10/1/97)

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**CONSERVATIVE ASSET
ALLOCATION FUND:**

A fund invested in a diversified portfolio with a primary emphasis on bonds and a secondary emphasis on stocks. (See Section 4.15) (Added 10/1/97)

COVERED COMPENSATION:

Earnings from an Employer, including straight-time pay for hours worked, shift and nuclear premiums at the straight-time rate, straight-time pay for temporary upgrades, vacation pay (including vacation pay, upon retirement), inclement weather pay, sick leave pay, holiday pay, differential pay for military training, pay for other time off with permission carrying full pay, temporary compensation under any state Worker's Compensation Law, payments under the Long-Term Disability Plan, or supplemental benefits for industrial injury. Covered compensation shall also include the 1988 Ratification Bonus, and lump sum bonus payments received by clerical employees in 1988 and 1989, in accordance with the Clerical Agreement. Covered compensation shall not include pay or shift and nuclear premiums for more than 40 hours per week, overtime bonuses, vacation or payments (other than temporary compensation) made under any Workers' Compensation Law, voluntary wage holiday pay requests, other special fees or allowances', per diem allowances, benefit or state disability plans, or any other benefit plan, [or earnings from an Employer in excess of \$150,000 for 1994, as adjusted by the Secretary of Treasury under Section 415(d), of the Code for years beginning after December 1, 1993.] *For Plan Years beginning after 1988 and before 1994, the maximum Covered Compensation of each employee that may be taken into account each Plan Year shall not exceed \$200,000 (as adjusted by the Secretary of the Treasury under Section 401(a)(17) of the Code. For Plan Years*

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beginning after 1993, the maximum Covered Compensation of each employee that may be taken into account each Plan Year shall not exceed \$150,000 (as adjusted by the Secretary of the Treasury under Section 401 (a) (17) of the Code). In determining the Covered Compensation of a Highly Compensated employee for purposes of this limitation, the rules of Section 414(q)(6) of the Code shall apply, except that the term "family" shall include only the spouse of the employee and any lineal descendants of the employee who have not attained age 19 before the close of the year. If the aggregate Covered Compensation of family members exceeds the applicable compensation limit as limited by Section 401(a)(17) of the Code, then the amount of Covered Compensation considered under the Plan for each family member is proportionately reduced so that the total equals the applicable compensation limitation under Section 401(a)(17) of the Code. (Amended 1/1/94)

[DEF

The Diversified Equity Fund.]

**[DIVERSIFIED EQUITY
FUND**

A fund invested in a diversified portfolio of securities. (See Section 4.09)]

**EMPLOYEE BENEFIT
ADMINISTRATIVE
COMMITTEE:**

**Employee Benefit Administrative Committee
Referred to in Section 4.[22]27 (Amended
1/1/94)**

**EMPLOYEE BENEFIT
FINANCE COMMITTEE:**

**The Employee Benefit Finance Committee
referred to in Section [21]26 (Amended 1/1/94)**

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EMPLOYER: Pacific Gas and Electric Company, [Pacific Gas Transmission Company], Pacific Service Employees Association, and any other company, association, or credit union designated by the Board of Directors as eligible to participate in this Plan as an Employer. (Amended 1/1/9[4]5)

FUND: The Company Stock Fund, The Bond Fund, [the Diversified Equity Fund, the Guaranteed Income Fund,] the Bond Index Fund, [the Stock and Bond Fund], the Large Company Stock Index Fund. the Small Company Stock Index Fund. the International Stock Index Fund. the Stable Value Fund. the Conservative Asset Allocation Fund. the Moderate Asset Allocation Fund and the [Utility Stock Fund] Aggressive Asset Allocation Fund or any of them. (Amended 10/1/97)

HIGHLY COMPENSATED: Whether an Eligible Employee is Highly Compensated shall be determined [under the rules of Code section 414(q) and the regulations issued thereunder] using the simplified method under Code Section 414(q)(12) as described in applicable Treasury regulations or other guidance issued by the Internal Revenue Service. (Amended 1/1/94)

[GIF: The Guaranteed Income Fund]

[GUARANTEED INCOME FUND: A fund invested in fixed rate, fixed term contracts. (See Section 4.11)]

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INVESTMENT FUND:

The Company Stock Fund, The Bond Fund, [the Diversified Equity Fund, the Guaranteed Income Fund,] the Bond Index Fund, [the Stock and Bond Fund,] the Large Company Stock Index Fund, the Small Company Stock Index Fund, the International Stock Index Fund, the Stable Value Fund, the Conservative Asset Allocation Fund, the Moderate Asset Allocation Fund and the [Utility Stock Fund] Aggressive Asset Allocation Fund or any of them. (Amended 10/1/97)

INVESTMENT MANAGER:

[DIVERSIFIED EQUITY FUND, J.P. Morgan Investment Management, Inc. 522 Fifth Avenue, New York, NY 10036, or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Amended 1/1/94)]

[GUARANTEED INCOME] STABLE VALUE FUND. (a) [Principal Mutual Life Company, Des Moines, Iowa 50392-3840; (b)]PRIMCO Capital Management, Inc., 101 South Fifth Street, Louisville, Kentucky 40202, or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Amended [1/1/91] 10/1/97)

BOND INDEX FUND. [The Vanguard Group, Vanguard Financial Center, Valley Forge, Pennsylvania 19782]State Street Bank and Trust, Two International Place, Boston, MA 02110, or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Amended [1/1/94]10/1/97)

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[STOCK AND BOND FUND. Columbia Trust Company, 1301 S.W. Fifth Avenue P.O. 1350, Portland, Oregon 97207, or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Amended 1/1/94)]

[UTILITY STOCK FUND, Wells Fargo Nikko Investment Advisors, 45 Fremont Street, San Francisco, California 94105, or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Amended 1/1/94)]

LARGE COMPANY STOCK INDEX FUND. State Street Bank and Trust. Two International Place. Boston. MA 02110. or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Added 10/1/97)

SMALL COMPANY STOCK INDEX FUND. State Street Bank and Trust. Two International Place. Boston. MA 02110. or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Added 10/1/97)

INTERNATIONAL STOCK INDEX FUND. State Street Bank and Trust. Two International Place. Boston. MA 02110. or such other firm or individual as may be selected from time to time by the Employee Benefit Finance Committee. (Added 10/1/97)

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CONSERVATIVE ASSET ALLOCATION FUND.
State Street Bank and Trust, Two International
Place, Boston, MA 02110, or such other firm or
individual as may be selected from time to time
by the Employee Benefit Finance Committee.
(Added 10/1/97)

MODERATE ASSET ALLOCATION FUND.
State Street Bank and Trust, Two International
Place, Boston, MA 02110, or such other firm or
individual as may be selected from time to time
by the Employee Benefit Finance Committee.
(Added 10/1/97)

AGGRESSIVE ASSET ALLOCATION FUND.
State Street Bank and Trust, Two International
Place, Boston, MA 02110, or such other firm or
individual as may be selected from time to time
by the Employee Benefit Finance Committee.
(Added 10/1/97)

INTERNATIONAL STOCK INDEX
FUND

A fund investing in a diversified portfolio
consisting principally of non-US common stock
and securities convertible into common stock.
(See Section 4.12) (Added 10/1/97)

ISE

INTERNATIONAL STOCK INDEX FUND

LARGE COMPANY STOCK
INDEX FUND

A fund investing in a diversified portfolio
consisting principally of common stock of large
U.S. companies and securities convertible into
common stock. (See Section 4.10) (Added 10/1/97)

LCSE

LARGE COMPANY STOCK INDEX FUND

MAAF

The Moderate Asset Allocation Fund. (Added
10/1/97)

MODERATE ASSET
ALLOCATION FUND

A fund invested in a diversified portfolio with an
emphasis on stocks and bonds. (See Section
4.16) (Added 10/1/97)

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**[NON-MANAGEMENT]
EMPLOYEE:**

An Employee of an Employer who is in a bargaining unit represented[-]by Local Union 1245, International Brotherhood of Electrical Workers, [or] Engineers and Scientists of California, or International Union of Security Officers. [or a weekly-paid, non-bargaining unit employee.] *(Amended 4/1/95)*

(Note: This definition should be inserted between Eligible Employee and Employee Benefit Administrative Committee definitions).

NOTICE

Any method of communication, whether electronic, telephonic, written or other, provided that the Plan Administrator has communicated in writing to participants any such method and its format appropriate and acceptable (Added 4/1/95)

PLAN:

This Company's Savings Fund Plan for [Non-Management] Union-Represented Employees, as amended, revised and set forth herein. *(Amended 1/1/95)*

ROLLOVER CONTRIBUTION

An amount contributed by a participant which originated from another employer's qualified plan which is eligible for rollover under Section 402.(c)(4) of the Code. (Added 10/1/97)

SVF:

The Stable Value Fund. (Added 10/1/97)

SMALL COMPANY STOCK
INDEX FUND

A fund investing in a diversified portfolio consisting principally of common stock of small capitalization U.S. companies and securities convertible into common stock. (See Section 4.11) (Added 10-1-97)

SCSF

SMALL COMPANY STOCK INDEX FUND

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STABLE VALUE FUND:

A fund invested in fixed rate, fixed term investment contracts. (See Section 4.13) (Added 10/1/97)

UNIT:

A measurement of participant's interest in the Investment Funds. For purposes of [the Company Stock Fund and] the Bond Fund, a unit shall be [a share of common stock and] a United States Bond [,respectively]. (*Amended 4/1/95*)

[USF:

The Utility Stock Fund. (Amended 1/1/94)]

[UTILITY STOCK FUND

An index fund invested in common stocks of companies engaged in the generation, transmission, or distribution of electric energy (See Section 10). (Amended 1/1/94)]

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**SPECIAL PROVISION A
TOP HEAVY PROVISIONS**

(a) GENERAL RULE

For any Plan Year 1/ for which this Plan is a "top-heavy Plan" as defined in Subsection (g) below, any other provisions of this Plan to the contrary notwithstanding, this Plan shall be subject to the following provisions:

(1) The minimum contribution provisions of Subsection (b).

~~(2) The limitation on compensation set by Subsection (c).]~~

~~(3)] (2) The limitation on contribution set by Subsection (d).~~

(Amended 1/1/94)

(b) MINIMUM CONTRIBUTION PROVISIONS

Each participant who (i) is a non-key Employee (as defined in Subsection (i) below) and (ii) is employed on the last day of the Plan Year, even if such individual is excluded from the Plan for failing to make mandatory contributions to the Plan, shall be entitled to have contributions allocated to his account of not less than three percent (the "minimum contribution percentage") of the participant's [Covered Compensation] compensation [(as defined in Section 4 for purposes of applying the dollar limitations on contribution and other annual additions to a participant's account in a defined contribution plan and the maximum benefit payable under a defined benefit plan under the Code], *(within the meaning of Section 415 of the Code)*. In determining the minimum contribution percentage to be allocated to an Employee's account, a participant's Section 401(k) Contributions shall be considered as Employer Contributions.
(Amended 1/1/94)

The minimum contribution percentage set forth above shall be reduced for any Plan Year in which the percentage at which contributions are made (or required to be made) under the Plan for the Plan Year for the key Employee for whom such percentage is the highest for such Plan Year. For this purpose, the percentage with respect to a key Employee (as defined in Subsection (g) below) shall be determined by dividing the contributions (including forfeitures) made for such key Employees by [so much of] his total compensation for the Plan Year [as does not

1/Words underlined are defined in Section 4.[28]34

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exceed \$200,000 (adjusted in the same manner as the amount set forth in Subsection (d) below)]. *(Amended 1/1/94)*

Contributions taken into account under the immediately preceding sentence shall include contributions under this Plan and under all other defined contribution plans but shall not include any plan required to be included in such aggregation group if such plan enables a defined contribution plan required to be included in such group to meet the requirements of the Code, as amended, prohibiting discrimination as to contributions or benefits in favor of Employees who are officers, shareholders or the highly-compensated or prescribing the minimum participation standards.

Contributions taken into account under this Subsection (b) shall not include any contributions under the Social Security Act or any other Federal or State law.

[(c) LIMITATION ON CONTRIBUTIONS

Annual compensation taken into account under this Section for purposes of computing benefits under this Plan shall not exceed the first \$150,000, provided that such limit shall be adjusted automatically for each Plan Year to the amount prescribed by the Secretary of the Treasury or his delegate pursuant to regulations for the calendar year in which such Plan Year commences. A participant's compensations shall be his compensation as defined in Section 4.04 for purposes of applying the dollar limitations on contributions and other annual additions to a participant's account in a defined contribution plan and the maximum benefit payable under a defined benefit plan under the Code, as amended.]

[(d)] (c) LIMITATIONS ON CONTRIBUTIONS

In the event that the Employer also maintains a defined benefit plan providing benefits on behalf of participants in this Plan, one of the two following provisions shall apply:

(1) If for the Plan Year this Plan would not be a "top-heavy Plan" as defined in Subsection (a)(2) above if "90 percent" were substituted for "60 percent," then Subsection (b) shall apply for such Plan Year as if amended so that [the] "four percent" were substituted for "three percent" *(Amended 1/1/94)*.

(2) If for the Plan Year this Plan ... (Same)

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[(e)] (d) COORDINATION WITH OTHER PLANS

In the event that another defined contribution or defined benefit plan maintained by the Employer provides contributions or benefits on behalf of participants in this Plan, such other plan shall be treated as a part of this Plan pursuant to applicable principles (such as Rev. Rule 81-202 or any successor ruling *or regulations*) in determining whether this Plan satisfies the requirements of Subsection (b), (c) and (d). Such determination shall be made upon advice of counsel by the Employee Benefit Administrative Committee. *(Amended 1/1/94)*

[(f)] (e) TOP-HEAVY PLAN DEFINITION

This Plan shall be a "top-heavy Plan" ...(Same)

[(g)] (f) KEY EMPLOYEE

The term "key employee" means any Employee or former Employee under this Plan who, at any time during the Plan Year containing the determination date or during any of the four preceding Plan Years, is or was one of the following:

- (1) An officer of the Employer having an annual compensation greater than [1]50 percent of the amount in effect under Section 415[(c)](b)(1)(A) of the Code, as amended for such Plan Year. Whether an individual is an officer shall be determined by the Employee Benefit Administrative Committee on the basis of all the facts and circumstances, such as an individual's authority, duties and term of office, not on the mere fact that the individual has the title of officer. For any such Plan Year, these shall be treated as officers no more than the lesser of: *(Amended 1/1/94)*

(A) 50 employees, or

(B) the greater of three employees or 10 percent of the employees.

For this purposes, *if there are more than 50 officers*, the 50 highest-paid officers shall be [selected. **Business organizations other than corporations shall be deemed to have no officers**]. *the key employees.*
(Amended 1/1/94)

- (2) One of the ten employees owning (or considered as owning, within the meaning of the constructive ownership rules of the Code, as amended) the largest interests in the Employer (as defined in Subsection (i)). An

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Employee who has some ownership interest is considered to be one of the top ten owners unless at least ten other Employees own a greater interest than that employee. However, an Employee will not be considered a top ten owner for a Plan Year if the Employee earns an amount equal to or less than the maximum dollar limitation on contributions and other annual additions to a participant's account in a defined contribution Plan under the Code, as amended, as in effect for the calendar year in which the determination date falls. *(Amended 1/1/94)*

- (3) Any person who owns ...(Same)
- (4) A one percent owner of the Employer...(Same)

[(h)] (g) NON-KEY EMPLOYEE

The term "non-key employee" means any Employee (and any Beneficiary of an Employee) who is not a key Employee.

[(i)] (h) EMPLOYER

The term "Employer" as defined in Section 4.34 of this Plan.

[(j)] DISTRIBUTIONS TO KEY EMPLOYEES

Any other provision of this Plan to the contrary notwithstanding, distribution of the entire interest in this Plan of each participant who is or at any time has been a key Employee shall commence no later than the end of the taxable year of the participant in which the participant attains age 70-1/2.]