

**PG&E CORPORATION**  
**CONDENSED STATEMENT OF CONSOLIDATED INCOME**  
(unaudited)

(in millions, except per share amounts)	Three months ended March 31,	
	2002	2001
<b>Operating Revenues</b>		
Pacific Gas and Electric Company	\$ 2,453	\$ 2,562
Integrated Energy and Marketing	2,293	4,150
Interstate Pipeline Operations	59	65
Eliminations and Other	(4)	(9)
Subtotal NEG	2,348	4,206
Other Enterprises and eliminations	(34)	(95)
Total operating revenues	4,767	6,673
<b>Operating Expenses</b>		
Cost of energy - Pacific Gas and Electric Company	149	3,233
Cost of energy - National Energy Group	2,053	3,839
Operating expenses including depreciation	1,243	941
Reorganization items	16	-
Total operating expenses	3,461	8,013
Operating Income (Loss)	1,306	(1,340)
Interest expense, net and other	(274)	(221)
Income (Loss) Before Income Taxes	1,032	(1,561)
Income taxes provision (benefit)	401	(610)
Net Income (Loss)	631	(951)
Weighted Average Common Shares Outstanding, Diluted	368	363
Earnings (Loss) Per Common Share, Basic	\$ 1.73	\$ (2.62)
Earnings (Loss) Per Common Share, Diluted	\$ 1.71	\$ (2.62)

	Earnings		Earnings per Share (Diluted)	
	Three months ended March 31,		Three months ended March 31,	
	2002	2001	2002	2001
<b>Utility</b>				
Pacific Gas and Electric Company	\$ 160	\$ 203	\$ 0.44	\$ 0.56
<b>National Energy Group</b>				
Integrated Energy and Marketing	26	35	0.07	0.10
Interstate Pipeline Operations	18	20	0.05	0.05
Eliminations and Other	(7)	(1)	(0.02)	-
Subtotal - National Energy Group	37	54	0.10	0.15
<b>Other Enterprises</b>	23	(2)	0.06	(0.01)
Earnings from Operations excluding headroom <sup>(a)</sup>	220	255	0.60	0.70
<b>Headroom</b>	176	-	0.48	-
Earnings from Operations including headroom <sup>(a)</sup>	396	255	1.08	0.70
<b>Items impacting comparability <sup>(b)</sup></b>	235	(1,206)	0.63	(3.32)
Reported Earnings	\$ 631	\$ (951)	\$ 1.71	\$ (2.62)

(a) Earnings from operations exclude items impacting comparability and should not be considered an alternative to net income or an indicator of a Company's operating performance.

(b) Items impacting comparability for the quarter ending March 31, 2002 include the Utility's net reversal of wholesale energy charges of \$352 million (\$0.95 per share) recorded in 2001; the net effect of incremental interest costs of \$97 million (\$0.26 per share) from the increased amount and cost of debt resulting from the California Energy Crisis and the Utility's bankruptcy; increased costs of \$14 million (\$0.04 per share) related to the Utility's bankruptcy and generally consisting of external legal consulting and financial advisory fees; and \$6 million (\$0.02 per share) of other California Energy Crisis costs.

Items impacting comparability for the quarter ending March 31, 2001 include undercollected electric procurement costs at the Utility of \$1,115 million (\$3.07 per share); the inability to fully utilize tax benefits of losses in California of \$33 million (\$0.09 per share); and additional interest costs and bankruptcy costs caused by the California energy crisis of \$46 million (\$0.13 per share) and \$12 million (\$0.03 per share), respectively.