

PG&E Corporation  
Condensed Consolidated Statements of Income  
(in millions, except per share amounts)

(in millions, except per share amounts)	(Unaudited)			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
<b>Operating Revenues</b>				
Electric	\$ 2,645	\$ 2,359	\$ 5,159	\$ 4,534
Natural gas	933	828	2,152	2,009
<b>Total operating revenues</b>	<b>3,578</b>	<b>3,187</b>	<b>7,311</b>	<b>6,543</b>
<b>Operating Expenses</b>				
Cost of electricity	1,097	884	2,124	1,607
Cost of natural gas	487	396	1,262	1,150
Operating and maintenance	991	922	2,027	1,842
Depreciation, amortization, and decommissioning	419	430	821	860
<b>Total operating expenses</b>	<b>2,994</b>	<b>2,632</b>	<b>6,234</b>	<b>5,459</b>
<b>Operating Income</b>	<b>584</b>	<b>555</b>	<b>1,077</b>	<b>1,084</b>
Interest income	33	37	59	89
Interest expense	(185)	(185)	(372)	(375)
Other income, net	1	10	3	14
<b>Income Before Income Taxes</b>	<b>433</b>	<b>417</b>	<b>767</b>	<b>812</b>
Income tax provision	140	148	250	287
<b>Net Income</b>	<b>\$ 293</b>	<b>\$ 269</b>	<b>\$ 517</b>	<b>\$ 525</b>
<b>Weighted Average Common Shares Outstanding, Basic</b>	<b>356</b>	<b>350</b>	<b>355</b>	<b>350</b>
<b>Weighted Average Common Shares Outstanding, Diluted</b>	<b>357</b>	<b>352</b>	<b>356</b>	<b>352</b>
<b>Net Earnings Per Common Share, Basic</b>	<b>\$ 0.80</b>	<b>\$ 0.75</b>	<b>\$ 1.42</b>	<b>\$ 1.46</b>
<b>Net Earnings Per Common Share, Diluted</b>	<b>\$ 0.80</b>	<b>\$ 0.74</b>	<b>\$ 1.42</b>	<b>\$ 1.45</b>
<b>Dividends Declared Per Common Share</b>	<b>\$ 0.39</b>	<b>\$ 0.36</b>	<b>\$ 0.78</b>	<b>\$ 0.72</b>

Reconciliation of PG&E Corporation's Earnings from Operations to Consolidated Net Income in Accordance with Generally Accepted Accounting Principles (GAAP)  
 Second Quarter and Year-to-Date, 2008 vs. 2007  
 (in millions, except per share amounts)

	Three months ended June 30,				Six months ended June 30,			
	Earnings		Earnings per Common Share (Diluted)		Earnings		Earnings per Common Share (Diluted)	
	2008	2007	2008	2007	2008	2007	2008	2007
PG&E Corporation Earnings from Operations <sup>(1)</sup>	\$ 293	\$ 269	\$ 0.80	\$ 0.74	\$ 517	\$ 525	\$ 1.42	\$ 1.45
Items Impacting Comparability <sup>(2)</sup>	-	-	-	-	-	-	-	-
PG&E Corporation Earnings on a GAAP basis	\$ 293	\$ 269	\$ 0.80	\$ 0.74	\$ 517	\$ 525	\$ 1.42	\$ 1.45

- Earnings from operations exclude items impacting comparability as noted in note (2) below.
- Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with GAAP. For the three and six month periods ended June 30, 2008 and 2007, PG&E Corporation did not have any items impacting comparability to report.

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Reconciliation of Pacific Gas and Electric Company's Earnings from Operations to Consolidated Net Income in Accordance with GAAP  
 Second Quarter and Year-to-Date, 2008 vs. 2007  
 (in millions)

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	Three months ended June 30,		Six months ended June 30,	
	Earnings		Earnings	
	2008	2007	2008	2007
Pacific Gas and Electric Company				
Earnings from Operations <sup>(1)</sup>	\$ 309	\$ 270	\$ 542	\$ 528
Items Impacting Comparability <sup>(2)</sup>	-	-	-	-
Pacific Gas and Electric Company Earnings on a GAAP basis	\$ 309	\$ 270	\$ 542	\$ 528

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1. Earnings from operations exclude items impacting comparability as noted in note (2) below.
  2. Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with GAAP. For the three and six month periods ended June 30, 2008 and 2007, Pacific Gas and Electric Company did not have any items impacting comparability to report.
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PG&E Corporation Earnings per Common Share from Operations  
Second Quarter and Year-to-Date, 2008 vs. 2007  
(\$/Share, Diluted)

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Q2 2007 EPS from Operations <sup>(1)</sup>	\$	0.74
Increase in base revenue		0.06
Nuclear refueling outage <sup>(2)</sup>		0.06
Operating and maintenance – gas system		(0.02)
Increase in shares outstanding		(0.01)
Gas transmission revenues		(0.01)
Miscellaneous items		<u>(0.02)</u>
Q2 2008 EPS from Operations <sup>(1)</sup>	\$	<u>0.80</u>
Q2 2007 YTD EPS from Operations <sup>(1)</sup>	\$	1.45
Increase in base revenue		0.14
Storm and outage expenses		(0.07)
Operating and maintenance – gas system		(0.03)
Nuclear refueling outage <sup>(2)</sup>		(0.02)
Increase in shares outstanding		(0.01)
Miscellaneous items		<u>(0.04)</u>
Q2 2008 YTD EPS from Operations <sup>(1)</sup>	\$	<u>1.42</u>

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1. For a reconciliation of earnings per common share, or EPS, from operations to EPS on a GAAP basis, see table titled Reconciliation of PG&E Corporation's Earnings from Operations to Consolidated Net Income in Accordance with GAAP.

2. The refueling outage during the three months ended June 30, 2008 was 11 days as compared to 30 days during the same period in 2007. The refueling outage during the six months ended June 30, 2008 was 69 days as compared to 30 days during the same period in 2007.

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PG&E Corporation Earnings per Common Share Guidance

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2008 EPS Guidance	Low	High
EPS Guidance on an Earnings from Operations Basis	\$ 2.90	\$ 3.00
Estimated Items Impacting Comparability	\$ 0.00	\$ 0.00
EPS Guidance on a GAAP Basis	\$ 2.90	\$ 3.00

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2009 EPS Guidance	Low	High
EPS Guidance on an Earnings from Operations Basis	\$ 3.15	\$ 3.25
Estimated Items Impacting Comparability	\$ 0.00	\$ 0.00
EPS Guidance on a GAAP Basis	\$ 3.15	\$ 3.25

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Management's guidance for PG&E Corporation's 2008 and 2009 earnings per share from operations constitute forward-looking statements that are based on current expectations and various assumptions which management believes are reasonable. These statements and assumptions are necessarily subject to various risks and uncertainties, the realization or resolution of which may be outside of management's control. Actual results may differ materially. Factors that could cause actual results to differ materially include:

- the Utility's ability to manage capital expenditures and operating expenses within authorized levels and recover such costs through rates in a timely manner;
  - the outcome of regulatory proceedings, including pending and future ratemaking proceedings at the CPUC and the FERC;
  - the adequacy and price of electricity and natural gas supplies, and the ability of the Utility to manage and respond to the volatility of the electricity and natural gas markets;
  - the effect of weather, storms, earthquakes, fires, floods, disease, other natural disasters, explosions, accidents, mechanical breakdowns, acts of terrorism, and other events or hazards on the Utility's facilities and operations, its customers, and third parties on which the Utility relies;
  - the potential impacts of climate change on the Utility's electricity and natural gas businesses;
  - changes in customer demand for electricity and natural gas resulting from unanticipated population growth or decline, general economic and financial market conditions, changes in technology, including the development of alternative energy sources, or other reasons;
  - operating performance of the Diablo Canyon nuclear generating facilities ("Diablo Canyon"), the occurrence of unplanned outages at Diablo Canyon, or the temporary or permanent cessation of operations at Diablo Canyon;
  - whether the Utility can maintain the cost savings it has recognized from operating efficiencies it has achieved and identify and successfully implement additional sustainable cost-saving measures;
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(continued): PG&E Corporation Earnings per Common Share Guidance

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- whether the Utility incurs substantial unanticipated expense to improve the safety and reliability of its electric and natural gas distribution systems;
  - whether the Utility achieves the CPUC's energy efficiency targets and recognizes any incentives the Utility may earn in a timely manner;
  - the impact of changes in federal or state laws, or their interpretation, on energy policy and the regulation of utilities and their holding companies;
  - the impact of changing wholesale electric or gas market rules, including new rules of the California Independent System Operator ("CAISO") to restructure the California wholesale electricity market;
  - how the CPUC administers the conditions imposed on PG&E Corporation when it became the Utility's holding company;
  - the extent to which PG&E Corporation or the Utility incurs costs and liabilities in connection with litigation that are not recoverable through rates, from insurance, or from other third parties;
  - the ability of PG&E Corporation and/or the Utility to access capital markets and other sources of credit in a timely manner on favorable terms;
  - the impact of environmental laws and regulations and the costs of compliance and remediation;
  - the effect of municipalization, direct access, community choice aggregation, or other forms of bypass;
  - the impact of changes in federal or state tax laws, policies or regulations; and
  - other factors and risks discussed in PG&E Corporation's and the Utility's 2007 Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission.
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