

50-275/323

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7 PACIFIC GAS AND ELECTRIC COMPANY

8
9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 SAN FRANCISCO DIVISION

12 In re
13 PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,
14 Debtor.
15 Federal I.D. No. 94-0742640

No. 01 30923 DM
Chapter 11 Case
Date: September 7, 2001
Time: 1:00 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

HOWARD
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& RABKIN
A Professional Corporation

17 DECLARATION OF MICHAEL J. DONNELLY IN SUPPORT OF DEBTOR'S MOTION
18 FOR ORDER APPROVING STIPULATION REGARDING CREDIT ENHANCEMENT
19 OF POLLUTION CONTROL REVENUE BONDS
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28 Add: Rids Oge Mail Center

1 I, Michael J. Donnelly, declare:

2 I am the Assistant Treasurer of Pacific Gas and Electric Company, the debtor and
3 debtor in possession in the above-captioned Chapter 11 case (the "Debtor" or "PG&E"). I
4 make this Declaration in support of the Debtor's Motion For Order Approving Stipulation
5 Regarding Credit Enhancement of Pollution Control Revenue Bonds (the "Motion"). I know
6 the following of my own knowledge (except as to any matters stated on information and
7 belief, and as to such matters, I am informed and believe they are true) and, if called upon as
8 a witness, could and would testify competently thereto.

9 1. By the Motion, PG&E seeks the Court's approval of a Stipulation Regarding
10 Credit Enhancement of Pollution Control Revenue Bonds, a true and correct copy of which
11 is attached hereto as Exhibit A (the "Stipulation"), which PG&E has entered into with the
12 various counterparties described below subject to the Court's approval of the Motion, in
13 order to maximize the chance that PG&E can preserve for the estate and the anticipated
14 reorganized Debtor the benefits of favorable bond financing having tax-exempt status.

15 Background and Mechanics of Subject Bond Issuances

16 2. Pursuant to the terms of various separate trust indentures (each, an "Indenture")
17 each between the California Pollution Control Financing Authority, a public instrumentality
18 and political subdivision of the State of California (the "Issuer") and Bankers Trust
19 Company, as trustee (the "Bond Trustee"), and various corresponding loan agreements
20 between the Issuer and PG&E, as of the commencement of this Chapter 11 case, the Issuer
21 had issued and outstanding 15 series of its revenue bonds in aggregate principal amount of
22 approximately \$1.69 billion. As of the filing of this Motion, 11 series of such revenue bonds
23 in the aggregate principal amount of approximately \$1.24 billion remain outstanding. Of
24 this \$1.24 billion, the revenue bonds that are the subject of this Motion consist of five series
25 of credit-enhanced revenue bonds in the aggregate principal amount of approximately \$814
26 million, as set forth more specifically on Exhibit A attached to the Stipulation (collectively,
27
28

1 the "Credit Enhanced PC Bonds").¹

2 3. The Issuer loaned the proceeds from the sale of each series of Credit Enhanced PC
3 Bonds (each a "Bond Loan" and collectively the "Bond Loans") to PG&E for the purpose of
4 financing or refinancing the acquisition and/or construction of certain pollution control,
5 sewage disposal and/or solid waste disposal facilities of PG&E located within the State of
6 California. The Bond Loans were made pursuant to the terms of various loan agreements
7 (each, a "Loan Agreement" and collectively the "Loan Agreements") between the Issuer and
8 PG&E, pursuant to which PG&E agreed, among other things, to repay the Bond Loans at the
9 times and in the amounts necessary to enable the Issuer to make full and timely payment of
10 the principal of, premium, if any, and interest on, each series of Credit Enhanced PC Bonds
11 when due and to pay the purchase price of any Credit Enhanced PC Bonds tendered for
12 purchase by PG&E in accordance with the terms of the applicable Indenture.

13 4. Pursuant to the terms of each of the Indentures, the Issuer has assigned to the
14 Bond Trustee, for the benefit of the holders of the respective series of Credit Enhanced PC
15 Bonds, certain of the Issuer's rights under the various Loan Agreements, including, but not
16 limited to, the Issuer's right under the Loan Agreements to receive payments from PG&E of
17 the principal of, premium, if any, and interest due, on the Bond Loans. In this manner, the
18 Issuer has acted solely as a conduit, loaning the proceeds from the sale of the Credit
19 Enhanced PC Bonds to PG&E and assigning its right to receive repayment of such loans to
20 the Bond Trustee as security for the Credit Enhanced PC Bonds and to provide funds for the
21 full payment of the respective Credit Enhanced PC Bonds.

22 5. The Credit Enhanced PC Bonds are special limited obligations of the Issuer
23 payable exclusively out of the trust estates under each of the Indentures. None of the Credit
24 Enhanced PC Bonds constitute a debt or liability, or a pledge of the faith, credit or taxing
25

26 ¹The six series of revenue bonds representing the difference between the \$1.24 billion
27 total revenue bonds outstanding and the \$814 million of Credit Enhanced PC Bonds are not
28 covered by the Motion because they are not supported by letters of credit or any
indemnity/insurance policies, and they therefore do not raise the issues leading to the
Stipulation and the Motion.

1 power of the Issuer, the State of California or any of its instrumentalities or political
2 subdivisions. Rather, each series of Credit Enhanced PC Bonds is a limited obligation of
3 the Issuer payable solely from the revenues derived by the Issuer from PG&E pursuant to the
4 terms of the related Loan Agreement to the extent pledged by the Issuer to the Bond Trustee
5 under the terms of the applicable Indenture and from certain other funds pledged and
6 assigned as part of the trust estates under the applicable Indentures.

7 Letter of Credit Back PC Bonds

8 6. With respect to each series of Credit Enhanced PC Bonds other than the 96A
9 Bonds (collectively, the "Letter of Credit Backed PC Bonds"), PG&E entered into a
10 reimbursement agreement (each, a "Letter of Credit Reimbursement Agreement") with a
11 bank (each, a "Letter of Credit Issuing Bank") and certain banking or other financial
12 institutions (each, a "Bank"), pursuant to which the Letter of Credit Issuing Bank has issued
13 its irrevocable letter of credit (each, a "Letter of Credit") to the Bond Trustee, for the account
14 of PG&E, to provide for the payment of the principal of and interest on the related series of
15 Letter of Credit Backed PC Bonds and to support the payment of the purchase price of any
16 Letter of Credit Backed PC Bonds tendered for purchase in accordance with the terms of the
17 applicable Indenture. Under the terms of each Letter of Credit Reimbursement Agreement,
18 PG&E is obligated to reimburse the Letter of Credit Issuing Bank for all amounts drawn on
19 the related Letter of Credit.

20 7. Each Letter of Credit was issued in an initial stated amount (the "Stated Amount")
21 equal to the sum of (i) the aggregate outstanding principal amount of the related series of
22 Letter of Credit Backed PC Bonds (the "Principal Portion"), plus (ii) an amount equal to the
23 amount of accrued interest on the outstanding principal amount of the related series of Letter
24 of Credit Backed PC Bonds at an assumed maximum annual rate for a specified period of
25 days as set forth in the Letter of Credit (the "Interest Portion"). The Stated Amount of each
26 Letter of Credit is reduced by the amount of each drawing paid thereunder, subject to the
27 provision that (a) with respect to amounts drawn for the payment of scheduled interest on the
28 related Letter of Credit Backed PC Bonds, the Interest Portion of the Stated Amount is

1 automatically reinstated unless the Letter of Credit Issuing Bank gives notice to the contrary
2 to the Bond Trustee in accordance with the terms of the applicable the Letter of Credit, and
3 (b) with respect to amounts drawn to pay the purchase price of Letter of Credit Backed PC
4 Bonds, the amount so drawn is subject to reinstatement upon the terms set forth in the
5 applicable Letter of Credit.

6 8. Under the terms of each of the Indentures pursuant to which each series of Letter
7 of Credit Backed PC Bonds were issued, each regularly scheduled payment of the principal
8 of, or interest on, the Letter of Credit Backed PC Bonds is made from moneys drawn by the
9 Bond Trustee under the related Letter of Credit. The obligation of PG&E to repay the loan
10 under the Loan Agreement is deemed satisfied to the extent of any corresponding payment
11 made by the Letter of Credit Issuing Bank under the terms of the Letter of Credit. With
12 respect to each such drawing, PG&E is then obligated under the applicable Letter of Credit
13 Reimbursement Agreement to reimburse the Letter of Credit Issuing Bank for the amount of
14 such drawing. Only if the Letter of Credit Issuing Bank dishonors a drawing, or there is no
15 Letter of Credit then in effect, is the Bond Trustee authorized under the terms of the
16 Indenture to collect Bond Loan payments under the respective Loan Agreement and apply
17 such funds to the payment of the principal of, or interest on, the related Letter of Credit
18 Backed PC Bonds.

19 9. With respect to each series of Letter of Credit Backed PC Bonds for which the
20 related Letter of Credit remains outstanding, all payments of the principal of, and interest on,
21 the Letter of Credit Backed PC Bonds have been fully and timely made when due from
22 draws made by the respective Bond Trustee on the respective Letter of Credit in accordance
23 with the terms of such Letter of Credit and the related Indenture.

24 The MBIA-Enhanced 96A Bonds

25 10. In connection with the 96A Bonds, PG&E has entered into a reimbursement and
26 indemnity agreement (the "MBIA Reimbursement Agreement" and, collectively with the
27 Letter of Credit Reimbursement Agreements, the "Reimbursement Agreements") with
28 MBIA Insurance Corporation ("MBIA") pursuant to which MBIA has issued its financial

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1 guaranty insurance policy (the "PC Bond Insurance Policy") insuring the full payment of
2 regularly scheduled principal of and interest (but not premium) on the 96A Bonds.

3 11. The PC Bond Insurance Policy unconditionally and irrevocably guarantees (i)
4 the full and complete payment to the Bond Trustee of an amount equal to the principal of
5 and interest on the MBIA Insured PC Bonds as such payments shall become due but shall
6 not be so paid (except that in the event of any acceleration of the due date of such principal
7 by reason of redemption or acceleration or otherwise, other than any mandatory sinking fund
8 payment or mandatory redemption upon the occurrence of a determination of taxability of
9 the 96A Bonds, the payments guarantee by the PC Bond Insurance Policy shall be made in
10 such amounts and at such times as such payments of principal would have been due had
11 there not been any such acceleration); and (ii) the reimbursement of any such payment which
12 is subsequently recovered from any owner of 96A Bonds pursuant to a final judgment by a
13 court of competent jurisdiction that such payment constitutes an avoidable preference to
14 such owner within the meaning of any applicable bankruptcy law.

15 12. Under the terms of the MBIA Reimbursement Agreement, PG&E is obligated to
16 reimburse MBIA for all payments made by MBIA to the Bond Trustee under the PC Bond
17 Insurance Policy and to indemnify MBIA against certain liabilities, costs and expenses that it
18 may sustain in connection with the 96A Bonds.

19 Tax-Exempt Status of Credit Enhanced PC Bonds

20 13. All of the Credit Enhanced PC Bonds (i.e., both the Letter of Credit Backed PC
21 Bonds and the 96A Bonds) were sold in the capital markets on the basis that, assuming
22 PG&E continues to comply with certain covenants contained in the Loan Agreements and
23 certain of the documents, instruments and agreements executed in connection therewith
24 (collectively, the "PC Bond Documents") and with certain exceptions, interest on such series
25 of Credit Enhanced PC Bonds would not be includable in the gross income of the holders
26 thereof for federal income tax purposes and that such interest is also exempt from California
27 personal income taxes.

28 The tax-exempt status of the Credit Enhanced PC Bonds has allowed such bonds to

DECL. OF MICHAEL J. DONNELLY IN SUPPORT OF MOT. FOR ORDER APPROVING STIP. RE
CREDIT ENHANCEMENT OF POLLUTION CONTROL REVENUE BONDS

1 be issued at favorable interest rates, thus allowing PG&E to finance certain of its capital
2 improvements and other qualified costs at rates substantially below comparable conventional
3 taxable financing alternatives available to PG&E. Based on the tax-exempt status of the
4 Credit Enhanced PC Bonds, their credit enhancement and their commensurate credit rating,
5 the Credit Enhanced PC Bonds currently accrue interest at the average blended interest rate
6 of only 3.66% per annum (calculated as of August 8, 2001). In the event that any of the
7 Credit Enhanced PC Bonds were to be redeemed in accordance with the terms of their
8 respective Indentures, it may not be possible under current law to reissue such bonds on a
9 tax-exempt basis. Accordingly, PG&E has made the determination that the continued
10 existence of such favorable tax-exempt financing is a valuable asset of the Debtor's estate,
11 and that it is in the best interest of the Debtor's estate to keep the Credit Enhanced PC Bonds
12 outstanding in order to preserve the substantial benefits of such tax-exempt financing.

13 Post-Chapter 11 Filing Status of Credit Enhanced PC Bonds.

14 14. Since PG&E's Chapter 11 filing on April 6, 2001 (the "Petition Date"), all of the
15 Credit Enhanced PC Bonds have remained outstanding, and each scheduled interest payment
16 due thereon has been fully and timely made by the Bond Trustee through the use of draws
17 made on the respective Letters of Credit or payments made under the PC Bond Insurance
18 Policy. Following each such drawing, each of the Letter of Credit Issuing Banks has
19 allowed the Interest Portion of its respective Letter of Credit to automatically reinstate in
20 accordance with the terms thereof each month, which has resulted in automatic
21 reinstatements in May, June, July and August 2001. The next interest draw on the Letters of
22 Credit will be on or about September 4, 2001, and each Letter of Credit Issuing Bank
23 thereafter has until on or about September 10, 2001 to decide whether to give notice to the
24 Bond Trustee that such Letter of Credit Issuing Bank's Letter of Credit will not be reinstated
25 or to stay silent and permit an automatic reinstatement.

26 15. Since the Petition Date, consistent with its duties as a Chapter 11 debtor in
27 possession, PG&E has not reimbursed either the Letter of Credit Issuing Banks or MBIA for
28 any of the payments they have made pursuant to the several post-petition draws by the Bond

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1 Trustee. As a result thereof, each of the Letter of Credit Issuing Banks and MBIA claim that
2 they have the right upon the passage of time, the giving of notice or both, (i) to declare a
3 default under its respective Reimbursement Agreement, (ii) to notify the Bond Trustee of
4 such default, and (iii) to direct the Bond Trustee to call an Event of Default under the terms
5 of the respective Indenture and, in accordance with the terms of the respective Indenture, to
6 cause the Bond Trustee to declare the respective series of Credit Enhanced PC Bonds
7 immediately due and payable. In such event, (i) in the case of the Letter of Credit Backed
8 PC Bonds, the Bond Trustee would, in accordance with the terms of the respective
9 Indentures and the respective Letters of Credit, draw upon the respective Letters of Credit,
10 and apply such drawn funds to the full payment and cancellation of the related outstanding
11 Letter of Credit Backed PC Bonds, with the end result that this tax-preferred financing
12 would no longer be outstanding, and (ii) in the case of the 96A Bonds, the Bond Trustee may
13 make demand upon PG&E for the full outstanding amount of the 96A Bonds and, because
14 PG&E could not honor such demand as a Chapter 11 debtor in possession, may then draw on
15 the PC Bond Insurance Policy from time to time to the extent of the regularly scheduled
16 amounts specified in the PC Bond Insurance Policy.

17 16. While during the first several months of this Chapter 11 case the Letter of Credit
18 Issuing Banks and MBIA (sometimes collectively referred to herein as the "Credit
19 Enhancers") refrained from taking the actions described in the preceding paragraph, they at
20 the same time indicated to PG&E that they required some type of comfort agreement with
21 PG&E that would need to be approved by the Bankruptcy Court if they were to consider any
22 further such restraint. Consistent with such position of the Credit Enhancers, PG&E during
23 the past several weeks has engaged in discussions with certain of the Credit Enhancers
24 and/or their representatives, culminating in the proposed Stipulation. Certain of the Credit
25 Enhancers have indicated that unless the Stipulation is presented to and approved by the
26 Court before September 10, 2001, they may proceed to take the actions described in the
27 preceding paragraph. Similarly, some of the Letter of Credit Issuing Banks also have
28 indicated that they in all likelihood will decline to allow the automatic reinstatement of their

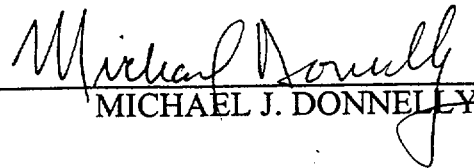
1 respective Letters of Credit following the September 2001 drawing, which would result in a
2 similar acceleration of the Letter of Credit Backed PC Bonds, unless the Stipulation is timely
3 heard and approved by the Court.

4 17. Because such actions by the Letter of Credit Issuing Banks and/or MBIA could
5 result in the loss to PG&E and its estate of the significant benefits of the tax-exempt
6 financing afforded by the respective Credit Enhanced PC Bonds, PG&E has determined that
7 it is in the best interests of PG&E and its estate to enter into the Stipulation and to seek this
8 Court's approval of the Stipulation on or before September 7.

9 18. I have reviewed the summary of terms of the Stipulation as set forth in the
10 Motion, and such summary is accurate to the best of my knowledge, information and belief.

11 19. In PG&E's view, the benefits of approval of the Stipulation substantially
12 outweigh any concessions made in the Stipulation. I believe PG&E's entry into the
13 Stipulation and this Court's approval thereof are in the best interests of PG&E and its
14 bankruptcy estate.

15 I declare under penalty of perjury under the laws of the United States that the
16 foregoing is true and correct, and this Declaration is executed on August 10, 2001 at San
17 Francisco, California.

18 
19 MICHAEL J. DONNELLY

20 WD 081001/1-1419911/108/937490/v1

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9
10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13 In re

14 PACIFIC GAS AND ELECTRIC
COMPANY,

15 Debtor.

Case No. 01-30923 DM

CHAPTER 11

16 **STIPULATION REGARDING CREDIT
ENHANCEMENT OF POLLUTION
CONTROL REVENUE BONDS**

17 Date: September 7, 2001

Time: 1:00 p.m.

18 Place: 235 Pine Street, 22nd Floor
San Francisco, California

19
20 This Stipulation Regarding Credit Enhancement of Pollution Control Revenue Bonds
21 (the "Stipulation") is made as of this 10th day of August, 2001, by and among Pacific Gas
22 and Electric Company, debtor and debtor-in-possession (the "Debtor"), those issuers of
23 letters of credit signatory hereto (collectively, the "Issuing Agents"), those banks signatory
24 hereto (collectively, the "Banks") and the issuer of a financial guaranty insurance policy
25 signatory hereto (the "Insurer").
26

27
28 **EXHIBIT** 

Stipulation Regarding
Credit Enhancement of
Pollution Control Revenue
Bonds

1 **WHEREAS:**

2 A. The Insurer is the issuer of a financial guaranty insurance policy set forth on
3 Exhibit A hereto (the "Insurance") which provides credit support, and the Issuing Agents
4 are issuers of those certain letters of credit set forth on Exhibit A hereto (collectively, the
5 "Letters of Credit") which provide both credit and liquidity support, for those series of
6 California Pollution Control Financing Authority Pollution Control Refunding Revenue
7 Bonds (Pacific Gas and Electric) set forth on Exhibit A hereto (collectively, the "Bonds").

8 B. The Debtor, the Issuing Agents and the Banks are party to the reimbursement
9 agreements, as amended, set forth on Exhibit A (collectively, the "Bank Reimbursement
10 Agreements") pursuant to which, *inter alia*, the Debtor has agreed to reimburse the Issuing
11 Agents and the Banks, as applicable, for drawings under the Letters of Credit in accordance
12 with the terms thereof.

13 C. The Debtor and the Insurer are parties to that certain Reimbursement and
14 Indemnity Agreement dated as of May 1, 2000 (the "Insurer Reimbursement Agreement")
15 and together with the Bank Reimbursement Agreements, the "Reimbursement Agreements")
16 pursuant to which, *inter alia*, the Debtor has agreed to reimburse the Insurer for the
17 payment of claims on the Insurance in accordance with the terms thereof.

18 D. On April 6, 2001 (the "Petition Date"), the Debtor filed a voluntary petition
19 for relief with this Court under chapter 11 of title 11 of the United States Code (the
20 "Bankruptcy Code") (Case No. 01-30923 DM) (the "Chapter 11 Case"). The Debtor is
21 authorized to continue to operate its business and manage its property as a debtor in
22 possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

23 E. On or about the first business day of May 2001, June 2001, July 2001 and
24 August 2001, each of the Issuing Agents honored drawings under, and on or about the fifth
25 day thereafter (or, if such fifth day was not a business day, the next business day) reinstated,
26 their respective Letters of Credit in accordance with the terms thereof, and on June 1, 2001,
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28

1 the Insurer made payment on the Insurance in accordance with the terms thereof, to pay
2 scheduled interest on the Bonds (collectively, the "Past Interest Drawings").

3 F. Neither the Issuing Agents nor the Insurer have been reimbursed by the
4 Debtor for the Past Interest Drawings.

5 G. The Debtor has requested that the Issuing Agents continue to maintain the
6 Letters of Credit and continue to reinstate the Letters of Credit after each drawing thereon in
7 accordance with the terms thereof, to pay future scheduled interest on the Bonds (those
8 future drawings under the Letters of Credit, together with future payments of claims on the
9 Insurance for the payment of interest on the related series of Bonds, are herein defined as
10 the "Future Interest Drawings" and, collectively with the Past Interest Drawings, are herein
11 defined as the "Interest Drawings").

12 H. The Debtor has advised the Issuing Agents and the Insurer that it does not
13 intend to reimburse the amount of any Interest Drawings except in connection with a
14 confirmed plan of reorganization in its Chapter 11 Case.

15 I. The Debtor, each Issuing Agent and each Bank has determined that it is in the
16 best interests of the parties to continue to reinstate the Letters of Credit on the terms and
17 conditions set forth herein.

18 **NOW, THEREFORE, IT IS STIPULATED, CONSENTED AND AGREED**
19 **that:**

20 1. This Stipulation shall have no force or effect unless and until it is approved by
21 the Court.

22 2. Any post-petition Interest Drawings under the Letters of Credit, including, but
23 not limited to, any Interest Drawings made after any reinstatement or extension of such
24 Letters of Credit shall result in allowed claims (as such term is defined in section 101(5) of
25 the Bankruptcy Code) in favor of the Banks against the Debtor and its estate.

1 Reimbursement Agreement shall have, among other rights, the continuing right, pursuant to
2 such Reimbursement Agreement and the indenture pursuant to which the Bonds supported
3 by such Letter of Credit or Insurance were issued (the "Indenture"), to notify the indenture
4 trustee of the Bonds issued pursuant to such Indenture (the "Trustee") of the occurrence or
5 existence of one or more "Events of Default" under the Reimbursement Agreements and to
6 direct the Trustee to declare an "Event of Default" under such Indenture, notwithstanding
7 the failure of the Issuing Agent or the Insurer to exercise such right at any time.

8 7. So long as an Issuing Agent is not reimbursed in full for drawings honored by
9 such Issuing Agent under the Letter of Credit issued by it, such Issuing Agent shall have,
10 among other rights, the continuing right (pursuant to the Reimbursement Agreement
11 pursuant to which such Letter of Credit was issued, such Letter of Credit and the Indenture
12 pursuant to which the Bonds supported by such Letter of Credit were issued) to notify the
13 Trustee of the Bonds issued pursuant to such Indenture of such failure to be reimbursed in
14 full and to state that the amount available to be drawn under the Letter of Credit to pay
15 interest on the Bonds has not been reinstated, notwithstanding the failure of the Issuing
16 Agent to exercise such right at any time.

17 8. The Issuing Agents and the Banks have the continuing right to refuse to extend
18 the terms of the Letters of Credit upon their respective maturities. In addition, upon terms
19 mutually acceptable to the Debtor and the respective Issuing Agents and Banks, the terms of
20 the Letters of Credit may be extended to the extent permitted under the terms of the existing
21 bond documents.

22 9. The Debtor will pay, on a current basis, the fees and reasonable out of pocket
23 expenses of the remarketing agents, the credit rating agencies, the tender agents and the
24 indenture trustees associated with the maintenance of the Bonds set forth on Schedule 1
25 hereto to the extent such fees and reasonable out of pocket expenses are payable in
26 accordance with the terms of the applicable underlying agreements and are incurred with
27 respect to the post-petition period.

1 The terms of this Stipulation and Order
2 are hereby agreed and consented to by
the following:

3 **The Debtor**

4 PACIFIC GAS AND ELECTRIC COMPANY

5
6 By: _____
7 Name:
8 Title:

9 **The Issuing Agents and the Banks**

10 *1997 Series B*

11 DEUTSCHE BANK AG, acting through
12 its New York Branch, as Administrative
Agent, Issuing Agent and a Bank

13
14 By: _____
15 Name:
16 Title:

17
18 By: _____
19 Name:
20 Title:

21 BANK OF AMERICA, N.A., as a Bank

22
23 By: _____
24 Name:
25 Title:

26 THE BANK OF NEW YORK, as a Bank

27
28 By: _____
Name:
Title:

1 BNP PARIBAS, acting through its New York
2 Branch, as a Bank

3 By: _____
4 Name:
5 Title:

6 WESTPAC BANKING CORPORATION,
7 acting through its New York Branch, as a Bank

8 By: _____
9 Name:
10 Title:

11 *1996 Series F*

12 BNP PARIBAS, as Issuing Agent

13 By: _____
14 Name:
15 Title:

16 *1996 Series C*

17 BANK OF AMERICA, N.A., as
18 Issuing Agent

19 By: _____
20 Name:
21 Title:

22 *1996 Series E*

23 MORGAN GUARANTY TRUST COMPANY
24 OF NEW YORK, as Issuing Agent

25 By: _____
26 Name:
27 Title:

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1996 Series A

MBIA INSURANCE CORPORATION, as Insurer

By: _____
Name:
Title:

Schedule 1

Pollution Control Bond Series	Credit Support	Annual Remarketing Agent Fees, (per Remarketing Agreement) currently:	Annual Credit Rating Agency Fees	Annual Trustee Fees	Annual Indenture Trustee, Tender Agent Out-of-Pocket Expenses, (per bond documents and reasonable)
1996A	Bond Insurance	Not Applicable	\$2,000	\$10,000	As invoiced
1996C	Letter of Credit	.10% of outstanding principal balance (currently \$200,000,000)	\$2,000	\$10,000	As invoiced
1996E	Letter of Credit	.10% of outstanding principal balance (currently \$165,000,000)	\$2,000	\$10,000	As invoiced
1996F	Letter of Credit	.10% of outstanding principal balance (currently \$100,000,000)	\$2,000	\$10,000	As invoiced
1997B	Letter of Credit	.10% of outstanding principal balance (currently \$148,550,000)	\$2,000	\$10,000	As invoiced

Issuing Agents

1. Deutsche Bank AG New York Branch

Issuer of irrevocable, direct pay transferable letter of credit number 839-54377 dated September 16, 1997, which provides credit and liquidity support for \$148,550,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B.

Reimbursement Agreement (Series B), dated as of September 1, 1997, among PG&E, Deutsche Bank, as issuing agent and administrative agent, and those banks party thereto, as amended.

2. BNP Paribas (f/k/a Banque Nationale de Paris)

Issuer of irrevocable letter of credit number SB/0189206/SF, which provides credit and liquidity support for \$100,000,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series F.

Reimbursement Agreement (Series F), dated as of May 1996, between PG&E and BNP Paribas, as amended.

3. Bank of America, N.A.

Issuer of irrevocable letter of credit which provides credit and liquidity support for \$200,000,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series C.

Reimbursement Agreement (Series C), dated as of May 1, 1996, between PG&E and Bank of America National Trust and Savings Association.

4. Morgan Guaranty Trust Company of New York

Issuer of irrevocable letter of credit number S-867715 which provides credit and liquidity support for \$165,000,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series E.

Reimbursement Agreement (Series E), dated as of May 1, 1996, between PG&E and Morgan Guaranty Trust Company of New York, as amended.

EXHIBIT A
To Stipulation

Insurer

1. MBIA INSURANCE CORPORATION

Issuer of financial guaranty insurance policy number 32038 (1) dated May 1, 2000, guaranteeing regularly scheduled principal and interest payment (without regard to acceleration of the time of payment) on \$200,000,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series A.

Reimbursement and Indemnity Agreement, dated as of May 1, 2000, between PG&E and MBIA Insurance Corporation.

This AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Amendment"), is made and entered into as of May 2, 2001, among PACIFIC GAS AND ELECTRIC COMPANY (the "Company"), DEUTSCHE BANK AG ("Deutsche Bank"), acting through its New York Branch, in its capacities as Issuing Agent (as defined below) and as Administrative Agent (as defined below), and the other parties set forth on the signatures pages hereto (the "Banks").

RECITALS

A. The Company, Deutsche Bank, in its capacity as issuer (in such capacity, the "Issuing Agent") of irrevocable, direct pay transferable letter of credit number 839-54377 dated September 16, 1997 (the "Letter of Credit"), Deutsche Bank, in its capacity as administrative agent for the Banks (in such capacity, the "Administrative Agent"), and the Banks have entered into a Reimbursement Agreement, dated as of September 1, 1997 (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement").

B. The Letter of Credit provides credit and liquidity support for \$148,550,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B (the "Bonds").

C. On or about May 1, 2001, the Issuing Agent honored a drawing under the Letter of Credit to pay scheduled interest on the Bonds (the "Interest Drawing") and has not been reimbursed therefor by the Company.

D. The Company has advised the Issuing Agent that it does not intend to reimburse the amount of the Interest Drawing by the opening of business of the Issuing Agent on or before May 6, 2001 (the "Reinstatement Time"), the time by which the Letter of Credit will automatically reinstate by its terms unless, prior to that time, the Issuing Agent delivers a notice of non-reinstatement (the "Notice of Non-Reinstatement") to the trustee for the Bonds (the "Trustee").

E. The Company, each Bank, the Issuing Agent and the Administrative Agent has determined that it is in the best interests of such entity to reinstate the Letter of Credit notwithstanding the Company's failure to reimburse the amount of the Interest Drawing.

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Reimbursement Agreement.
2. Effectiveness of this Amendment. This Amendment shall become effective and the Reimbursement Agreement shall be amended as provided herein at the time (the "Effective Time") on the first date on which the Company, the Issuing Agent and each Bank shall have executed a copy of this Amendment (whether the same or different copies) and shall have delivered the same to the Administrative Agent. Notwithstanding the preceding sentence, this

EXHIBIT B
To Stipulation

Amendment shall be void and the Reimbursement Agreement shall not be amended as provided herein if the Reinstatement Time precedes the Effective Time.

3. Amendment. At the Effective Time, Schedule I to the Reimbursement Agreement shall be deleted in its entirety and Schedule I to this Amendment shall be substituted therefor.

4. Reinstatement. Each Bank hereby instructs the Issuing Agent as of the Effective Time not to deliver the Notice of Non-Reinstatement to the Trustee in respect of the unreimbursed Interest Drawing.

5. Representations and Warranties of the Company. The Company has all necessary corporate power and authority to execute and deliver this Amendment, and the execution and delivery by the Company of this Amendment have been duly authorized by all necessary corporate action on its part; and this Amendment has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. Bankruptcy Court Approval. The Company is the debtor and debtor in possession in that certain bankruptcy case styled as In re Pacific Gas and Electric Company, Case No. 01-30923 DM (the "Bankruptcy Case"), United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") that was commenced by the filing of a voluntary petition under chapter 11 of title 11 of the United States Code on April 6, 2001. The Company does not believe Bankruptcy Court approval of the Company's execution and delivery of this Amendment is required because the Company does not believe it is undertaking any new obligations or giving up any rights by entering into this Amendment, the effect of which is to clarify the agreement among the Banks that are party hereto. To the extent the Banks that are party hereto so request, the Company agrees that as soon as practicable after such request and in no event more than 10 days after such request, the Company will file and support an application or motion seeking an order from the Bankruptcy Court approving this Amendment. The Company makes no representation or warranty about whether such an order will be obtained.

7. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Reimbursement Agreement shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Reimbursement Agreement shall, from and after the Effective Time, be deemed to be a reference to the Reimbursement Agreement as amended by this Amendment.

(b) The amendment contained in this Amendment is a one-time amendment only, is made only with respect to the specific provisions of the Reimbursement Agreement referenced above and is made only to the extent and for the limited purposes described herein. Such amendment shall not be construed as an amendment for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Administrative Agent or the Banks to consent to any other or future amendment.

(c) This Amendment may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(d) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO CONFLICTS OF LAW RULES.**


(e) This Amendment may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

(f) The rules of construction set forth in Section 1(c) of the Reimbursement Agreement are, by this reference, incorporated herein as if set forth in their entirety, provided that references to "this Agreement" in such section shall mean references to this Amendment.

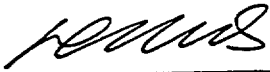
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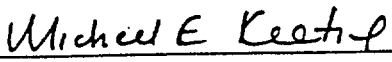
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

PACIFIC GAS AND ELECTRIC COMPANY

By 
Name: Kent M. Harvey
Title: Senior Vice President - Chief Financial Officer & Treasurer

DEUTSCHE BANK AG, acting through its
New York Branch, as Administrative Agent,
Issuing Agent and a Bank

By 
Name: Hans C. Narberhaus
Title: Vice President

By 
Name: Michael E. Keating
Title: Managing Director

BANK OF AMERICA, N.A., as a Bank

By  _____

Name:

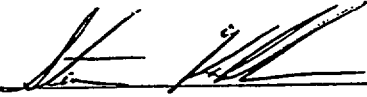
Title:

Clara Yang Strand
Managing Director

-Signature Page-

Amendment to Reimbursement Agreement

THE BANK OF NEW YORK, as a Bank

By 


Name: **STEVEN KALACHMAN**


Title: **Vice President**

-Signature Page-

Amendment to Reimbursement Agreement

BNP PARIBAS, as a Bank

By 
Name: **DAN COZINE**
Title: **Managing Director**

By 
Name: **GINA CLEMENTE**
Title: **Director**

-Signature Page-

Amendment to Reimbursement Agreement

WESTPAC BANKING CORPORATION,
acting through its New York Branch, as a Bank



By _____

Name:

Title:

Tony Smith
Vice President

-Signature Page-

Amendment to Reimbursement Agreement

SCHEDULE I

Name and Address of Bank	Commitment	Pro Rata Percentage
Deutsche Bank AG New York Branch 31 West 52 nd Street New York, NY 10019 Attention: John Quinn Telephone: (212) 469-4103 Facsimile: (212) 469-4139	\$ 40,372,411.90	26.7536%
Bank of America, N.A. 901 Main Street, 64 th Floor Dallas, TX 75202 Attention: Curtis L. Anderson Telephone: (214) 508-1290 Facsimile: (214) 508-3943	\$ 35,169,403.89	23.3057%
The Bank of New York One Wall Street, 19 th Floor New York, NY 10286 Attention: Felicia LaForgia Telephone: (212) 635-7861 Facsimile: (212) 635-7923	\$ 25,121,002.58	16.6469%
Paribas New York Branch 787 Seventh Avenue New York, NY 10019 Attention: Timothy Vincent Telephone: (212) 841-2545 Facsimile: (212) 841-2555	\$ 25,121,002.58	16.6469%
Westpac Banking Corporation New York Branch 575 Fifth Avenue New York, NY 10017 Attention: Tony Smith Telephone: (212) 551-1814 Facsimile: (212) 551-1995	\$ 25,121,002.58	<u>16.6469%</u>
Total	\$150,904,823.53	100.0000%

This SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Amendment"), is made and entered into as of June 1, 2001, among PACIFIC GAS AND ELECTRIC COMPANY (the "Company"), DEUTSCHE BANK AG ("Deutsche Bank"), acting through its New York Branch, in its capacities as Issuing Agent (as defined below) and as Administrative Agent (as defined below), and the other parties set forth on the signatures pages hereto (the "Banks").

RECITALS

A. The Company, Deutsche Bank, in its capacity as issuer (in such capacity, the "Issuing Agent") of irrevocable, direct pay transferable letter of credit number 839-54377 dated September 16, 1997 (the "Letter of Credit"), Deutsche Bank, in its capacity as administrative agent for the Banks (in such capacity, the "Administrative Agent"), and the Banks have entered into a Reimbursement Agreement, dated as of September 1, 1997 (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement").

B. The Letter of Credit provides credit and liquidity support for \$148,550,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B (the "Bonds").

C. On or about June 1, 2001, the Issuing Agent honored a drawing under the Letter of Credit to pay scheduled interest on the Bonds (the "Interest Drawing") and has not been reimbursed therefor by the Company.

D. The Company has advised the Issuing Agent that it does not intend to reimburse the amount of the Interest Drawing by the opening of business of the Issuing Agent on or before June 6, 2001 (the "Reinstatement Time"), the time by which the Letter of Credit will automatically reinstate by its terms unless, prior to that time, the Issuing Agent delivers a notice of non-reinstatement (the "Notice of Non-Reinstatement") to the trustee for the Bonds (the "Trustee").

E. The Company, each Bank, the Issuing Agent and the Administrative Agent has determined that it is in the best interests of such entity to reinstate the Letter of Credit notwithstanding the Company's failure to reimburse the amount of the Interest Drawing.

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Reimbursement Agreement.

2. Effectiveness of this Amendment. This Amendment shall become effective and the Reimbursement Agreement shall be amended as provided herein at the time (the "Effective Time") on the first date on which the Company, the Issuing Agent and each Bank shall have executed a copy of this Amendment (whether the same or different copies) and shall have delivered the same to the Administrative Agent. Notwithstanding the preceding sentence, this

Amendment shall be void and the Reimbursement Agreement shall not be amended as provided herein if the Reinstatement Time precedes the Effective Time.

3. Amendment. At the Effective Time, Schedule I to the Reimbursement Agreement shall be deleted in its entirety and Schedule I to this Amendment shall be substituted therefor.

4. Reinstatement. Each Bank hereby instructs the Issuing Agent as of the Effective Time not to deliver the Notice of Non-Reinstatement to the Trustee in respect of the unreimbursed Interest Drawing.

5. Representations and Warranties of the Company. The Company has all necessary corporate power and authority to execute and deliver this Amendment, and the execution and delivery by the Company of this Amendment have been duly authorized by all necessary corporate action on its part; and this Amendment has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. Bankruptcy Court Approval. The Company is the debtor and debtor in possession in that certain bankruptcy case styled as In re Pacific Gas and Electric Company, Case No. 01-30923 DM (the "Bankruptcy Case"), United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") that was commenced by the filing of a voluntary petition under chapter 11 of title 11 of the United States Code on April 6, 2001. The Company does not believe Bankruptcy Court approval of the Company's execution and delivery of this Amendment is required because the Company does not believe it is undertaking any new obligations or giving up any rights by entering into this Amendment, the effect of which is to clarify the agreement among the Banks that are party hereto. To the extent the Banks that are party hereto so request, the Company agrees that as soon as practicable after such request and in no event more than 10 days after such request, the Company will file and support an application or motion seeking an order from the Bankruptcy Court approving this Amendment. The Company makes no representation or warranty about whether such an order will be obtained.

7. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Reimbursement Agreement shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Reimbursement Agreement shall, from and after the Effective Time, be deemed to be a reference to the Reimbursement Agreement as amended by this Amendment.

(b) The amendment contained in this Amendment is a one-time amendment only, is made only with respect to the specific provisions of the Reimbursement Agreement referenced above and is made only to the extent and for the limited purposes described herein. Such amendment shall not be construed as an amendment for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Administrative Agent or the Banks to consent to any other or future amendment.

(c) This Amendment may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(d) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO CONFLICTS OF LAW RULES.**

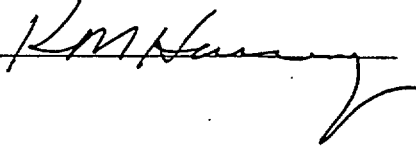
(e) This Amendment may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

(f) The rules of construction set forth in Section 1(c) of the Reimbursement Agreement are, by this reference, incorporated herein as if set forth in their entirety, provided that references to "this Agreement" in such section shall mean references to this Amendment.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

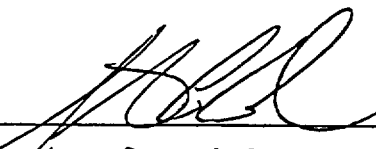
PACIFIC GAS AND ELECTRIC COMPANY

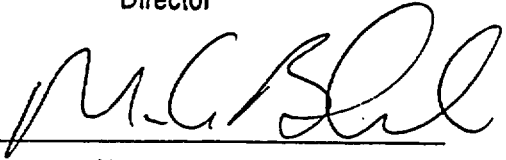
By 
Name:
Title:

-Signature Page-

Second Amendment to Reimbursement Agreement

DEUTSCHE BANK AG, acting through its New York Branch, as Administrative Agent, Issuing Agent and a Bank

By 
Name: Steven A. Cohen
Title: Director

By 
Name: Mark B. Cohen, Managing Director
Title: Head of Workout

BANK OF AMERICA, N.A., as a Bank

By 

Name: Elara Yang Strand

Title: Managing Director

-Signature Page-

THE BANK OF NEW YORK, as a Bank




By

Name: **STEVEN KALACHMAN**

Title: **Vice President**

-Signature Page-
Second Amendment to Reimbursement Agreement

PARIBAS, acting through its New York Branch,
as a Bank

By 
Name: *Curtis Detwiler*
Title: *Director*

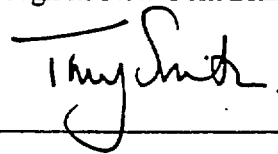


MARK A. RENAUD
Director

-Signature Page-

Second Amendment to Reimbursement Agreement

WESTPAC BANKING CORPORATION,
acting through its New York Branch, as a Bank .



By _____

Name:

Title:

Tony Smith
Vice President

-Signature Page-

SCHEDULE I

<u>Name and Address of Bank</u>	<u>Commitment</u>	<u>Pro Rata Percentage</u>
Deutsche Bank AG New York Branch 31 West 52 nd Street New York, NY 10019 Attention: John Quinn Telephone: (212) 469-4103 Facsimile: (212) 469-4139	\$ 40,511,565.65	26.7536%
Bank of America, N.A. 901 Main Street, 64 th Floor Dallas, TX 75202 Attention: Curtis L. Anderson Telephone: (214) 508-1290 Facsimile: (214) 508-3943	\$ 35,290,624.05	23.3057%
The Bank of New York One Wall Street, 19 th Floor New York, NY 10286 Attention: Felicia LaForgia Telephone: (212) 635-7861 Facsimile: (212) 635-7923	\$ 25,207,588.26	16.6469%
Paribas New York Branch 787 Seventh Avenue New York, NY 10019 Attention: Timothy Vincent Telephone: (212) 841-2545 Facsimile: (212) 841-2555	\$ 25,207,588.26	16.6469%
Westpac Banking Corporation New York Branch 575 Fifth Avenue New York, NY 10017 Attention: Tony Smith Telephone: (212) 551-1814 Facsimile: (212) 551-1995	<u>\$ 25,207,588.26</u>	<u>16.6469%</u>
Total	\$151,424,954.48	100.0000%

This THIRD AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Amendment"), is made and entered into as of July 1, 2001, among PACIFIC GAS AND ELECTRIC COMPANY (the "Company"), DEUTSCHE BANK AG ("Deutsche Bank"), acting through its New York Branch, in its capacities as Issuing Agent (as defined below) and as Administrative Agent (as defined below), and the other parties set forth on the signatures pages hereto (the "Banks").

RECITALS

A. The Company, Deutsche Bank, in its capacity as issuer (in such capacity, the "Issuing Agent") of irrevocable, direct pay transferable letter of credit number 839-54377 dated September 16, 1997 (the "Letter of Credit"), Deutsche Bank, in its capacity as administrative agent for the Banks (in such capacity, the "Administrative Agent"), and the Banks have entered into a Reimbursement Agreement, dated as of September 1, 1997 (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement").

B. The Letter of Credit provides credit and liquidity support for \$148,550,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B (the "Bonds").

C. On or about July 2, 2001, the Issuing Agent honored a drawing under the Letter of Credit to pay scheduled interest on the Bonds (the "Interest Drawing") and has not been reimbursed therefor by the Company.

D. The Company has advised the Issuing Agent that it does not intend to reimburse the amount of the Interest Drawing by the opening of business of the Issuing Agent on or before July 9, 2001 (the "Reinstatement Time"), the time by which the Letter of Credit will automatically reinstate by its terms unless, prior to that time, the Issuing Agent delivers a notice of non-reinstatement (the "Notice of Non-Reinstatement") to the trustee for the Bonds (the "Trustee").

E. The Company, each Bank, the Issuing Agent and the Administrative Agent has determined that it is in the best interests of such entity to reinstate the Letter of Credit notwithstanding the Company's failure to reimburse the amount of the Interest Drawing.

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Reimbursement Agreement.

2. Effectiveness of this Amendment. This Amendment shall become effective and the Reimbursement Agreement shall be amended as provided herein at the time (the "Effective Time") on the first date on which the Company, the Issuing Agent and each Bank shall have executed a copy of this Amendment (whether the same or different copies) and shall have delivered the same to the Administrative Agent. Notwithstanding the preceding sentence, this

Amendment shall be void and the Reimbursement Agreement shall not be amended as provided herein if the Reinstatement Time precedes the Effective Time.

3. Amendment. At the Effective Time, Schedule I to the Reimbursement Agreement shall be deleted in its entirety and Schedule I to this Amendment shall be substituted therefor.

4. Reinstatement. Each Bank hereby instructs the Issuing Agent as of the Effective Time not to deliver the Notice of Non-Reinstatement to the Trustee in respect of the unreimbursed Interest Drawing.

5. Representations and Warranties of the Company. The Company has all necessary corporate power and authority to execute and deliver this Amendment, and the execution and delivery by the Company of this Amendment have been duly authorized by all necessary corporate action on its part; and this Amendment has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. Bankruptcy Court Approval. The Company is the debtor and debtor in possession in that certain bankruptcy case styled as In re Pacific Gas and Electric Company, Case No. 01-30923 DM (the "Bankruptcy Case"), United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") that was commenced by the filing of a voluntary petition under chapter 11 of title 11 of the United States Code on April 6, 2001. The Company does not believe Bankruptcy Court approval of the Company's execution and delivery of this Amendment is required because the Company does not believe it is undertaking any new obligations or giving up any rights by entering into this Amendment, the effect of which is to clarify the agreement among the Banks that are party hereto. To the extent the Banks that are party hereto so request, the Company agrees that as soon as practicable after such request and in no event more than 10 days after such request, the Company will file and support an application or motion seeking an order from the Bankruptcy Court approving this Amendment. The Company makes no representation or warranty about whether such an order will be obtained.

7. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Reimbursement Agreement shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Reimbursement Agreement shall, from and after the Effective Time, be deemed to be a reference to the Reimbursement Agreement as amended by this Amendment.

(b) The amendment contained in this Amendment is a one-time amendment only, is made only with respect to the specific provisions of the Reimbursement Agreement referenced above and is made only to the extent and for the limited purposes described herein. Such amendment shall not be construed as an amendment for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Administrative Agent or the Banks to consent to any other or future amendment.

(c) This Amendment may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(d) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO CONFLICTS OF LAW RULES.**

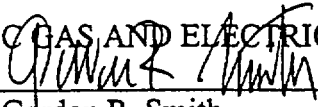
(e) This Amendment may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

(f) The rules of construction set forth in Section 1(c) of the Reimbursement Agreement are, by this reference, incorporated herein as if set forth in their entirety, provided that references to "this Agreement" in such section shall mean references to this Amendment.

[intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the date first above written.

PACIFIC GAS AND ELECTRIC COMPANY

By 

Name: Gordon R. Smith

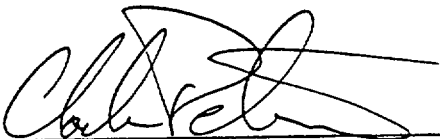
Title: President

-Signature Page-


Third Amendment to Reimbursement Agreement

DEUTSCHE BANK AG, acting through its New
York Branch, as Administrative Agent, Issuing
Agent and a Bank

By 
Name: Steven A. Cohen
Title: Director

By 
Name:
Title: Clark G. Peterson
Vice President

BANK OF AMERICA, N.A., as a Bank

By 

Name:

Title:

Clara Yang Strand
Managing Director

-Signature Page-

Third Amendment to Reimbursement Agreement

THE BANK OF NEW YORK, as a Bank

By 
Name: **STEVEN KALACHMAN**
Title: **Vice President**

-Signature Page-

Third Amendment to Reimbursement Agreement

PARIBAS, acting through its New York Branch,
as a Bank

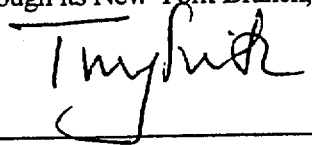
By 
Name: **CURTIS DEANE**
Title: **Director**


MARK A. RENAUD
Director

-Signature Page-

Third Amendment to Reimbursement Agreement

WESTPAC BANKING CORPORATION,
acting through its New York Branch, as a Bank



By _____

Name: **Tony Smith**
Title: **Vice President**

-Signature Page-

Third Amendment to Reimbursement Agreement

SCHEDULE I

<u>Name and Address of Bank</u>	<u>Commitment</u>	<u>Pro Rata Percentage</u>
Deutsche Bank AG New York Branch 31 West 52 nd Street New York, NY 10019 Attention: John Quinn Telephone: (212) 469-4103 Facsimile: (212) 469-4139	\$ 40,638,469.34	26.7536%
Bank of America, N.A. 901 Main Street, 64 th Floor Dallas, TX 75202 Attention: Curtis L. Anderson Telephone: (214) 508-1290 Facsimile: (214) 508-3943	\$ 35,401,172.90	23.3057%
The Bank of New York One Wall Street, 19 th Floor New York, NY 10286 Attention: Felicia LaForgia Telephone: (212) 635-7861 Facsimile: (212) 635-7923	\$ 25,286,551.59	16.6469%
Paribas New York Branch 787 Seventh Avenue New York, NY 10019 Attention: Barbara Eppolito Telephone: (212) 841-3607 Facsimile: (212) 841-3565	\$ 25,286,551.59	16.6469%
Westpac Banking Corporation New York Branch 575 Fifth Avenue New York, NY 10017 Attention: Tony Smith Telephone: (212) 551-1814 Facsimile: (212) 551-1995	<u>\$ 25,286,551.59</u>	<u>16.6469%</u>
Total	\$151,899,297.01	100.0000%

This FOURTH AMENDMENT TO REIMBURSEMENT AGREEMENT (this "Amendment"), is made and entered into as of August 1, 2001, among PACIFIC GAS AND ELECTRIC COMPANY (the "Company"), DEUTSCHE BANK AG ("Deutsche Bank"), acting through its New York Branch, in its capacities as Issuing Agent (as defined below) and as Administrative Agent (as defined below), and the other parties set forth on the signatures pages hereto (the "Banks").

RECITALS

A. The Company, Deutsche Bank, in its capacity as issuer (in such capacity, the "Issuing Agent") of irrevocable, direct pay transferable letter of credit number 839-54377 dated September 16, 1997 (the "Letter of Credit"), Deutsche Bank, in its capacity as administrative agent for the Banks (in such capacity, the "Administrative Agent"), and the Banks have entered into a Reimbursement Agreement, dated as of September 1, 1997 (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement").

B. The Letter of Credit provides credit and liquidity support for \$148,550,000 aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B (the "Bonds").

C. On or about August 1, 2001, the Issuing Agent honored a drawing under the Letter of Credit to pay scheduled interest on the Bonds (the "Interest Drawing") and has not been reimbursed therefor by the Company.

D. The Company has advised the Issuing Agent that it does not intend to reimburse the amount of the Interest Drawing by the opening of business of the Issuing Agent on or before August 6, 2001 (the "Reinstatement Time"), the time by which the Letter of Credit will automatically reinstate by its terms unless, prior to that time, the Issuing Agent delivers a notice of non-reinstatement (the "Notice of Non-Reinstatement") to the trustee for the Bonds (the "Trustee").

E. The Company, each Bank, the Issuing Agent and the Administrative Agent has determined that it is in the best interests of such entity to reinstate the Letter of Credit notwithstanding the Company's failure to reimburse the amount of the Interest Drawing.

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Reimbursement Agreement.

2. Effectiveness of this Amendment. This Amendment shall become effective and the Reimbursement Agreement shall be amended as provided herein at the time (the "Effective Time") on the first date on which the Company, the Issuing Agent and each Bank shall have executed a copy of this Amendment (whether the same or different copies) and shall have delivered the same to the Administrative Agent. Notwithstanding the preceding sentence, this

Amendment shall be void and the Reimbursement Agreement shall not be amended as provided herein if the Reinstatement Time precedes the Effective Time.

3. Amendment. At the Effective Time, Schedule I to the Reimbursement Agreement shall be deleted in its entirety and Schedule I to this Amendment shall be substituted therefor.

4. [Intentionally Deleted.]

5. Representations and Warranties of the Company. The Company has all necessary corporate power and authority to execute and deliver this Amendment, and the execution and delivery by the Company of this Amendment have been duly authorized by all necessary corporate action on its part; and this Amendment has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. Bankruptcy Court Approval. The Company is the debtor and debtor in possession in that certain bankruptcy case styled as In re Pacific Gas and Electric Company, Case No. 01-30923 DM (the "Bankruptcy Case"), United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") that was commenced by the filing of a voluntary petition under chapter 11 of title 11 of the United States Code on April 6, 2001. The Company does not believe Bankruptcy Court approval of the Company's execution and delivery of this Amendment is required because the Company does not believe it is undertaking any new obligations or giving up any rights by entering into this Amendment, the effect of which is to clarify the agreement among the Banks that are party hereto. To the extent the Banks that are party hereto so request, the Company agrees that as soon as practicable after such request and in no event more than 10 days after such request, the Company will file and support an application or motion seeking an order from the Bankruptcy Court approving this Amendment. The Company makes no representation or warranty about whether such an order will be obtained.

7. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Reimbursement Agreement shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Reimbursement Agreement shall, from and after the Effective Time, be deemed to be a reference to the Reimbursement Agreement as amended by this Amendment.

(b) The amendment contained in this Amendment is a one-time amendment only, is made only with respect to the specific provisions of the Reimbursement Agreement referenced above and is made only to the extent and for the limited purposes described herein. Such amendment shall not be construed as an amendment for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Administrative Agent or the Banks to consent to any other or future amendment.

(c) This Amendment may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(d) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO CONFLICTS OF LAW RULES.

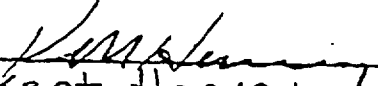
(e) This Amendment may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

(f) The rules of construction set forth in Section 1(c) of the Reimbursement Agreement are, by this reference, incorporated herein as if set forth in their entirety, provided that references to "this Agreement" in such section shall mean references to this Amendment.

[intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

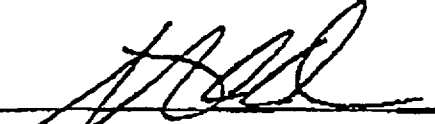
PACIFIC GAS AND ELECTRIC COMPANY


By 
Name: Kent Harvey
Title: Senior Vice President
Chief Financial Officer
and Treasurer

-Signature Page-

Fourth Amendment to Reimbursement Agreement

DEUTSCHE BANK AG, acting through its New York Branch, as Administrative Agent, Issuing Agent and a Bank

By 
Name: Steven A. Cohen
Title: Director

By 
Name: Mark B. Cohen, Managing Director
Title: Head of Workout

ORIGINAL

BANK OF AMERICA, N.A., as a Bank

By 
Name: Clara Yang Strand
Title: Managing Director

Post-It™ brand fax transmittal memo 7571 # of pages > 1

To	Neil Rust	From	Clara Strand
Co.		Co.	
Dept.		Phone #	
Fax #	687-0758	Fax #	

-Signature Page-

Fourth Amendment to Reimbursement Agreement

THE BANK OF NEW YORK, as a Bank

By 


Name: **STEVEN KALACHMAN**
Title: **Vice President**

-Signature Page-

Fourth Amendment to Reimbursement Agreement

10amgpcba 62612 [183M01.4.doc]

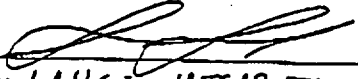
PARIBAS, acting through its New York Branch,
as a Bank

By 
Name: EDWARD V. CANALE
Title: Managing Director

-Signature Page-

Fourth Amendment to Reimbursement Agreement

WESTPAC BANKING CORPORATION,
acting through its New York Branch, as a Bank

By 
Name: LANCE JASSAROTTI
Title: VICE PRESIDENT

-Signature Page-

Fourth Amendment to Reimbursement Agreement

SCHEDULE I

<u>Name and Address of Bank</u>	<u>Commitment</u>	<u>Pro Rata Percentage</u>
Deutsche Bank AG New York Branch 31 West 52 nd Street New York, NY 10019 Attention: John Quinn Telephone: (212) 469-4103 Facsimile: (212) 469-4139	\$ 40,750,020.47	26.7536%
Bank of America, N.A. 901 Main Street, 64 th Floor Dallas, TX 75202 Attention: Curtis L. Anderson Telephone: (214) 508-1290 Facsimile: (214) 508-3943	\$ 35,498,347.76	23.3057%
The Bank of New York One Wall Street, 19 th Floor New York, NY 10286 Attention: Felicia LaForgia Telephone: (212) 635-7861 Facsimile: (212) 635-7923	\$ 25,355,962.08	16.6469%
Paribas New York Branch 787 Seventh Avenue New York, NY 10019 Attention: Barbara Eppolito Telephone: (212) 841-3607 Facsimile: (212) 841-3565	\$ 25,355,962.08	16.6469%
Westpac Banking Corporation New York Branch 575 Fifth Avenue New York, NY 10017 Attention: Tony Smith Telephone: (212) 551-1814 Facsimile: (212) 551-1995	\$ 25,355,962.08	<u>16.6469%</u>
Total	\$152,316,254.47	100.0000%

This AGREEMENT TO EXTEND THE LETTER OF CREDIT (this "Agreement"), is made and entered into as of [insert month, date and year],

Insert the following for syndicated reimbursement agreements:

[among PACIFIC GAS AND ELECTRIC COMPANY (the "Company"), [INSERT NAME OF LETTER OF CREDIT ISSUER], in its capacities as Issuing Agent (as defined below) and as Administrative Agent (as defined below), and the other parties set forth on the signatures pages hereto (the "Banks").]

Insert the following for non-syndicated reimbursement agreements:

[between PACIFIC GAS AND ELECTRIC COMPANY (the "Company") and [INSERT NAME OF LETTER OF CREDIT ISSUER] (the "Bank").]

RECITALS

Insert the following for syndicated reimbursement agreements:

[A. The Company, [insert name of Letter of Credit issuer], in its capacity as issuer (in such capacity, the "Issuing Agent") of irrevocable, direct pay transferable letter of credit number [insert number] dated [insert date] (the "Letter of Credit"), and in its capacity as administrative agent for the Banks (in such capacity, the "Administrative Agent"), and the Banks have entered into a Reimbursement Agreement, dated as of [insert date] (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement").]

Insert the following for non-syndicated reimbursement agreements:

[A. The Company and the Bank have entered into a Reimbursement Agreement, dated as of [insert date] (as amended, modified and supplemented through but excluding the date hereof, the "Reimbursement Agreement") pursuant to which the Bank has issued its irrevocable, direct pay transferable letter of credit number [insert number] dated [insert date] (the "Letter of Credit").]

B. The Letter of Credit provides credit and liquidity support for \$[insert amount] aggregate principal amount of California Pollution Control Financing Authority Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) [insert Series designation] (the "Bonds").

C. The Letter of Credit is presently scheduled to expire on [insert existing expiration date] (the "Scheduled Termination Date").

D. The Company is the debtor and debtor in possession in that certain bankruptcy case styled as In re Pacific Gas and Electric Company, Case No. 01-30923 DM, United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "Bankruptcy Court") that was commenced by the filing of a voluntary petition under chapter 11 of title 11 of the United States Code on April 6, 2001.

Insert the following for syndicated reimbursement agreements:

EXHIBIT C
To Stipulation

[E. The Company, each Bank, the Issuing Agent and the Administrative Agent desire to extend the Scheduled Termination Date to insert new date.]

Insert the following for nonsyndicated reimbursement agreements:

[E. The Company and the Bank desire to extend the Scheduled Termination Date to insert new date.]

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Reimbursement Agreement.

2. Effectiveness of this Agreement. This Agreement shall become effective and the Reimbursement Agreement shall be amended as provided herein at the time (the "Effective Time") the following conditions are satisfied:

Insert the following for syndicated reimbursement agreements:

[(a) The Administrative Agent shall have received an executed copy of this Agreement (whether the same or different copies) from the Company, the Issuing Agent and each Bank; and]

Insert the following for nonsyndicated reimbursement agreements:

[(a) The Bank shall have received an executed copy of this Agreement (whether the same or different copies) from the Company; and]

(b) The Bankruptcy Court shall have issued an order approving the form of this Agreement and the form of Amendment to Letter of Credit attached hereto as Exhibit A (the "LOC Amendment").

3. Amendments.

Insert the following for syndicated reimbursement agreements:

[(a) Promptly following the Effective Time, the Issuing Agent shall date the LOC Amendment, execute the LOC Amendment and deliver the executed LOC Amendment to the beneficiary of the Letter of Credit. The LOC Amendment shall become effective, and the Scheduled Termination Date shall be extended to insert date, upon the written acceptance of the LOC Amendment by the beneficiary of the Letter of Credit.]

Insert the following for nonsyndicated reimbursement agreements:

[(a) Promptly following the Effective Time, the Bank shall date the LOC Amendment, execute the LOC Amendment and deliver the executed LOC Amendment to the beneficiary of the Letter of Credit. The LOC Amendment shall become effective, and the

Scheduled Termination Date shall be extended to [insert date], upon the written acceptance of the LOC Amendment by the beneficiary of the Letter of Credit.]

(b) At the Effective Time, and with respect to each quarterly period (or portion thereof) from and after the Effective Time, Section 1(a) of the Reimbursement Agreement shall be amended by deleting the definition of "Applicable Rating Level Commitment Fee Percentage" in its entirety and replacing it with the following:

""Applicable Rating Level Commitment Fee Percentage":

Level I	[insert number]	Basis Points
Level II	[insert number]	Basis Points
Level III	[insert number]	Basis Points
Level IV	[insert number]	Basis Points
Level V	[insert number]	Basis Points"

4. Representations and Warranties of the Company. The Company has all necessary corporate power and authority to execute and deliver this Agreement, and the execution and delivery by the Company of this Agreement have been duly authorized by all necessary corporate action on its part; and this Agreement has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

5. Miscellaneous.

Insert the following for syndicated reimbursement agreements:

[(a) The agreement contained in this Agreement is a one-time agreement only. Such agreement shall not be construed as an agreement for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Administrative Agent or the Banks to consent to any other or future agreement.]

Insert the following for nonsyndicated reimbursement agreements:

[(a) The agreement contained in this Agreement is a one-time agreement only. Such agreement shall not be construed as an agreement for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on the part of the Bank to consent to any other or future agreement.]

(b) This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

(c) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN**

**ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT
REFERENCE TO CONFLICTS OF LAW RULES.**

(d) This Agreement may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

(e) The rules of construction set forth in Section 1(c) of the Reimbursement Agreement are, by this reference, incorporated herein as if set forth in their entirety, provided that references to "this Agreement" in such section shall mean references to this Agreement.

[intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be
duly executed as of the date first above written.

PACIFIC GAS AND ELECTRIC COMPANY

By _____
Name:
Title:

**[INSERT NAME OF ISSUING AGENT,
ADMINISTRATIVE AND BANKS]**

By _____

Name:

Title:

EXHIBIT A

[FORM OF]

[INSERT NUMBER] AMENDMENT TO LETTER OF CREDIT

IRREVOCABLE, DIRECT PAY TRANSFERABLE LETTER OF CREDIT

No. [insert number]

[Bankers Trust Company],
as Trustee
4 Albany Street, 4th Floor
New York, New York 10006

Attention: Corporate Trust

Ladies and Gentlemen:

Reference is made to our Irrevocable, Direct Pay Transferable Letter of Credit No. [insert number] issued to you, as beneficiary, on [insert date] (the "Letter of Credit") for the account of Pacific Gas and Electric Company (the "Company"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Letter of Credit.

The Company has requested, and we have agreed, to extend the Scheduled Termination Date from [insert old date] to [insert new date]. Accordingly, upon your acceptance of this [insert number] Amendment to Letter of Credit, the first paragraph of the Letter of Credit shall be amended to delete the reference to "[insert old date]" and to replace it with "[insert new date]".

Except as expressly modified by this [insert number] Amendment to Letter of Credit, the Letter of Credit shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Letter of Credit shall, from and after your acceptance of this [insert number] Amendment to Letter of Credit, be deemed to be a reference to the Letter of Credit as amended by this [insert number] Amendment to Letter of Credit.

The amendment contained in this [insert number] Amendment to Letter of Credit is a one-time amendment only, is made only with respect to the specific provision of the Letter of Credit referenced above and is made only to the extent and for the limited purposes described herein. Such amendment shall not be construed as an amendment for any purpose other than as specifically set forth herein and shall not constitute an agreement or obligation on our part to consent to any other or future amendment.

This [insert number] Amendment to Letter of Credit and your acceptance thereof may be executed in any number of counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

EXHIBIT J
To Stipulation
Exhibit A Page 1

This [insert number] Amendment to Letter of Credit shall be governed by and is subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision, International Chamber of Commerce, Publication No. 500, as amended and restated from time to time). As to matters not governed thereby, this [insert number] Amendment to Letter of Credit shall be governed by the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in such State.

Please indicate your acceptance of this [insert number] Amendment to Letter of Credit by signing in the space provided below and delivering a copy of your executed acceptance to us at [insert address and contact information].

Very truly yours,

[INSERT NAME OF LOC ISSUER]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Accepted and Agreed this
[insert day] day of
[insert month], [insert year]

[BANKERS TRUST COMPANY],
as Trustee

By: _____
Name: _____
Title: _____

This redlined draft, generated by CompareRite (TM) - The Instant Redliner, shows the differences between -
original document : C:\TEMP\1E\1CBV03!.DOC
and revised document: J:\MAIN_LIB\LA\1411779\0008\1CBV04!.DOC

CompareRite found 12 change(s) in the text

Deletions appear as Overstrike text surrounded by <>
Additions appear as Bold+Dbf Underline text