

PG&E PLANNED BANKRUPTCY FILING

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PG&E debt to be excluded from the indices on 1/31

Bankruptcy filings are not usually announced in advance, but under California law a 15-day notice to employees is required before a company can file. Accordingly, on January 14 PG&E (ticker PCG) filed an 8-K and released a statement announcing its intention to file for reorganization under Chapter 11 “on or about January 29, 2019”, which would meet the 15 day notice period. Though the actual filing date will be after the January rebalancing lock-out date, given the circumstances we will treat this announcement as a default event for purposes of index qualification and PCG debt will not be included in any index for the month of February. Taking this approach will avoid a situation in which PG&E would qualify for inclusion in the high yield indices at the January 31 rebalancing, only to be removed at the end of February.

In the event PG&E does not file for reorganization under Chapter 11 prior to the February rebalancing cycle, we will reevaluate whether or not PCG qualifies for inclusion in the indices at that time.

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