

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name  SEMPRA ENERGY		<b>2</b> Issuer's employer identification number (EIN)  33-0732627	
<b>3</b> Name of contact for additional information  Shareholder Services	<b>4</b> Telephone No. of contact  (877) 736-7727	<b>5</b> Email address of contact  investor@sempra.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  488 8th Avenue, HQ15N2		<b>7</b> City, town, or post office, state, and ZIP code of contact  San Diego, CA 92101-7123	
<b>8</b> Date of action  July 15, 2021		<b>9</b> Classification and description 6.75% Mandatory Convertible Preferred Stock, Series B to Common Stock	
<b>10</b> CUSIP number  816851109	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol  SRE	<b>13</b> Account number(s)

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attachment.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

**18** Can any resulting loss be recognized? ▶ See attachment.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶



Date ▶

August 27, 2021

Print your name ▶ Paul H. Yong

Title ▶ Vice-President, Corporate Tax

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if  
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

## Attachment to Form 8937 – Report of Organizational Actions Affecting Basis of Securities

Sempra Energy (EIN: 33-0732627)

Conversion of 6.75% Mandatory Convertible Preferred Stock, Series B

Date of Organizational Action: July 15, 2021

**Part II, Line 14:** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Effective July 15, 2021, Sempra Energy's ("Sempra") outstanding 6.75% Mandatory Convertible Preferred Stock, Series B ("Series B"), par value \$100 per share automatically converted into shares of Sempra common stock ("Common Stock"). The rate of conversion was 0.7403 Common Shares per share of Series B. In lieu of fractional shares of Common Stock, a holder received cash at a rate of \$132.6957 per share of Common Stock.

**Part II, Line 15:** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

A taxpayer holding shares of Preferred stock that was converted into Common Stock, herein referred to as a "holder", has a tax basis in Common stock received upon conversion of Preferred Shares equal to the holder's basis in such Preferred Shares under the rules applicable to recapitalizations, reduced by the portion of basis allocable to the cash the holder receives in lieu of a fractional share of Common Stock.

The basis allocable to the cash that a holder received in lieu of a fractional share of Common Stock is the same portion of the holder's basis that would be allocated to the fractional share if the holder received a fractional share. The following is a hypothetical, illustrative example of the manner in which a holder would allocate its basis among the shares of Common Stock received upon conversion:

	Preferred Stock, Series B Shares	Hypothetical Common Shares	Actual Common (Whole) Shares	Fractional Common Shares
Shares	1,000	740.3	740	.3
Basis	\$100,000	\$100,000	$\$99,959.476 =$ $(\$100,000 * 740/740.3)$	$\$40.524 =$ $(\$100,000 * .3/740.3)$
Cash	-	-	-	$\$39.809 =$ $(\$132.6957 * .3)$

Assume that prior to the mandatory conversion, a holder held 1,000 shares of Series B with an aggregate basis in those shares of \$100,000 (1,000 Series B \* \$100 par value). Given a conversion rate of .7403 Common Stock shares per Series B share, the holder's 1,000 shares of Series B would convert into 740.3 shares of Common Stock. The holder would therefore receive 740 shares of Common Stock and cash in lieu of its fractional share (in this hypothetical example, in lieu of the remaining 0.3 of one Common Share), or \$39.809 (0.3, multiplied by the conversion rate of \$132.6957 per Common Share).

The holder would then allocate its original basis of \$100,000 as follows: each Common Share received upon conversion would be allocated a basis of \$135.08 (the aggregate original basis divided by the number of Common Shares due under the conversion ratio, here 100,000/740.3), including, ratably, the fractional share in lieu of which the holder received in cash. In this case, the holder would allocate its

fractional share \$40.524 of basis (the new basis in each share, multiplied by the fraction of a Common Stock share that the fractional share represented, or  $\$135.08 \times .3$ ). The remaining basis would be allocated ratably among the Common Stock actually received (an aggregate basis in its 740 shares of Common Stock of \$99,959.476, or \$135.08 in each of its 740 shares of Common Stock).

**Part II, Line 16:** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

See response above, Line 15.

**Part II, Line 17:** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Section 302: Distributions in redemption of stock

IRC Section 354: Exchanges of stock and securities in certain reorganizations

IRC Section 358: Basis to distributees

IRC Section 368: Definitions relating to corporate reorganizations

IRC Section 1001: Determination of amount of and recognition of gain or loss

IRC Section 1223: Holding period of property

**Part II, Line 18:** Can any resulting loss be recognized?

Loss may be recognized in respect of cash received in lieu of fractional shares of Common Stock to the extent that the portion of a holder's basis allocated to the fractional share of Common Stock is greater than the amount of cash received in lieu of that fractional share.

**Part II, Line 19:** Provide any other information necessary to implement the adjustment, such as the reportable tax year.

Sempra completed the mandatory conversion on July 15, 2021. Consequently, the reportable tax year is 2021 with respect to calendar year taxpayers.

**Disclaimer:** The information contained in Form 8937 and the attachment does not constitute tax advice and does not purport to take into account any shareholder's specific circumstances. Shareholders are urged to consult their own tax advisors regarding U.S. tax consequences of the Organizational Action described herein and the impact to tax basis resulting from the Organizational Action.