UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 4, 2018

SEMPRA ENERGY
(Exact name of registrant as specified in its charter)

CALIFORNIA	1-14201	33-0732627
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

488 8th AVENUE, SAN DIEGO, CALIFORNIA	92101
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (619) 696-2000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 3.03. Material Modification to Rights of Security Holders.

On January 5, 2018, Sempra Energy (the "Company") filed a Certificate of Determination (the "Certificate of Determination") with the Secretary of State of the State of California to establish the designations, privileges, preferences, rights and restrictions of its 6% Mandatory Convertible Preferred Stock, Series A (the "Mandatory Convertible Preferred Stock"). The Certificate of Determination became effective on the date of its filing, and a copy is filed as Exhibit 3.1 hereto, and is incorporated herein by reference.

Subject to certain exceptions, so long as any share of Mandatory Convertible Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Company's common stock or any other junior stock, and no common stock or any other junior stock shall be purchased, redeemed or otherwise acquired for consideration by the Company or any of the Company's subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid, or a sufficient sum of cash or number of shares of the Company's common stock has been set apart for the payment of such dividends, on all outstanding shares of Mandatory Convertible Preferred Stock. In the event that dividends have not been paid for six or more dividend periods, whether or not consecutive, the holders of the Mandatory Convertible Preferred Stock, voting together as a single class (with holders of any and all other preferred stock of equal rank having similar voting rights then outstanding), shall have the right to elect two directors to fill two newly created directorships. This right shall terminate when all accumulated dividends have been paid in full and the authorized number of directors shall automatically decrease by two, subject to the revesting of that right in the event of each subsequent nonpayment.

In addition, upon the Company's voluntary or involuntary liquidation, winding-up or dissolution, each holder of the Mandatory Convertible Preferred Stock will be entitled to receive a liquidation preference in the amount of $100.00 per share of the Mandatory Convertible Preferred Stock, plus an amount equal to accumulated and unpaid dividends on such shares to, but excluding, the date fixed for liquidation, winding-up or dissolution to be paid out of the Company's assets legally available for distribution to the Company's stockholders, after satisfaction of debt and other liabilities owed to the Company's creditors and holders of shares of any senior stock and before any payment or distribution is made to holders of junior stock (including the Company's common stock).

The terms of the Mandatory Convertible Preferred Stock, including such restrictions, are more fully described in the Certificate of Determination and below under Item 5.03.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

To the extent required by Item 5.03 of Form 8-K, the information regarding the Certificate of Determination contained in Item 3.03 of this report is incorporated by reference herein. The expected dividend payable on the first dividend payment date on April 15, 2018 is $1.60 per share. Each subsequent dividend is expected to be paid quarterly at the rate of $1.50 per share, with dividend payment dates occurring on January 15, April 15, July 15 and October 15 of each year. The Mandatory Convertible Preferred Stock will convert into common stock on the mandatory conversion date, which is expected to be January 15, 2021, at conversion rates set forth in the Certificate of Determination. As set forth in the Certificate of Determination, the Mandatory Convertible Preferred Stock may be converted into common stock prior to the mandatory conversion date at the option of the holders thereof. If the proposed acquisition (the "Merger") of Energy Future Holdings Corp. ("EFH"), including its indirect ownership interest in 80.03% of the outstanding membership interests in Oncor Electric Delivery Company LLC ("Oncor"), by Sempra Energy has not closed on or before December 1, 2018, the related merger agreement is terminated or the Company determines in its reasonable judgment that the Merger will not occur, the Company may, at its option, redeem all of the outstanding shares of the Mandatory Convertible Preferred Stock at the redemption price set forth in the Certificate of Determination. Except as required by California law or as described in Item 3.03 of this report and the Certificate of Determination, the Mandatory Convertible Preferred Stock will not have voting rights.

Item 8.01. Other Events.

Offering of Common Stock

On January 4, 2018, the Company entered into (a) forward sale agreements with each of Morgan Stanley & Co. LLC, an affiliate of RBC Capital Markets, LLC and an affiliate of Barclays Capital Inc. (collectively, the

"forward purchasers"), and (b) an underwriting agreement with Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc., as representatives of the several underwriters named in Schedule I thereto (the "Common Stock Underwriters"), and the other parties thereto. The underwriting agreement provides for the public offering and sale of 23,364,486 shares of the Company's common stock at a public offering price of $107.00 per share (the "Common Stock Offering").

The forward purchasers or their affiliates are expected to borrow and sell an aggregate of 23,364,486 shares of the Company's common stock to the Common Stock Underwriters on January 9, 2018 in connection with the closing of the Common Stock Offering. The Company intends (subject to the Company's right to elect cash or net share settlement subject to certain conditions) to issue and sell, upon physical settlement of the forward sale agreements on one or more dates specified by the Company occurring no later than December 15, 2019, an aggregate of 23,364,486 shares of the Company's common stock to the forward purchasers at an initial forward sale price of $105.074 per share, subject to certain adjustments as provided in the forward sale agreements.

The Company granted the Common Stock Underwriters an option to purchase up to an additional 3,504,672 shares of the Company's common stock directly from the Company, which option was exercised in full on January 5, 2018.

The shares are being offered under a prospectus supplement and related prospectus filed with the Securities and Exchange Commission pursuant to the Company's effective shelf registration statement on Form S-3, as amended by post-effective Amendment No. 1 (File No. 333-220257) (the "Shelf Registration Statement"). Copies of the underwriting agreement and each forward sale agreement are attached as exhibits to this Current Report on Form 8-K and are incorporated herein by reference. The summary set forth above is qualified in its entirety by reference to such exhibits.

Offering of 6% Mandatory Convertible Preferred Stock, Series A

On January 4, 2018, the Company entered into an underwriting agreement (the "Preferred Stock Underwriting Agreement") with Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc., as the representatives of the several underwriters named on Schedule I thereto (the "Preferred Stock Underwriters"), pursuant to which the Company agreed to issue and sell to the Preferred Stock Underwriters an aggregate of 15,000,000 shares of its Mandatory Convertible Preferred Stock at a public offering price of $100.00 per share in a registered public offering pursuant to the Shelf Registration Statement (the "Mandatory Convertible Preferred Stock Offering"). Pursuant to the Preferred Stock Underwriting Agreement, the Company granted the Preferred Stock Underwriters an option to purchase up to an additional 2,250,000 shares of Mandatory Convertible Preferred Stock from the Company, which option was exercised in full on January 5, 2018. Copies of the Preferred Stock Underwriting Agreement and the Certificate of Determination establishing the terms of the Mandatory Convertible Preferred Stock (which includes the form of certificate evidencing the shares of the Mandatory Convertible Preferred Stock) are attached as exhibits to this Current Report on Form 8-K and are incorporated herein by reference. The summary set forth above is qualified in its entirety by reference to such exhibits.

The Company is expected to close the Common Stock Offering (including the 3,504,672 additional shares subject to the option granted to the Common Stock Underwriters) and the issuance and sale of 17,250,000 shares of Mandatory Convertible Preferred Stock in the Mandatory Convertible Preferred Stock Offering on January 9, 2018.

Cautionary Note Regarding Forward-Looking Statements

This current report contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "assumes," "depends," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "target," "pursue," "outlook," "maintain," or similar expressions or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements.

Such forward–looking statements include, among other things, statements regarding the timing and amount of dividend payments by the Company on the Mandatory Convertible Preferred Stock, the Company's ability to pay dividends on the Mandatory Convertible Preferred Stock, the expected mandatory conversion date of the Mandatory Convertible Preferred Stock, the Company's intention to physically settle the forward sale agreements, as opposed to cash or net share settlement, and references to the completion of the Common Stock Offering and the Mandatory Convertible Preferred Stock Offering. Factors, among others, that could cause actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: the impact of current global economic, credit and market conditions and the satisfaction of customary closing conditions related to the Common Stock Offering and the Mandatory Convertible Preferred Stock Offering, as well as risks and uncertainties associated with our business in general, including, actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; modifications of settlements; delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers (including with respect to regulatory assets associated with the San Onofre Nuclear Generating Station facility and 2007 wildfires) or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the transmission grid, moratoriums or limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; the impact on the value of our investment in natural gas storage and related assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for storage services; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of greenhouse gases, radioactive materials and harmful emissions, cause wildfires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; capital markets and economic conditions, including the availability of credit and the liquidity of our investments; fluctuations in inflation, interest and currency exchange rates and our ability to effectively hedge the risk of such fluctuations; the impact of changes in the tax code as a result of recent federal tax reform and uncertainty as to how certain of those changes may be applied; actions by rating agencies to downgrade credit ratings of us or our subsidiaries or to place these ratings on negative outlook; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to international trade agreements, such as the North American Free Trade Agreement, and changes that make our exports less competitive or otherwise restrict our ability to export or resolve trade disputes; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation or other forms of distributed and local power generation, and the potential risk of nonrecovery for stranded assets and contractual obligations; and other uncertainties, some of which may be difficult to predict and are beyond our control.

Additional forward-looking statements include, but are not limited to, statements about the completion of the Merger and other statements that are not historical facts. Additional factors that could cause actual results and future actions to differ materially from those described in any such forward-looking statements include risks and

uncertainties relating to: the risk that Sempra Energy, EFH or Oncor may be unable to obtain bankruptcy court and governmental and regulatory approvals required for the Merger, or that required bankruptcy court and governmental and regulatory approvals may delay the Merger or result in the imposition of conditions that could cause the parties to abandon the transaction or be onerous to Sempra Energy; the risk that a condition to closing of the Merger may not be satisfied; the risk that the transaction may not be completed for other reasons, or may not be completed on the terms or timing currently contemplated; the risk that the anticipated benefits from the transaction may not be fully realized or may take longer to realize than expected; the risk that Sempra Energy may be unable to obtain the external financing necessary to pay the consideration and expenses related to the Merger on terms favorable to Sempra Energy, if at all; the risk that, if the Merger is completed, Oncor's results of operations after the Merger will not be consistent with our expectations or that its capital investment spending will be less than anticipated; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time and attention to Merger-related issues; and related legal, accounting and other costs, whether or not the Merger is completed; and the risk that Oncor will eliminate or reduce its quarterly dividends due to its requirement to meet and maintain its new required regulatory capital structure, or because any of the three major credit rating agencies rates its senior secured debt securities below BBB (or its equivalent) or its independent directors determine it is in the best interest of Oncor to retain such amounts to meet future capital expenditures.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the SEC. These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
1.1	Underwriting Agreement, dated January 4, 2018, by and among Sempra Energy and Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc., as representatives of the several underwriters named therein, and the other parties thereto
1.2	Underwriting Agreement, dated January 4, 2018, by and among Sempra Energy and Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc., as representatives of the several underwriters named therein
1.3	Confirmation of Registered Forward Transaction, dated January 4, 2018, by and between Sempra Energy and Morgan Stanley & Co. LLC
1.4	Confirmation of Registered Forward Transaction, dated January 4, 2018, by and between Sempra Energy and Royal Bank of Canada
1.5	Confirmation of Registered Forward Transaction, dated January 4, 2018, by and between Sempra Energy and Barclays Bank PLC
3.1	Certificate of Determination of the 6% Mandatory Convertible Preferred Stock, Series A, of Sempra Energy (including the form of certificate representing the 6% Mandatory Convertible Preferred Stock, Series A), filed with the Secretary of State of the State of California and effective January 5, 2018
4.1	Certificate of Determination of the 6% Mandatory Convertible Preferred Stock, Series A, of Sempra Energy (including the form of certificate representing the 6% Mandatory Convertible Preferred Stock, Series A), filed with the Secretary of State of the State of California and effective January 5, 2018 (included as Exhibit 3.1)
5.1	Opinion of Latham & Watkins LLP, relating to the Company's Common Stock
5.2	Opinion of Latham & Watkins LLP, relating to the Company's 6% Mandatory Convertible Preferred Stock, Series A
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
23.2	Consent of Latham & Watkins LLP (included in Exhibit 5.2)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SEMPRA ENERGY

Date: January 9, 2018

By: /s/ Trevor I. Mihalik
Name: Trevor I. Mihalik
Title: Senior Vice President, Controller and Chief Accounting Officer

Exhibit 1.1

EXECUTION VERSION

Sempra Energy

Common Stock, No Par Value

Underwriting Agreement

January 4, 2018

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBC Capital Markets, LLC
200 Vesey Street, 8th Floor
New York, New York 10281

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

As Representatives of the several Underwriters

Ladies and Gentlemen:

Sempra Energy, a California corporation (the "**Company**"), confirms its agreement with each of the Underwriters named in Schedule I hereto (collectively, the "**Underwriters**," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc. are acting as representatives (the "**Representatives**"), with respect to the sale (the "**Forward Sale**") by Morgan Stanley & Co. LLC ("**Morgan Stanley**"), Royal Bank of Canada ("**RBC**") and Barclays Capital Inc. ("**Barclays**"), in its capacity as an agent and affiliate of the Forward Purchaser (as defined herein) Barclays Bank PLC (as such sellers, collectively, the "**Forward Sellers**"), acting severally and not jointly, of the respective numbers of shares of the Company's common stock, no par value (the "**Common Stock**") to be sold by them as set forth under the headings "Number of Forward Shares to be Purchased from Morgan Stanley," "Number of Forward Shares to be Purchased from RBC" and "Number of Forward Shares to be Purchased from Barclays," respectively, in Schedule I hereto (collectively, the "**Forward Shares**") and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of Forward Shares sold to each of them by the respective Forward Sellers as set forth under such headings in Schedule I hereto. In connection with the Forward Sale, each of Morgan Stanley, RBC and Barclays Bank PLC, in its capacity as a party to a Forward Sale Agreement (as defined

herein) (as such, a "**Forward Purchaser**" and collectively, the "**Forward Purchasers**") has entered into a letter agreement, dated January 4, 2018 (collectively, the "**Forward Sale Agreements**"), with the Company, pursuant to which the Company has agreed to sell, and each Forward Purchaser has agreed to purchase, the number of shares of Common Stock set forth opposite such Forward Purchaser's (or its affiliate's) name under the heading "Number of Shares to be Purchased" in Schedule I hereto, subject to the terms and conditions of the Forward Sale Agreements, including the Company's right to elect Cash Settlement or Net Share Settlement (each as defined in the Forward Sale Agreements). The Forward Shares and any Company Top-Up Shares (as defined in Section 11 hereof) are hereinafter collectively referred to as the "**Firm Shares**."

In addition, the Company proposes to issue and sell to the several Underwriters, not more than 3,504,672 shares of Common Stock (the "**Option Shares**") if and to the extent that you, as Representatives, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such Option Shares granted to the Underwriters pursuant to Section 4 hereof.

The Company Top-Up Shares and the Option Shares are hereinafter collectively referred to as the "**Primary Shares**." The Firm Shares and the Option Shares are hereinafter collectively referred to as the "**Shares**." This Agreement and the Forward Sale Agreements are hereinafter collectively referred to as the "**Transaction Documents**."

The Company is concurrently publicly offering shares of its 6% Mandatory Convertible Preferred Stock, Series A, no par value (the "Mandatory Convertible Preferred Stock") pursuant to a separate underwriting agreement (the "Mandatory Convertible Preferred Stock Offering"). The offering of the Shares is not contingent upon the completion of the Mandatory Convertible Preferred Stock Offering, the Mandatory Convertible Preferred Stock Offering is not contingent upon the completion of the offering of the Shares, and the Mandatory Convertible Preferred Stock is not being offered together with the Shares.

The Company has entered into an Agreement and Plan of Merger dated as of August 21, 2017 and a Waiver Agreement dated as of October 3, 2017, in each case as amended and supplemented, if applicable, and as the same may be amended and supplemented after the date hereof (collectively, the "**Merger Agreement**," which term, as used herein, includes all exhibits, schedules and attachments thereto, in each case as amended or supplemented, if applicable) with Energy Future Holdings Corp. ("**EFH**"), Energy Future Intermediate Holding Company LLC ("**EFIH**") and Power Play Merger Sub I, Inc. (now known as Sempra Texas Merger Sub I, Inc., the "**Merger Subsidiary**"), pursuant to which EFH will be merged with the Merger Subsidiary with EFH continuing as the surviving entity of such merger (the "**Merger**"). In relation to the Merger, the Company has also entered into a plan support agreement dated as of August 21, 2017 (the "**Plan Support Agreement**") with EFH and certain other parties named therein and a letter agreement dated August 25, 2017 (the "**Letter Agreement**"), with the Merger Subsidiary, Oncor Electric Delivery Holdings Company LLC ("**Oncor Holdings**") and Oncor Electric Delivery Company LLC ("**Oncor**").

The Company has filed with the Securities and Exchange Commission (the "**Commission**") an automatic shelf registration statement on Form S-3 (No. 333-220257), which registration statement became effective upon filing under Rule 462(e) of the rules and

regulations of the Commission (the "**Rules and Regulations**") under the Securities Act of 1933, as amended (the "**Act**"). Such registration statement covers the registration of Common Stock (among other securities) under the Act. Such registration statement, as amended through the date hereof(including by post-effective amendment No. 1 thereto) and including the information deemed pursuant to Rule 430B under the Rules and Regulations to be part of the registration statement at the time of its effectiveness with respect to the offering contemplated by this Agreement and all documents incorporated or deemed to be incorporated by reference therein through the date hereof, but excluding any Form T-1 (as defined below), is hereinafter referred to as the "**Registration Statement**." The Company proposes to file with the Commission pursuant to Rule 424(b) of the Rules and Regulations the Prospectus Supplement (as defined in Section 6(h) hereof) relating to the Shares and the prospectus dated January 2, 2018 (the "**Base Prospectus**"), and has previously advised you of all further information (financial and other) with respect to the Company set forth therein. The Base Prospectus together with the Prospectus Supplement (as defined below), in their respective forms on the date hereof (being the forms in which they are to be filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations), including all documents incorporated or deemed to be incorporated by reference therein through the date hereof, are hereinafter referred to as, collectively, the "**Prospectus**," except that if any revised prospectus or prospectus supplement shall be provided to the Underwriters by the Company for use in connection with the offering and sale of the Shares which differs from the Prospectus (whether or not such revised prospectus or prospectus supplement is required to be filed by the Company pursuant to Rule 424(b) of the Rules and Regulations), the term "Prospectus" shall refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to the Underwriters for such use. The term "**Preliminary Prospectus**," as used in this Agreement, means the preliminary prospectus supplement dated January 2, 2018 and filed with the Commission on January 2, 2018 pursuant to Rule 424(b) of the Rules and Regulations, together with the Base Prospectus used with such preliminary prospectus supplement in connection with the marketing of the Shares, in each case as amended or supplemented by the Company, including all documents incorporated or deemed to be incorporated by reference therein through the date thereof. Unless the context otherwise requires, all references in this Agreement to documents, financial statements and schedules and other information which is "contained," "included," "stated," "described in" or "referred to" in the Registration Statement, the Preliminary Prospectus or the Prospectus (and all other references of like import) shall be deemed to mean and include all such documents, financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, the Preliminary Prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), after the date of this Agreement which is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus or the Prospectus, as the case may be.

At or prior to 11:45 p.m. (New York City time) on the date hereof, which was the time when sales of the Shares were first made (such time, the "**Applicable Time**"), the Company had prepared the following information (collectively the "**Pricing Disclosure Package**"): the Preliminary Prospectus and each "free-writing prospectus" (as defined pursuant to Rule 405 of the Rules and Regulations) listed on Schedule II hereto.

1. The Company represents and warrants to each Underwriter, each Forward Seller and each Forward Purchaser as of the date hereof (such date being hereinafter referred to as the "**Representation Date**"), as of the Applicable Time, as of the Time of Delivery referred to in Section 5 herein and as of each Option Time of Delivery referred to in Section 4 as follows:

(a) No order preventing or suspending the use of the Preliminary Prospectus has been issued by the Commission, and the Preliminary Prospectus, at the time of filing thereof, complied in all material respects with the Act and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (a) shall not apply to statements in or omissions from the Preliminary Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Preliminary Prospectus.

(b) The Pricing Disclosure Package, at the Applicable Time, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (b) shall not apply to statements in or omissions from the Pricing Disclosure Package made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in such Pricing Disclosure Package.

(c) The Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, approved or referred to and will not prepare, make, use, approve or refer to any "written communication" (as defined in Rule 405 of the Rules and Regulations) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives other than the Underwriters in their capacity as such (other than a communication referred to in clauses (i), (ii) and (iii) below) an "**Issuer Free Writing Prospectus**") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Act or Rule 134 of the Rules and Regulations, (ii) the Preliminary Prospectus, (iii) the Prospectus, (iv) the documents listed on Schedule II hereto and (v) any electronic road show or other written communications, in each case approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus complied in all material respects with the Act, has been or will be (within the time period specified in Rule 433 of the Rules and Regulations) filed (to the extent required thereby) in accordance with the Act and when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, at the Time of Delivery and at each Option Time of Delivery will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (c) shall not apply to statements in or omissions from any Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in any Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares or until any earlier date that the Company

notified or notifies the Representatives as described in Section 5(c) with respect to such Issuer Free Writing Prospectus, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Prospectus or the Preliminary Prospectus that has not been superseded or modified.

(d) The Registration Statement is an "automatic shelf registration statement" as defined under Rule 405 of the Rules and Regulations that became effective not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) of the Rules and Regulations has been received by the Company. The Registration Statement, at the respective times the Registration Statement and any post-effective amendments thereto became effective, and the Registration Statement and the Prospectus, as of the Representation Date, complied and comply in all material respects with the requirements of the Act and the Rules and Regulations (including Rule 415(a) of the Rules and Regulations), and the Registration Statement did not and as of the Representation Date, at the Time of Delivery and at each Option Time of Delivery does not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. No order suspending the effectiveness of the Registration Statement has been issued under the Act and no proceedings for that purpose or pursuant to Section 8A of the Act against the Company or related to the offering of the Shares have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. The Prospectus, at the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations, in which case at the time it is first provided to the Underwriters for such use), at the Time of Delivery and at each Option Time of Delivery, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (d) shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or the Prospectus or the information contained in any Statement of Eligibility and Qualification of a trustee under the Trust Indenture Act filed as an exhibit to the Registration Statement (a "**Form T-1**").

(e) The documents filed by the Company and incorporated or deemed to be incorporated by reference into the Registration Statement, the Prospectus and the Pricing Disclosure Package pursuant to Item 12 of Form S-3 under the Act, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together and with the other information in the Registration Statement, the Prospectus and the Pricing Disclosure Package, at the respective times the Registration Statement and any amendments thereto became effective, at the Representation Date, at the Applicable Time, at the Time of Delivery and at each Option Time of Delivery, did not, do not and will not contain an untrue statement of a material fact or omit to state a material fact required

to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Company and its subsidiaries, taken as a whole, have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus; and, since the date as of which information is given in the Pricing Disclosure Package and the Prospectus, there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus.

(g) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and each of Southern California Gas Company, a California corporation (**"SCGC"**), San Diego Gas & Electric Company, a California corporation (**"SDG&E"**), Pacific Enterprises, a California corporation (**"PE"**), Enova Corporation, a California corporation (**"Enova"**), Sempra Global, a Delaware corporation (**"Global"**), Pacific Enterprises International, a California corporation ("**PEI**"), and Sempra Energy International, a California corporation ("**SEI**" and, together with SCGC, SDG&E, PE, Enova, Global and PEI, the **"Significant Subsidiaries"**), has been duly incorporated or organized and is validly existing as a corporation or a limited liability company in good standing under the laws of its jurisdiction of incorporation or organization.

(h) The Company has an authorized capitalization as set forth in the Pricing Disclosure Package and the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description thereof contained in the Pricing Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except for the outstanding preferred stock of SCGC, are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(i) The Primary Shares have been duly authorized for issuance and sale by the Company and, if and when the Primary Shares are issued and delivered pursuant to this Agreement, the Primary Shares will be validly issued, fully paid and non-assessable, and the

issuance of such Primary Shares will not be subject to any preemptive or similar rights. A number of shares of Common Stock equal to the sum of the Share Caps (as such term is defined in the Forward Sale Agreements) has been duly authorized and reserved for issuance under the Forward Sale Agreements and, when any such Common Stock is issued and delivered by the Company to the applicable Forward Purchaser pursuant to the applicable Forward Sale Agreement against payment of any consideration required to be paid by the Forward Purchaser pursuant to the terms of the applicable Forward Sale Agreement, such shares of Common Stock will be validly issued, fully paid and non-assessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(j) This Agreement has been duly authorized, executed and delivered by the Company.

(k) Each Forward Sale Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery of such agreement by the applicable Forward Purchaser, constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, receivership, liquidation, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(l) The issue and sale of the Shares and the compliance by the Company with all of the provisions of the Transaction Documents, and the consummation of the transactions therein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company or any of its Significant Subsidiaries is a party or by which the Company or any of its Significant Subsidiaries is bound or to which any of the properties or assets of the Company or any of its Significant Subsidiaries is subject, (ii) result in any violation of the provisions of the Articles or Certificate of Incorporation or Certificate of Formation or Bylaws or Limited Liability Company Agreement of the Company or any of its Significant Subsidiaries, or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Significant Subsidiaries or any of their respective properties, except, solely in the case of clauses (i) and (iii) above, for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by the Transaction Documents, except such as have been obtained under the Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters.

(m) The statements set forth in the Pricing Disclosure Package and the Prospectus, as amended or supplemented, under the caption "Description of Capital Stock," insofar as they purport to constitute a summary of the terms of the Common Stock, the

Company's authorized but unissued preferred stock, no par value (the "Preferred Stock"), the Company's Articles of Incorporation or Bylaws, or provisions of the laws of the State of California, and under the caption "Underwriting (Conflicts of Interest)," insofar as they purport to describe the provisions of the Forward Sale Agreements and the laws and other documents referred to therein, are accurate, complete and fair in all material respects.

(n) Neither the Company nor any of its Significant Subsidiaries is (i) in violation of its Articles or Certificate of Incorporation or Certificate of Formation or Bylaws or Limited Liability Company Agreement or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (ii) for such defaults which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(o) Other than as set forth in the Pricing Disclosure Package and the Prospectus, (i) there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject, except for such proceedings which, if determined adversely to the Company or any of its subsidiaries, would not reasonably be expected individually or in the aggregate to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole and (ii) to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(p) The Company is not and after giving effect to (i) the offering and sale of the Primary Shares, (ii) the issuance, sale and delivery of shares of Common Stock upon settlement of each Forward Sale Agreement, (iii) the offering and sale of the Mandatory Convertible Preferred Stock in the Mandatory Convertible Preferred Stock Offering and (iv) the issuance and delivery of shares of Common Stock issuable upon conversion of the Mandatory Convertible Preferred Stock in accordance with the terms set forth in the certificate of determination relating thereto, will not be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended (the **"Investment Company Act"**).

(q) Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries, taken as a whole, is an independent registered public accounting firm as required by the Act and the Rules and Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(r) To the Company's knowledge, Deloitte & Touche LLP, who have certified certain financial statements of EFH and its subsidiaries, taken as a whole, is an independent registered public accounting firm with respect to EFH as required under Rule 101 of the AICPA's Code of Professional Conduct and its interpretations and rulings.

(s) To the Company's knowledge, Deloitte & Touche LLP, who have certified certain financial statements of Oncor Holdings and its subsidiaries, taken as a whole, is

an independent registered public accounting firm as required by the Act and the Rules and Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(t) The financial statements of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. The pro forma financial statements and the related notes thereto included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. To the Company's knowledge, the financial statements of EFH and its consolidated subsidiaries included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of EFH and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, to the Company's knowledge, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. To the Company's knowledge, the financial statements of Oncor Holdings and its consolidated subsidiaries included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of Oncor Holdings and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, to the Company's knowledge, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis.

(u) The Company and each of its consolidated subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences.

(v) The Company and each of its consolidated subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act); such disclosure controls and procedures are effective.

(w) The Company and its subsidiaries possess such certificates, authorities or permits issued by the appropriate state, federal, local or foreign regulatory agencies or bodies necessary to conduct their businesses as described in the Pricing Disclosure Package and the Prospectus, except where the failure to possess such certificates, authorities or permits, individually or in the aggregate, would not have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(x) The Company and its subsidiaries are in compliance with, and conduct their respective businesses in conformity with, all applicable state, federal, local and foreign laws and regulations relating to the operation and ownership of a public utility, including, without limitation, those relating to the distribution and transmission of natural gas, except to the extent that any failure so to comply or conform would not individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(y) The Company and its subsidiaries hold all franchises, certificates of public convenience and necessity, permits, licenses and easements necessary to own, operate and maintain their properties as described in the Pricing Disclosure Package and the Prospectus, except to the extent that such failure, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(z) Except as otherwise described in the Pricing Disclosure Package and the Prospectus and except as would not, singly or in the aggregate, result in a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the knowledge of the Company, threatened, administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violations, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or

circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(aa) To the knowledge of the Company, all representations and warranties made by EFH and EFIH in the Merger Agreement are true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" (as defined in the Merger Agreement) or similar limitation as set forth therein), except in each case where the failure to be so true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, assuming the consummation of the transactions contemplated by the Merger Agreement.

(bb) To the knowledge of the Company, since September 30, 2017, there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of EFH and its subsidiaries (including Oncor), taken as a whole.

(cc) The statements set forth in (i) the Pricing Disclosure Package and the Prospectus, as amended or supplemented (if applicable), under the caption "Summary Information—Recent Developments—Proposed Acquisition of Energy Future Holdings Corp.," (ii) the Company's Form 8-K filed with the Commission on August 25, 2017 under the captions "Acquisition of Energy Future Holdings Corp.," "Agreement and Plan of Merger" and "Plan Support Agreement", (iii) the Company's Form 8-K filed with the Commission on August 28, 2017 under the caption "Oncor Letter Agreement," (iv) the Company's Form 8-K filed with the Commission on October 6, 2017, including the information under Item 1.01 and Item 8.01, (v) the Company's Form 8-K filed with the Commission on October 10, 2017, including the information under Item 8.01 and in Exhibit 99.1 thereto, and (vi) the Company's Form 8-K filed with the Commission on December 15, 2017 describing, among other things, the Stipulation (as defined therein), insofar as they purport to constitute a summary of the terms of the Merger, the Merger Agreement, the Plan Support Agreement, the Letter Agreement and the Stipulation, are accurate and fair summaries in all material respects.

(dd) To the knowledge of the Company, no event or condition has occurred or exists that has terminated or would permit termination of the Merger Agreement and no change in the terms of the Merger, the Merger Agreement, the Plan Support Agreement or the Letter Agreement has occurred which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, assuming the consummation of the transactions contemplated by the Merger Agreement.

2. Each Forward Seller, severally and not jointly, represents and warrants to the Company and each Underwriter as of the Representation Date, as of the Applicable Time and as of the Time of Delivery referred to in Section 5 as follows:

(a) This Agreement has been duly authorized, executed and delivered by such Forward Seller, and, as of the Applicable Time and as of the Time of Delivery, such Forward Seller will have the full right, power and authority to sell, transfer and deliver the Forward Shares, to the extent that it is required to transfer such Forward Shares hereunder.

(b) The Forward Sale Agreement entered into by it or its affiliate as Forward Purchaser has been duly authorized, executed and delivered by such Forward Purchaser, and assuming due authorization, execution and delivery of such Forward Sale Agreement by the Company, constitutes a valid and binding agreement of such Forward Purchaser, enforceable against such Forward Purchaser in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, receivership, liquidation, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such Forward Seller at the Time of Delivery will have the free and unqualified right to transfer the number of Forward Shares that it is required to deliver to the extent that it is required to transfer such Forward Shares hereunder, free and clear of any security interest, mortgage, pledge, lien, encumbrance, restriction on voting or transfer or any other claim of any third party; and upon delivery of such Forward Shares and payment of the purchase price therefor, as herein contemplated, assuming each of the Underwriters has no notice of any adverse claim, each of the Underwriters will have the free and unqualified right to transfer any such Forward Shares purchased by it from such Forward Seller, free and clear of any security interest, mortgage, pledge, lien, encumbrance, restriction on voting or transfer or any other claim of any third party.

3. The Company and each Forward Seller understands that upon authorization by the Representatives of the release of the Shares, the several Underwriters propose to offer the Shares for sale upon the terms and conditions set forth in the Prospectus, as amended or supplemented.

4. Agreements to Transfer, Sell and Purchase:

(a)

(1) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, each Forward Seller, severally and not jointly, agrees to sell to each Underwriter, severally and not jointly, and each Underwriter agrees, severally and not jointly, to purchase from such Forward Seller, at a purchase price of $105.074 per share (the "**Purchase Price**"), that number of Forward Shares set forth in Schedule I opposite the name of such Underwriter in the column pertaining to such Forward Seller.

(2) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the Purchase Price, a number of Company Top-Up Shares, if any, (subject to such

adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Company Top-Up Shares as the number of Forward Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Forward Shares.

(b) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, up to 3,504,672 Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared, paid or payable by the Company on the Firm Shares but not payable on the Option Shares (the "**Option Purchase Price**"). The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, by giving written notice (an "**exercise notice**") to the Company not later than 30 days after the date of the Prospectus Supplement. Any such exercise notice shall specify the number of Option Shares to be purchased by the Underwriters and the date on which such Option Shares are to be purchased. Each purchase date of Option Shares must be at least two business days after the exercise notice is sent to the Company and may not be earlier than the closing date for the Firm Shares nor later than ten business days after the date of such exercise notice. Following delivery of an exercise notice, on each day, if any, that Option Shares are to be purchased (each an "**Option Time of Delivery**"), each Underwriter agrees, severally and not jointly, to purchase the number of Option Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Option Shares to be purchased at such Option Time of Delivery as the number of Forward Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Forward Shares.

(c) If with respect to the Forward Shares (i) any of the conditions to effectiveness of a Forward Sale Agreement set forth therein have not been satisfied at the Time of Delivery; (ii) the Company has not performed all of the obligations required to be performed by it under this Agreement on or prior to the Time of Delivery; or (iii) any of the conditions set forth in Section 8 hereof have not been satisfied on or prior to the Time of Delivery (clauses (i) through (iii), together, the "**Conditions**"), each Forward Seller, in its sole discretion, may elect not to borrow and deliver for sale to the Underwriters the Forward Shares otherwise deliverable by such Forward Seller hereunder. In addition, in the event that a Forward Purchaser determines in good faith, after using commercially reasonable efforts, that (A) it or its affiliate, as Forward Seller, is unable to borrow and deliver for sale under this Agreement a number of shares of Common Stock equal to the number of Forward Shares deliverable by such Forward Seller hereunder or (B) such Forward Seller would incur a stock loan cost of more than a rate equal to 200 basis points per annum to do so, then, in each case, such Forward Seller shall only be required to deliver for sale to the Underwriters at the Time of Delivery the aggregate number of shares of Common Stock that such Forward Seller is able to so borrow at or below such cost. If a Forward Seller elects pursuant to this paragraph not to borrow and deliver for sale to the Underwriters at the Time of Delivery the total number of Forward Shares otherwise deliverable by it hereunder, then such Forward Seller shall notify the Company no later than 5:00 p.m., New York City time, on the business day immediately preceding the Time of Delivery.

5. Payment of the Purchase Price for, and delivery of certificates for, the Firm Shares shall be made at the office of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 or at such other place as shall be agreed upon by the Representatives and the Company, at 10:00 a.m. (New York City time), on January 9, 2018, or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called the "**Time of Delivery**"). Payment shall be made to the Company, in the case of any Company Top-Up Shares, and to the applicable Forward Seller, in the case of the Forward Shares, by wire transfer of Federal (same day) funds to the account specified by the Company or the applicable Forward Seller, as applicable, to the Representatives at least forty-eight hours in advance against delivery to the Representatives for the respective accounts of the Underwriters of certificates (or book-entry credits) for the Shares to be purchased by them. Payment shall be made to the Company, in the case of any Option Shares, by wire transfer of Federal (same day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance against delivery to the Representatives for the respective accounts of the Underwriters of certificates (or book-entry credits) for the Option Shares to be purchased by them. Certificates (or book-entry credits) for the Shares shall be registered in such names and in such denominations as the Representatives may request upon at least forty-eight hours prior notice to the Company and the Forward Sellers. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Shares which it has agreed to purchase. Morgan Stanley & Co. LLC, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Shares to be purchased by any Underwriter whose check has not been received by the Time of Delivery or Option Time of Delivery, as applicable, but such payment shall not release such Underwriter from its obligations hereunder. The certificates (if any) for the Shares will be made available for examination and packaging by the Representatives not later than 10:00 a.m. (New York City time), on the last business day prior to the Time of Delivery or Option Time of Delivery, as applicable, in New York, New York.

6. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus, as amended or supplemented, in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the date hereof or, if applicable, such earlier time as may be required by Rule 424(b); to make no further amendment or any supplement to the Registration Statement or Prospectus, as amended or supplemented, after the date hereof and on or prior to the Relevant Date (as defined below) which shall be reasonably disapproved by the Representatives promptly after reasonable notice thereof; to advise the Representatives promptly of any such amendment or supplement after the Relevant Date and furnish the Representatives with copies thereof; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Shares, and during such same period to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or

suspending the use of any prospectus relating to the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any examination pursuant to Section 8(e) of the Act concerning the Registration Statement, or of the Company becoming the subject of a proceeding under Section 8A of the Act in connection with the offering of the Shares, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the Shares or suspending any such qualification, to promptly use reasonable best efforts to obtain the withdrawal of such order. As used herein, the term "**Relevant Date**" means the 30th day after the date of the Prospectus Supplement unless, on or prior to such 30th day, the Underwriters shall have given an exercise notice to the Company as contemplated by Section 4(b) hereof specifying an Option Time of Delivery that is after such 30th day, in which case the "Relevant Date" shall be such Option Time of Delivery; provided, that, notwithstanding the foregoing, if the Underwriters shall have purchased all of the Option Shares prior to the 30th day after the date of the Prospectus, then the term "Relevant Date" shall be the last date on which the Underwriters shall have purchased Option Shares.

(b) To prepare a final term sheet or sheets, as the case may be (in either such case, the "**Final Term Sheet**") reflecting the final terms of the Shares and the offering thereof, in the form of Schedule III hereto (and containing such other information as the Company and the Representatives may agree), and file such Final Term Sheet as an "issuer free writing prospectus" pursuant to Rule 433 prior to the close of business two business days after the date hereof; provided that the Company shall furnish the Representatives with copies of such Final Term Sheet a reasonable amount of time prior to such proposed filing and will not use or file any such document to which the Representatives or counsel to the Underwriters shall reasonably object;

(c) If at any time after the date hereof any events shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the Preliminary Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if for any other reason it shall be necessary to amend or supplement any Issuer Free Writing Prospectus, to notify the Representatives and, upon their request, to file such document and to prepare and furnish without charge to each Underwriter as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Issuer Free Writing Prospectus that will correct such conflict, statement or omission or effect such compliance;

(d) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such domestic jurisdictions and (with the prior consent of the Company) foreign jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be

required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(e) Prior to 10:00 a.m., New York City time, on the second business day succeeding the date hereof, or such later time or date as agreed to by the Company and the Representatives, and from time to time, to furnish the Underwriters with copies of the Prospectus in New York City, as amended or supplemented, in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any securities dealer participating in the offering of the Shares as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance;

(f) To make generally available to its securityholders as soon as practicable, but in any event not later than fifteen months after the date hereof, an earnings statement of the Company and its consolidated subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the Rules and Regulations (including, at the option of the Company, Rule 158);

(g) Without the prior written consent of each of the Representatives, with the authorization to release this lock-up on behalf of the Underwriters, the Company will not, during the period from and including the date hereof through and including the 90th day after the date hereof (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock ("**Convertible Securities**") or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Common Stock or Convertible Securities. The foregoing sentence shall not apply to (a) the Shares to be sold hereunder, (b) the issuance by the Company of the Mandatory Convertible Preferred Stock in the Mandatory Convertible Preferred Stock Offering and the issuance, if any, of Common Stock upon the conversion or redemption of the Mandatory Convertible Preferred Stock, or the issuance by the Company of Common Stock paid as a dividend on the Mandatory Convertible Preferred Stock, (c) the issuance by the Company of shares of Common Stock upon the exercise of an option or warrant or the conversion of or exchange for a Convertible Security outstanding on the date hereof, (d) the issuance by the Company of Common Stock or

Convertible Securities in connection with any bona fide merger, acquisition, business combination or other strategic or commercial relationship, to a third party or a group of third parties, provided that (i) the aggregate number of shares of Common Stock (including for purposes of such calculation the shares of Common Stock issuable on conversion, exercise, exchange or redemption of any such Convertible Securities) that the Company may sell or issue or agree to sell pursuant to this clause (d) shall not exceed 5% of the total number of shares of Common Stock of the Company outstanding immediately following the Time of Delivery, and (ii) such party or parties agree (or have already agreed as of the date hereof) in writing to restrictions substantially similar to those described in clauses (1) and (2) above, the term of which restrictions shall not expire prior to the end of the Lock-Up Period referred to in this paragraph, (e) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to benefit plans, long-term incentive plans, savings (e.g. 401(k)) plans and other compensation plans of the Company or any of its subsidiaries to which employees and/or directors of the Company or its subsidiaries participate and which are referred to in the Pricing Disclosure Package and the Prospectus or the documents filed with the Commission prior to the date hereof that are incorporated by reference therein, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, (f) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to dividend reinvestment or direct stock purchase plans and which are referred to in the Pricing Disclosure Package and the Prospectus or the documents filed with the Commission prior to the date hereof that are incorporated by reference therein, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, or (g) transactions under or pursuant to the Forward Sale Agreements, including the transfer of Common Stock to the Forward Purchaser in connection therewith.

(h) Immediately following the execution of this Agreement, the Company will prepare a prospectus supplement, dated the date hereof (the "**Prospectus Supplement**"), containing the terms of the Shares, the plan of distribution thereof and such other information as may be required by the Act or the Rules and Regulations or as the Representatives and the Company deem appropriate, and will file or transmit for filing with the Commission in accordance with Rule 424(b) of the Rules and Regulations copies of the Prospectus (including such Prospectus Supplement);

(i) To apply the net proceeds from the sale of the Shares as set forth in the Prospectus; and

(j) The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission; provided, however, that the prior written consent of the Representatives and the Company shall be deemed to have been given in respect of the Final Term Sheet and any other Issuer Free Writing Prospectuses included in Schedule II hereto; and provided further, however,

that prior to the preparation of the Final Term Sheet in accordance with Section 6(b), the Underwriters are authorized to use the information with respect to the final terms of the Shares in communications conveying information relating to the offering to investors. Any such free writing prospectus consented to by the Company and the Representatives or otherwise permitted by the immediately preceding sentence is hereinafter referred to as a "**Permitted Free Writing Prospectus**." For purposes of clarity, it is understood and agreed that the term Issuer Free Writing Prospectus, as used in this Agreement, includes all Permitted Free Writing Prospectuses.

(k) To use its reasonable best efforts to effect and maintain the listing of the Shares on the New York Stock Exchange (the "**NYSE**").

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Preliminary Prospectus, any Permitted Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, the Transaction Documents, any Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 6(d) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and Legal Investment Memoranda; (iv) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by The Financial Industry Regulatory Authority, Inc. of the terms of the sale of the Shares (up to a maximum aggregate amount of $5,000); (v) the cost of preparing the certificates representing the Shares, if any; (vi) any fees and expenses in connection with listing the Shares; (vii) the costs and charges of any transfer agent, registrar or depositary, and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 13 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters shall be subject, in the discretion of the Representatives, and the obligations of each Forward Seller shall be subject, in the discretion of such Forward Seller, to the condition that all representations and warranties and other statements of the Company in or incorporated by reference in this Agreement are, at and as of the Time of Delivery and each Option Time of Delivery, as applicable, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus, as amended or supplemented, shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing (without reliance on Rule 424(b)(8) of the Rules and Regulations and in accordance with

Section 5(a) hereof); no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information from the Commission shall have been complied with to the Representatives' and each Forward Seller's reasonable satisfaction.

(b) Counsel for the Underwriters shall have furnished to the Representatives, Forward Sellers and Forward Purchasers such written opinion or opinions, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, with respect to the Registration Statement and the Prospectus, as amended or supplemented, as well as such other related matters as the Representatives, Forward Sellers or the Forward Purchasers may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(c) The Company's general counsel, or any associate or assistant general counsel of the Company, shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a written opinion, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, in the form previously agreed and satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers.

(d) Latham & Watkins LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers their written opinion or opinions and negative assurances letter, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, in the forms previously agreed and satisfactory to the Representatives, Forward Sellers and the Forward Purchasers.

(e) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter with respect to the Company, dated the date hereof, in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives, the Forward Sellers and the Forward Purchasers may reasonably request and in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers.

(f) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter with respect to EFH, dated the date hereof, in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to

underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives, Forward Sellers and the Forward Purchasers may reasonably request and in form and substance satisfactory to the Representatives, Forward Sellers and the Forward Purchasers.

(g) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter with respect to Oncor Holdings, dated the date hereof, in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the Representatives, Forward Sellers and Forward Purchasers a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives, the Forward Sellers and the Forward Purchasers may reasonably request and in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers.

(h) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between the Representatives and the officers and directors of the Company listed on Exhibit B hereto relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect at the Time of Delivery and the relevant Option Time of Delivery, as applicable.

(i) The Forward Sale Agreements shall be in full force and effect at the Time of Delivery.

(j) The Shares to be issued and sold by the Company hereunder at the Time of Delivery or the relevant Option Time of Delivery, as applicable, and the shares of Common Stock deliverable to each Forward Purchaser pursuant to each Forward Sale Agreement whether pursuant to Physical Settlement, Net Share Settlement, as a result of an Acceleration Event (as such terms are defined in the Forward Sale Agreements) or otherwise, in each case, shall have been approved for listing on the NYSE, subject to official notice of issuance.

(k) The Company and its subsidiaries, taken as a whole, shall have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, as amended prior to the date hereof, any material loss or interference

with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, and (ii) since the respective dates as of which information is given in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, there shall not have been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse to the Company and its subsidiaries, taken as a whole, as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus as first amended or supplemented.

(l) At or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded any of the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Section 3(a)(62) under the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities, in each case described in clause (i) or (ii) other than such a downgrade or announcement as set forth or contemplated in the Pricing Disclosure Package and the Prospectus in the fifth, sixth and seventh paragraphs under the caption "Summary Information-Recent Developments-Proposed Acquisition of Energy Future Holdings Corp – Closing Conditions to Merger."

(m) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the NASDAQ Global Market; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or California State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, if the effect of any such event specified in this clause (iv) in the judgment of the Representatives (A) is material and adverse and (B) makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus as first amended or supplemented.

(n) The Company shall have complied with the provisions of Section 6(e) hereof with respect to the furnishing of prospectuses on the second business day succeeding the date hereof.

(o) The Company shall have furnished or caused to be furnished to the Representatives, Forward Sellers and Forward Purchasers at the Time of Delivery and each Option Time of Delivery, as applicable, a certificate of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to the matters set forth in subsections (a) and (k) of this Section and as to such other matters as the Representatives may reasonably request.

9. (a) The Company will indemnify and hold harmless each Underwriter, each Forward Seller and each Forward Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Underwriter, Forward Seller or Forward Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter, Forward Seller and each Forward Purchaser for any legal or other expenses reasonably incurred by such Underwriter, Forward Seller or Forward Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each Forward Seller and each Forward Purchaser against any losses, claims, damages or liabilities to which the Company, such Forward Seller or such Forward Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any such amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information consists of the following:

the information in the fourth paragraph of text under the caption “Underwriting (Conflicts of Interest)” in the Preliminary Prospectus and the Prospectus concerning the terms of the offering by the Underwriters, and the information in the three paragraphs of text (solely with respect to the statements attributable to the Underwriters) under the subcaption “Price Stabilization and Short Positions” under the caption “Underwriting (Conflicts of Interest)” in the Preliminary Prospectus and the Prospectus, insofar as such information relates to stabilization, penalty bids, overallotment, short positions and purchases to cover short positions by the Underwriters; and will reimburse the Company, each Forward Seller and each Forward Purchaser for any legal or other expenses reasonably incurred by the Company, such Forward Seller or such Forward Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under such subsection to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Representatives shall have the right to employ counsel to represent jointly the Underwriters and their respective directors, officers, employees, agents and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Company under this Section 9 if the Representatives shall have reasonably concluded that there may be one or more legal defenses available to the Underwriters and their respective directors, officers, employees, agents and controlling persons that are different from or additional to those available to the Company and its officers, directors, employees and controlling persons, and the Forward Sellers and Forward Purchasers shall have the right to employ counsel to represent jointly the Forward Sellers and Forward Purchasers and their respective directors, officers, employees, agents and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Forward Sellers and Forward Purchasers against the Company or any Underwriter under this Section 9 if the Forward Sellers and Forward Purchasers shall have reasonably concluded that there may be one or more legal defenses available to the Forward Sellers and Forward Purchasers and their respective directors, officers, employees, agents and controlling persons that are different from or additional to those available to the Company and its officers, directors, employees and controlling persons (if the indemnifying party is the Company) or different from or additional to those available to the Underwriters and their respective directors, officers, employees, agents and controlling persons

(if the indemnifying party is any Underwriter), and in each case the fees and expenses of a single separate counsel for the Underwriters and their respective directors, officers, employees, agents and controlling persons (in addition to local counsel) shall be paid by the Company and the fees and expenses of a single separate counsel for the Forward Sellers and Forward Purchasers and their respective directors, officers, employees, agents and controlling persons (in addition to local counsel) shall be paid by the Company or the applicable Underwriter or Underwriters, as the case may be. The indemnifying party shall not be liable for any settlement or compromise of, or the consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification may be sought hereunder effected without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), but, if settled or compromised with the indemnifying party's consent, or if judgment shall be entered following consent to the entry of such judgment given with the indemnifying party's consent, or if there shall otherwise be a final judgment for the plaintiff, the indemnifying party agrees to indemnify and hold harmless each indemnified party against any and all losses, claims, damages, liabilities and expenses, joint or several, by reason of such settlement, compromise or judgment, as the case may be. No indemnifying party shall, without the written consent of the indemnified party (which consent shall not be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand, and the Underwriters, Forward Sellers and Forward Purchasers on the other, from the offering of the Shares contemplated by this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subsection (c) above, then in each case each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters, Forward Sellers and Forward Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters, Forward Sellers and Forward Purchasers on the other shall be deemed to be in the same proportion as (x) in the case of the Company, the net proceeds from the offering of the Shares (before deducting expenses) received by the Company (such net proceeds shall include the proceeds to be received by the Company pursuant to the Forward Sale Agreements assuming full Physical Settlement (as such term is defined in the Forward Sale Agreements) of the Forward Sale Agreements), (y) in the case of the Underwriters, the total underwriting discounts

and commissions received by the Underwriters from the offering of the Shares as set forth in the Prospectus and (z) in the case of the Forward Sellers and Forward Purchasers, the spreads received by the Forward Purchasers under the Forward Sale Agreements, bear to the aggregate public offering price of the Shares as set forth in the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Underwriters and the Forward Sellers agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters, the Forward Sellers and the Forward Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to the Shares and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each director, officer, employee and agent of any Underwriter, Forward Seller or Forward Purchaser and each person, if any, who controls any Underwriter, Forward Seller or Forward Purchaser within the meaning of the Act; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Company, any Forward Seller or any Forward Purchaser and to each person, if any, who controls the Company, any Forward Seller or any Forward Purchaser within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase under this Agreement at the Time of Delivery or any Option Time of Delivery, as applicable, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties reasonably satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed period, the Representatives notify the Company that they have so arranged for the

purchase of such Shares, or the Company notifies the Representatives that it has so arranged for the purchase of such Shares, the Representatives or the Company shall have the right to postpone the Time of Delivery or Option Time of Delivery, as applicable, for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, as amended or supplemented, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term **"Underwriter"** as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number amount of Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase on such date under this Agreement and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Forward Shares which such Underwriter agreed to purchase under this Agreement) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the number of Shares which remains unpurchased exceeds one-eleventh of the number of Shares to be purchased on such date, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter, any Forward Seller or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. (a) In the event that (i) a Forward Seller elects not to borrow Shares pursuant to Section 4(c) hereof, or (ii) a Forward Purchaser determines in good faith, after using commercially reasonable efforts, that (A) it or its affiliate, as Forward Seller, is unable to borrow and deliver for sale under this Agreement a number of shares of Common Stock equal to the number of Forward Shares deliverable by such Forward Seller hereunder, or (B) such Forward Seller would incur a stock loan cost of more than a rate equal to 200 basis points per annum to do so, then, in each such case, upon notice by such Forward Seller to the Company (which notice shall be delivered no later than 5:00 p.m., New York City time, on the business day immediately preceding the Time of Delivery), the Company shall issue and sell to the Underwriters, pursuant to Section 4(a)(2) hereof, in whole but not in part, an aggregate number of shares of Common Stock equal to the number of Forward Shares otherwise deliverable by the applicable Forward Seller hereunder that such Forward Seller is not required to so deliver and sell to the

Underwriters. In connection with any such issuance and sale by the Company, the Company or the Representatives shall have the right to postpone the Time of Delivery for one business day in order to effect any required changes in any documents or arrangements. Any shares of Common Stock sold by the Company to the Underwriters pursuant to this Section 11(a) in lieu of any Forward Shares are referred to herein a the "**Company Top-Up Shares**."

(b) A Forward Seller shall not have any liability whatsoever for any Forward Shares that the Forward Seller does not deliver and sell to the Underwriters or any other party if (i) all of the relevant Conditions are not satisfied on or prior to the Time of Delivery and such Forward Seller validly elects pursuant to Section 4(c) hereof not to deliver and sell to the Underwriters the Forward Shares otherwise deliverable by the Forward Seller hereunder, or (ii) the relevant Forward Purchaser determines in good faith, after using commercially reasonable efforts, that (A) such Forward Seller is unable to borrow or deliver for sale under this Agreement a number of shares of Common Stock equal to the number of Forward Shares deliverable by the Forward Seller hereunder or (B) such Forward Seller would incur a stock loan cost of more than a rate equal to 200 basis points per annum to do so (it being understood that the foregoing exclusion of liability shall not apply in the case of fraud and/or any intentional misconduct).

12. The respective indemnities, agreements, representations, warranties and other statements of the Company, the several Forward Sellers and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Forward Seller or any Underwriter or any controlling person of any Forward Seller or any Underwriter, or the Company or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

13. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter with respect to the Shares except as provided in Sections 7 and 9 hereof; but, if for any other reason Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters, the Forward Sellers and the Forward Purchasers through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters, the Forward Sellers and the Forward Purchasers in making preparations for the purchase, sale and delivery of the Shares, but the Company shall then be under no further liability to any Underwriter, Forward Seller or Forward Purchaser with respect to the Shares except as provided in Sections 7 and 9 hereof.

14. In all dealings hereunder, the Representatives of the Underwriters shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in this Agreement.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, overnight courier or facsimile transmission, if to the Underwriters, to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New

York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: Equity Syndicate; if to the Forward Sellers, to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; Royal Bank of Canada, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: Equity Syndicate; Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019, Attn: Syndicate Registration, Facsimile No.: 1-646-834-8133; Barclays Bank PLC c/o Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019, Attn: Paul Robinson; and if to the Company shall be delivered or sent by mail or overnight courier to Sempra Energy, 488 8th Avenue, San Diego, California 92101, Attention: Secretary, with a copy to the General Counsel; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, overnight courier or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or email or facsimile transmission constituting such Questionnaire, which address will be supplied to the Company by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

15. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Forward Sellers, the Forward Purchasers (to the extent provided for herein), the Company and, to the extent provided in Sections 9 and 12 hereof, the directors, officers, employees and agents of each Underwriter, each Forward Seller and each Forward Purchaser, the officers, directors and employees of the Company and each person who controls the Company or any Underwriter or any Forward Seller or Forward Purchaser, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

16. The Company acknowledges and agrees that the Underwriters, Forward Sellers and Forward Purchasers are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of the Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. The Company agrees that it will not claim that the Underwriters, Forward Sellers or Forward Purchasers have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company, in connection with the transactions contemplated hereby or the process leading thereto. Additionally, neither the Representatives nor any other Underwriter or any Forward Seller or Forward Purchaesr is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters, the Forward Sellers and the Forward Purchasers shall have no responsibility or

liability to the Company with respect thereto. Any review by the Underwriters, the Forward Sellers or the Forward Purchasers of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters, the Forward Sellers or the Forward Purchasers and shall not be on behalf of the Company.

17. Time shall be of the essence of this Agreement. As used herein, **"business day"** shall mean, unless otherwise expressly stated, any day when the Commission's office in Washington, D.C. is open for business.

18. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

19. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(Signature Page Follows)

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and for each of the Representatives and Forward Sellers plus one for each counsel counterparts hereof.

Very truly yours,

Sempra Energy

By: /s/ Kathryn J. Collier
Name: Kathryn J. Collier
Title: Vice President and Treasurer

Accepted as of the date hereof:

Morgan Stanley & Co. LLC

By: /s/ James Watts
Name: James Watts
Title: Vice President

RBC Capital Markets, LLC

By: /s/ Michael Davis
Name: Michael Davis
Title: Managing Director

Barclays Capital Inc.

By: /s/ Robert Stowe
Name: Robert Stowe
Title: Managing Director

On behalf of each of the Underwriters

Accepted as of the date hereof:

Morgan Stanley & Co. LLC

By: /s/ James Watts
Name: James Watts
Title: Vice President

RBC Capital Markets, LLC, as agent for Royal Bank of Canada

By: /s/ Michael Davis
Name: Michael Davis
Title: Managing Director

Barclays Capital Inc.

By: /s/ Robert Stowe
Name: Robert Stowe
Title: Managing Director

In each case acting in its capacity as Forward Seller and, in the case of Barclays, as agent for Barclays Bank PLC

SCHEDULE I

Underwriters	Number of Forward Shares to be Purchased from Morgan Stanley	Number of Forward Shares to be Purchased from RBC	Number of Forward Shares to be Purchased from Barclays
Morgan Stanley & Co. LLC	3,165,511	3,165,511	3,165,511
RBC Capital Markets, LLC	3,165,511	3,165,511	3,165,511
Barclays Capital Inc.	1,262,856	1,262,854	1,262,854
BBVA Securities Inc.	48,571	48,571	48,572
HSBC Securities (USA) Inc.	48,571	48,572	48,571
Santander Investment Securities Inc.	48,571	48,571	48,572
SG Americas Securities, LLC	48,571	48,572	48,571
Total	7,788,162	7,788,162	7,788,162

Forward Purchaser	Number of Shares to be Purchased
Morgan Stanley & Co. LLC	7,788,162
Royal Bank of Canada	7,788,162
Barclays Bank PLC	7,788,162

Free Writing Prospectus dated January 4, 2018

Issuer Free Writing Prospectus
Filed Pursuant to Rule 433
Registration No. 333-220257

Sempra Energy

Pricing Term Sheet
January 4, 2018

Concurrent Offerings of
23,364,486 Shares of Common Stock
(the "Common Stock Offering")
and
15,000,000 Shares of 6% Mandatory Convertible Preferred Stock, Series A
(the "Mandatory Convertible Preferred Stock Offering")

This pricing term sheet relates only to the securities described below and should be read together with (i) Sempra Energy's preliminary prospectus supplement dated January 2, 2018 relating to the Common Stock Offering (the "Common Stock Preliminary Prospectus Supplement"), the accompanying prospectus dated January 2, 2018 and the documents incorporated and deemed to be incorporated by reference therein (in the case of investors purchasing in the Common Stock Offering) and (ii) the preliminary prospectus supplement dated January 2, 2018 relating to the Mandatory Convertible Preferred Stock Offering (the "Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement" and, together with the Common Stock Preliminary Prospectus Supplement, the "Preliminary Prospectus Supplements"), the accompanying prospectus dated January 2, 2018 and the documents incorporated and deemed to be incorporated by reference therein (in the case of investors purchasing in the Mandatory Convertible Preferred Stock Offering). Neither the Common Stock Offering nor the Mandatory Convertible Preferred Stock Offering is contingent on the completion of the other offering. Terms used in this pricing term sheet that are not defined herein but that are defined in the Common Stock Preliminary Prospectus Supplement or the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement, as applicable, have the respective meanings given to such terms in such Preliminary Prospectus Supplement.

Issuer:	Sempra Energy
Trade Date:	January 5, 2018
Expected Settlement Date:	January 9, 2018 (T+2)

Common Stock Offering

Shares of Common Stock Offered by Forward Sellers:	23,364,486 shares of common stock, no par value ("Common Stock"), of Sempra Energy
Shares of Common Stock that the Underwriters have the Option to Purchase from Sempra Energy:	Up to 3,504,672 shares of Common Stock that the underwriters for the Common Stock Offering have the option to purchase from Sempra Energy, solely to cover over-allotments, if any.
Symbol / Exchange:	SRE / NYSE

Last Reported Sale Price of Common Stock on the NYSE on January 4, 2018:	$107.42 per share
Public Offering Price:	$107.00 per share
Forward Sale Agreements:	Sempra Energy will agree to sell an aggregate of 23,364,486 shares (subject to adjustment) of Common Stock to the forward purchasers pursuant to forward sale agreements between Sempra Energy and the respective forward purchasers. See the Common Stock Preliminary Prospectus Supplement for additional information concerning the forward sale agreements, including provisions for adjustment to the foregoing number of shares and the forward sale price and for net share settlement and cash settlement.
Initial Forward Sale Price:	$105.074 per share, which is the public offering price of the shares of Common Stock in the Common Stock Offering less the underwriting discount. The forward sale agreements provide that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the overnight bank funding rate less a spread, and will be subject to decrease on each of certain dates specified in the forward sale agreements.
Net Proceeds:	Sempra Energy will not initially receive any proceeds from the sale of shares of its Common Stock offered in the Common Stock Offering, unless (i) an event occurs that requires it to sell such shares to the underwriters in lieu of the forward sellers selling such shares to the underwriters, or (ii) the underwriters exercise their over-allotment option to purchase additional shares of its Common Stock, in which case Sempra Energy will sell all of the additional shares of its Common Stock covered by such option to the underwriters rather than requiring the forward sellers to borrow and sell such additional shares to the underwriters. Sempra Energy estimates that the net proceeds to it from the sale of shares of its Common Stock in connection with the Common Stock Offering and pursuant to the forward sale agreements will be approximately $2.455 billion (or approximately $2.823 billion if the underwriters exercise their over-allotment option to purchase additional shares of its Common Stock directly from it in full), in each case after deducting discounts but before deducting expenses payable by it, subject to certain adjustments pursuant to the forward sale agreements and assuming full physical settlement of the forward sale agreements at the initial forward sale price per share set forth above. As discussed above and in the Common Stock Preliminary Prospectus Supplement, the forward sale price is subject to adjustment pursuant to the forward sale agreements and Sempra Energy may elect net share settlement or cash settlement under the forward sale agreements. Sempra Energy will not receive any proceeds under the forward sale agreements on the closing date of the Common Stock Offering. Sempra Energy expects that the forward sale agreements will settle in multiple settlements on or prior to December 15, 2019.
CUSIP / ISIN:	816851109 / US8168511090
Joint Book-Running Managers:	Morgan Stanley & Co. LLC RBC Capital Markets, LLC

	Barclays Capital Inc.
Co-Managers:	BBVA Securities Inc. HSBC Securities (USA) Inc. Santander Investment Securities Inc. SG Americas Securities, LLC

Mandatory Convertible Preferred Stock Offering

Title of Securities:	6% Mandatory Convertible Preferred Stock, Series A, of Sempra Energy (the "Mandatory Convertible Preferred Stock")
Shares of Mandatory Convertible Preferred Stock Offered by Sempra Energy:	15,000,000 shares
Shares of Mandatory Convertible Preferred Stock that the Underwriters Have the Option to Purchase from Sempra Energy:	Up to an additional 2,250,000 shares that the underwriters for the Mandatory Convertible Preferred Stock Offering have the option to purchase, solely to cover over-allotments, if any.
Public Offering Price:	$100.00 per share
Net Proceeds:	Sempra Energy estimates that the net proceeds to it from the Mandatory Convertible Preferred Stock Offering after deducting the underwriting discount but before deducting estimated offering expenses payable by it, will be $1.473 billion (or approximately $1.694 billion if the underwriters for the Mandatory Convertible Preferred Stock Offering exercise their over-allotment option to purchase additional shares of Mandatory Convertible Preferred Stock in full).
Liquidation Preference:	$100.00 per share
Dividends:	6% of the liquidation preference of $100.00 per share of the Mandatory Convertible Preferred Stock per year (equivalent to $6.00 per annum per share), when, as and if declared by Sempra Energy's board of directors or an authorized committee thereof, payable in cash or, subject to certain limitations, by delivery of shares of Sempra Energy's Common Stock or any combination of cash and shares of Common Stock, as determined by Sempra Energy in its sole discretion. The expected dividend payable on the first dividend payment date is $1.60 per share of the Mandatory Convertible Preferred Stock. Each subsequent dividend for a full dividend period is expected to be $1.50 per share of the Mandatory Convertible Preferred Stock. If Sempra Energy elects to make any such payment of a declared dividend, or any portion thereof, in shares of Common Stock, such shares shall be valued for such purpose at the average VWAP per share of Common Stock over the five consecutive trading day period beginning on and including the sixth scheduled trading day prior to the applicable dividend payment date (the "average price"), multiplied by 97%. In no event will the number of

	shares of Common Stock delivered in connection with any declared dividend, including any declared dividend payable in connection with a conversion, exceed a number equal to the total dividend payment divided by the floor price. To the extent that the amount of any declared dividend exceeds the product of (x) the number of shares of Sempra Energy's Common Stock delivered in connection with such dividend and (y) 97% of the average price applicable to such dividend, Sempra Energy will, if it is legally able to do so, pay such excess amount in cash.
Floor Price:	$37.45, subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.
Dividend Payment Dates:	January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2018 and to, and including, January 15, 2021.
Dividend Record Dates:	The January 1, April 1, July 1 and October 1 immediately preceding the next dividend payment date.
Acquisition Termination Redemption:	If the proposed Merger has not closed on or before 5:00 p.m. (New York City time) on December 1, 2018 or if an Acquisition Termination Event occurs, Sempra Energy may, at its option, give notice of acquisition termination redemption to the holders of the Mandatory Convertible Preferred Stock. If Sempra Energy provides such notice, then, on the acquisition termination redemption date, Sempra Energy will be required to redeem the Mandatory Convertible Preferred Stock, in whole but not in part, at a redemption amount per share of Mandatory Convertible Preferred Stock equal to the acquisition termination make-whole amount described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement. If Sempra Energy calls the Mandatory Convertible Preferred Stock for redemption, it will pay a redemption price equal to the acquisition termination make-whole amount in cash. However, if the acquisition termination share price exceeds the initial price, then, subject to certain limitations, Sempra Energy may pay part or all of the redemption price in shares of its Common Stock as described in the in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.
Initial Price:	$107.00, which equals the per share public offering price of the Common Stock in the Common Stock Offering.
Threshold Appreciation Price:	$131.075, which represents an appreciation of 22.5% over the initial price.
Mandatory Conversion Date:	The second business day immediately following the last trading day of the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately preceding January 15, 2021. The mandatory conversion date is expected to be January 15, 2021.
Conversion Rate:	Upon conversion on the mandatory conversion date, the conversion rate for each share of the Mandatory Convertible Preferred Stock will be not more than 0.9345 shares of Common Stock (the "maximum conversion rate") and not less than 0.7629 shares of Common Stock (the "minimum conversion rate"), depending on the applicable market value of the Common Stock, as described in, and subject to certain anti-dilution adjustments that are described in, the Mandatory Convertible Preferred Stock Preliminary

Prospectus Supplement. The following table illustrates the conversion rate per share of the Mandatory Convertible Preferred Stock, subject to certain anti-dilution adjustments that are described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

Applicable Market Value of the Common Stock	Conversion rate (number of shares of Common Stock to be received upon conversion of each share of the Mandatory Convertible Preferred Stock)
Greater than $131.075 (which is the threshold appreciation price)	0.7629 shares (approximately equal to $100.00 divided by the threshold appreciation price)
Equal to or less than $131.075 but greater than or equal to $107.00	Between 0.7629 and 0.9345 shares, determined by dividing $100.00 by the applicable market value of the Common Stock
Less than $107.00 (which is the initial price)	0.9345 shares (approximately equal to $100.00 divided by the initial price)

Conversion at the Option of the Holder: At any time prior to the mandatory conversion date, other than during a fundamental change conversion period (as defined below), holders of the Mandatory Convertible Preferred Stock have the right to elect to convert their shares of the Mandatory Convertible Preferred Stock in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock), into shares of Common Stock at the minimum conversion rate of 0.7629 shares of Common Stock per share of the Mandatory Convertible Preferred Stock as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement. This minimum conversion rate is subject to certain anti-dilution adjustments as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

Conversion at the Option of the Holder Upon a Fundamental Change; Fundamental Change Dividend Make-Whole Amount: If a fundamental change occurs on or prior to January 15, 2021, holders of the Mandatory Convertible Preferred Stock will have the right to convert their shares of Mandatory Convertible Preferred Stock, in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock), into shares of Common Stock at the fundamental change conversion rate (as defined below) during the period (the “fundamental change conversion period”) beginning on the effective date of such fundamental change (the “effective date”) and ending on the date that is 20 calendar days after such effective date (or, if earlier, January 15, 2021). The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price (the “share price”) paid or deemed paid per share of Common Stock in such fundamental change (see table below). Holders who convert their Mandatory Convertible Preferred Stock within the fundamental change conversion period will also receive: (1) a “fundamental change dividend make-whole amount,” in cash or in shares of Common Stock or any combination thereof, equal to the present value (computed using a discount rate of 6% per annum) of all remaining dividend payments on their shares of the Mandatory Convertible Preferred Stock (excluding any accumulated dividend amount) from such effective

	date to, but excluding, January 15, 2021; and (2) to the extent that the accumulated dividend amount exists as of the effective date, such accumulated dividend amount, in cash or in shares of Common Stock or any combination thereof, as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.
Fundamental Change Conversion Rate:	The "fundamental change conversion rate" will be determined by reference to the table below and is based on the effective date and the share price. If the holders of Common Stock receive only cash in the fundamental change, the share price shall be the cash amount paid per share. Otherwise, the share price shall be the average VWAP per share of Common Stock over the 10 consecutive trading day period ending on, and including, the trading day preceding the effective date. The share prices set forth in the first row of the table (i.e., the column headers), and each fundamental change conversion rate in the table, will be adjusted as of any date on which the fixed conversion rates of the Mandatory Convertible Preferred Stock are adjusted, as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

The following table sets forth the fundamental change conversion rate per share of the Mandatory Convertible Preferred Stock for each share price and effective date set forth below.

	Share Price											
Effective Date	**$30.00**	**$60.00**	**$80.00**	**$107.00**	**$115.00**	**$125.00**	**$131.075**	**$150.00**	**$175.00**	**$200.00**	**$300.00**	**$400.00**
January 9, 2018	0.8451	0.8359	0.8181	0.7796	0.7663	0.7501	0.7413	0.7216	0.7111	0.7093	0.7143	0.7311
January 15, 2019	0.8742	0.8685	0.8553	0.8124	0.7949	0.7732	0.7612	0.7367	0.7316	0.7326	0.7387	0.7581
January 15, 2020	0.9041	0.9036	0.8982	0.8533	0.8277	0.7949	0.7783	0.7541	0.7548	0.7574	0.7638	0.7858
January 15, 2021	0.9345	0.9345	0.9345	0.9345	0.8695	0.8000	0.7629	0.7629	0.7629	0.7629	0.7629	0.7629

The exact share price and effective date may not be set forth in the table, in which case:

- if the share price is between two share price amounts on the table or the effective date is between two dates on the table, the fundamental change conversion rate will be determined by straight-line interpolation between the fundamental change conversion rates set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365- or 366-day year, as applicable;
- if the share price is in excess of $400.00 per share (subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement), then the fundamental change conversion rate will be the minimum conversion rate; and
- if the share price is less than $30.00 per share (subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement), then the fundamental change conversion rate will be the maximum conversion rate.

Listing:	Sempra Energy intends to apply to have the Mandatory Convertible Preferred Stock listed on The New York Stock Exchange under the symbol "SREPRA."
CUSIP / ISIN:	816851 406 / US8168514060

Joint Book-Running Managers:	Morgan Stanley & Co. LLC RBC Capital Markets, LLC Barclays Capital Inc.
Co-Managers:	BBVA Securities Inc. HSBC Securities (USA) Inc. Santander Investment Securities Inc. SG Americas Securities, LLC

The issuer has filed a registration statement (including a prospectus) with the SEC for the offerings to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplements referred to above and other documents the issuer has filed with the SEC for more complete information about the issuer and the applicable offering. You may get these documents for free by visiting EDGAR on the SEC website at *www.sec.gov*. Alternatively, the issuer, any underwriter or any dealer participating in the applicable offering will arrange to send you the prospectus and the applicable preliminary prospectus supplement if you request it by calling Morgan Stanley & Co. LLC toll-free at (866) 718-1649, by calling RBC Capital Markets, LLC toll-free at (877) 822-4098, or by calling Barclays Capital Inc. at (888) 603-5847.

Any legends, disclaimers or other notices that may appear below are not applicable to this communication and should be disregarded. Such legends, disclaimers or other notices have been automatically generated as a result of this communication having been sent via Bloomberg or another system.

Exhibit A

Form of Lock-up Letter

, 2018

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBC Capital Markets, LLC
200 Vesey Street, 8th Floor
New York, New York 10281

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC, RBC Capital Markets LLC and Barclays Capital Inc. (collectively, the "Representatives") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with Sempra Energy (the "Company"), providing for the public offering (the "Public Offering") by the several Underwriters named therein, including the Representatives (collectively, the "Underwriters"), of shares (the "Shares") of the common stock, no par value, of the Company (the "Common Stock").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period (the "Lock-Up Period") commencing on and including the date hereof through and including the date that is 90 days after the date of the final prospectus supplement relating to the Public Offering (the "Prospectus", and the date of such Prospectus, the "Public Offering Date"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), by the undersigned or any other securities so beneficially owned that are convertible into or exercisable or exchangeable for Common Stock ("Convertible Securities") or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of

Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to:

(a) transfers of shares of Common Stock or any Convertible Securities as a bona fide gift, provided that (i) each donee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter (provided that (i) if the undersigned transfers shares of Common Stock and Convertible Securities which, in the aggregate, represent no more than 5,000 common share equivalents (determined as provided below) to donees who are bona fide charities, no such bona fide charities shall be required to deliver such lock-up letters to the Representatives, but (ii) if the undersigned transfers shares of Common Stock and Convertible Securities which, in the aggregate, represent more than 5,000 common share equivalents (determined as provided below) to donees who are bona fide charities, then all such charities must deliver such lock-up letters to the Representatives), and (ii) no filing under Section 16(a) of the Exchange Act, or other public announcement, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Lock-Up Period, other than a filing on Form 5 after February 10, 2018 and except that a Form 4 filing permitted by clause (d) below may also reflect a reduction in beneficial ownership resulting from a bona fide gift made in accordance with this clause (a) so long as such Form 4 expressly states that such reduction is the result of a bona fide gift. For purposes of this letter, (1) each share of Common Stock shall be deemed to represent one common share equivalent and (2) a Convertible Security shall be deemed to represent a number of common share equivalents equal to the number of shares of Common Stock issuable on conversion, exercise, redemption or exchange, as the case may be, of such Convertible Security,

(b) transfers of shares of Common Stock or Convertible Securities either during the undersigned's lifetime or on death (i) by will or intestacy, (ii) to a trust the beneficiaries of which are exclusively the undersigned and/or a member or members of his or her immediate family, or (iii) by operation of law, including domestic relations order, provided that each such transferee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter. For purposes of this letter, "immediate family" means any relationship by blood, marriage, domestic partnership or adoption, no more remote than a first cousin,

(c) transfers of shares of Common Stock or Convertible Securities pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction approved by the Company's board of directors and made to all holders of the Company's securities involving a "change of control" of the Company, provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, such shares of Common Stock and Convertible Securities held by the undersigned shall remain subject to the provisions of this letter. For purposes of this letter, "change of control" means the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, or any of its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of a majority of the total voting power of the outstanding voting stock of the Company,

(d) the forfeiture, cancellation, withholding, surrender or delivery of shares of Common Stock to the Company to satisfy any income, employment and/or social security tax withholding and/or remittance obligations in connection with the vesting during the Lock-Up Period of any restricted stock unit, restricted shares, performance share unit or phantom shares; provided that no filing under Section 16(a) of the Exchange Act or other public announcement shall be required or shall be made voluntarily in connection with such forfeiture, cancellation, withholding, surrender or delivery, other than a filing on Form 4,

(e) distributions of shares of Common Stock or any Convertible Securities to limited partners, members or stockholders of the undersigned, provided that each distributee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter,

(f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, provided that such plan does not provide for the transfer of Common Stock during the Lock-Up Period and no public announcement or filing under the Exchange Act or otherwise regarding the establishment of such plan shall be required or shall be voluntarily made by or on behalf of the undersigned or the Company; or

(g) sales of Common Stock pursuant to any trading plan complying with Rule 10b5-1 under the Exchange Act that has been entered into by the undersigned prior to the date of this letter or pursuant to any amendment or replacement of any such trading plan, so long as the number of shares of Common Stock subject to such original trading plan is not increased; provided that if such sales are required to be reported on Form 4 pursuant to Section 16(a) of the Exchange Act during the Lock-Up Period, or the undersigned voluntarily effects any public filing or report regarding such sales during the Lock-Up Period, then the undersigned shall disclose in such filing or report that such sale was made pursuant to an existing Rule 10b-5-1 trading plan.

The undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. In addition, the undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this letter in proceeding toward consummation of the Public Offering. The undersigned further understands that this letter is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

This letter shall lapse and become null and void, and the undersigned shall be released from all obligations under this letter, if the Public Offering Date shall not have occurred on or before February 1, 2018, or if the Underwriting Agreement (other than the provisions thereof that

survive termination) shall automatically terminate or be terminated prior to payment for, and delivery of, the Shares (excluding shares that the Underwriters have the option to purchase).

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company, the Underwriters and any other parties thereto.

[Remainder of page intentionally left blank]

Very truly yours,

_____

(name of stockholder – please print)

_____

(*signature*)

Exhibit B

Lock-up Signatories

Directors:

1. Alan L. Boeckmann
2. Kathleen L. Brown
3. Andrés Conesa
4. Maria Contreras-Sweet
5. Pablo A. Ferrero
6. William D. Jones
7. Bethany J. Mayer
8. William G. Ouchi, Ph.D
9. William C. Rusnack
10. Lynn Schenk
11. Jack T. Taylor
12. James C. Yardley

Officers:

1. Debra L. Reed
2. Steven D. Davis
3. Dennis V. Arriola
4. Jeffrey W. Martin
5. Martha B. Wyrsch
6. Joseph A. Householder
7. Trevor I. Mihalik
8. Joyce G. Rowland

Exhibit 1.2

EXECUTION VERSION

Sempra Energy

6% Mandatory Convertible Preferred Stock, Series A, No Par Value

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Underwriting Agreement

January 4, 2018

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBC Capital Markets, LLC
200 Vesey Street, 8th Floor
New York, New York 10281

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

As Representatives of the several Underwriters

Ladies and Gentlemen:

Sempra Energy, a California corporation (the "**Company**"), confirms its agreement with each of the Underwriters named in Schedule I hereto (collectively, the "**Underwriters**," which term shall also include any underwriter substituted as hereinafter provided in Section 8 hereof), for whom Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc. are acting as representatives (the "**Representatives**"), with respect to the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of the Company's 6% Mandatory Convertible Preferred Stock, Series A, no par value (the "**Mandatory Convertible Preferred Stock**"), set forth under the heading "Number of Firm Shares to be Purchased" in Schedule I hereto (the "**Firm Shares**"). The Company also proposes to issue and sell to the several Underwriters, not more than 2,250,000 additional shares of Mandatory Convertible Preferred Stock (the "**Option Shares**") if and to the extent that you, as Representatives, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such Option Shares granted to the Underwriters pursuant to Section 2 hereof. The Firm Shares and the Option Shares are hereinafter collectively referred to as the "**Shares**." The Mandatory Convertible Preferred Stock will be convertible into a variable number of the Company's common stock, no par value (the "**Common Stock**"). Such Common

Stock of the Company into which the Shares are convertible are hereinafter referred to as the "**Conversion Shares**."

The terms of the Mandatory Convertible Preferred Stock will be set forth in the Certificate of Determination (the "**Certificate of Determination**") to be filed by the Company with the Secretary of State of the State of California as an amendment to the Company's Articles of Incorporation.

The Company is concurrently publicly offering shares of its Common Stock (the "**Common Stock Offering**") pursuant to a separate underwriting agreement (the "**Common Stock Underwriting Agreement**"). The offering of the Shares is not contingent upon the completion of the Common Stock Offering, the Common Stock Offering is not contingent upon the completion of the offering of the Shares, and the Common Stock is not being offered together with the Shares.

The Company has entered into an Agreement and Plan of Merger dated as of August 21, 2017 and a Waiver Agreement dated as of October 3, 2017, in each case as amended and supplemented, if applicable, and as the same may be amended and supplemented after the date hereof (collectively, the "**Merger Agreement**," which term, as used herein, includes all exhibits, schedules and attachments thereto, in each case as amended or supplemented, if applicable) with Energy Future Holdings Corp. ("**EFH**"), Energy Future Intermediate Holding Company LLC ("**EFIH**") and Power Play Merger Sub I, Inc. (now known as Sempra Texas Merger Sub I, Inc., the "**Merger Subsidiary**"), pursuant to which EFH will be merged with the Merger Subsidiary with EFH continuing as the surviving entity of such merger (the "**Merger**"). In relation to the Merger, the Company has also entered into a plan support agreement dated as of August 21, 2017 (the "**Plan Support Agreement**") with EFH and certain other parties named therein and a letter agreement dated August 25, 2017 (the "**Letter Agreement**"), with the Merger Subsidiary, Oncor Electric Delivery Holdings Company LLC ("**Oncor Holdings**") and Oncor Electric Delivery Company LLC ("**Oncor**").

The Company has filed with the Securities and Exchange Commission (the "**Commission**") an automatic shelf registration statement on Form S-3 (No. 333-220257), which registration statement became effective upon filing under Rule 462(e) of the rules and regulations of the Commission (the "**Rules and Regulations**") under the Securities Act of 1933, as amended (the "**Act**"). Such registration statement covers the registration of the Mandatory Convertible Preferred Stock and the Conversion Shares (among other securities) under the Act. Such registration statement, as amended through the date hereof (including by post-effective amendment No. 1 thereto) and including the information deemed pursuant to Rule 430B under the Rules and Regulations to be part of the registration statement at the time of its effectiveness with respect to the offering contemplated by this Agreement and all documents incorporated or deemed to be incorporated by reference therein through the date hereof, but excluding any Form T-1 (as defined below), is hereinafter referred to as the "**Registration Statement**." The Company proposes to file with the Commission pursuant to Rule 424(b) of the Rules and Regulations the Prospectus Supplement (as defined in Section 4(h) hereof) relating to the Shares and the prospectus dated January 2, 2018 (the "**Base Prospectus**"), and has previously advised you of all further information (financial and other) with respect to the Company set forth therein. The Base Prospectus together with the Prospectus Supplement (as defined below), in their

respective forms on the date hereof (being the forms in which they are to be filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations), including all documents incorporated or deemed to be incorporated by reference therein through the date hereof, are hereinafter referred to as, collectively, the "**Prospectus**," except that if any revised prospectus or prospectus supplement shall be provided to the Underwriters by the Company for use in connection with the offering and sale of the Shares which differs from the Prospectus (whether or not such revised prospectus or prospectus supplement is required to be filed by the Company pursuant to Rule 424(b) of the Rules and Regulations), the term "Prospectus" shall refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to the Underwriters for such use. The term "**Preliminary Prospectus**," as used in this Agreement, means the preliminary prospectus supplement dated January 2, 2018 and filed with the Commission on January 2, 2018 pursuant to Rule 424(b) of the Rules and Regulations, together with the Base Prospectus used with such preliminary prospectus supplement in connection with the marketing of the Shares, in each case as amended or supplemented by the Company, including all documents incorporated or deemed to be incorporated by reference therein through the date thereof. Unless the context otherwise requires, all references in this Agreement to documents, financial statements and schedules and other information which is "contained," "included," "stated," "described in" or "referred to" in the Registration Statement, the Preliminary Prospectus or the Prospectus (and all other references of like import) shall be deemed to mean and include all such documents, financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, the Preliminary Prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), after the date of this Agreement which is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus or the Prospectus, as the case may be.

At or prior to 11:45 p.m. (New York City time) on the date hereof, which was the time when sales of the Shares were first made (such time, the "**Applicable Time**"), the Company had prepared the following information (collectively the "**Pricing Disclosure Package**"): the Preliminary Prospectus and each "free-writing prospectus" (as defined pursuant to Rule 405 of the Rules and Regulations) listed on Schedule II hereto.

1. The Company represents and warrants to each Underwriter as of the date hereof (such date being hereinafter referred to as the "**Representation Date**"), as of the Applicable Time, as of the Time of Delivery referred to in Section 3 herein and as of each Option Time of Delivery referred to in Section 2 as follows:

(a) No order preventing or suspending the use of the Preliminary Prospectus has been issued by the Commission, and the Preliminary Prospectus, at the time of filing thereof, complied in all material respects with the Act and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (a) shall not apply to statements in or omissions from the Preliminary Prospectus made in reliance upon

and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Preliminary Prospectus.

(b) The Pricing Disclosure Package, at the Applicable Time, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (b) shall not apply to statements in or omissions from the Pricing Disclosure Package made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in such Pricing Disclosure Package.

(c) The Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, approved or referred to and will not prepare, make, use, approve or refer to any "written communication" (as defined in Rule 405 of the Rules and Regulations) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives other than the Underwriters in their capacity as such (other than a communication referred to in clauses (i), (ii) and (iii) below) an "**Issuer Free Writing Prospectus**") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Act or Rule 134 of the Rules and Regulations, (ii) the Preliminary Prospectus, (iii) the Prospectus, (iv) the documents listed on Schedule II hereto and (v) any electronic road show or other written communications, in each case approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus complied in all material respects with the Act, has been or will be (within the time period specified in Rule 433 of the Rules and Regulations) filed (to the extent required thereby) in accordance with the Act and when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, at the Time of Delivery and at each Option Time of Delivery will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (c) shall not apply to statements in or omissions from any Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in any Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares or until any earlier date that the Company notified or notifies the Representatives as described in Section 4(c) with respect to such Issuer Free Writing Prospectus, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Prospectus or the Preliminary Prospectus that has not been superseded or modified.

(d) The Registration Statement is an "automatic shelf registration statement" as defined under Rule 405 of the Rules and Regulations that became effective not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) of the Rules and Regulations has been received by the Company. The Registration Statement, at the respective times the Registration Statement and any post-effective amendments thereto became effective, and the Registration Statement and the Prospectus, as of the Representation Date,

complied and comply in all material respects with the requirements of the Act and the Rules and Regulations (including Rule 415(a) of the Rules and Regulations), and the Registration Statement did not and as of the Representation Date, at the Time of Delivery and at each Option Time of Delivery does not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. No order suspending the effectiveness of the Registration Statement has been issued under the Act and no proceedings for that purpose or pursuant to Section 8A of the Act against the Company or related to the offering of the Shares have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. The Prospectus, at the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations, in which case at the time it is first provided to the Underwriters for such use), at the Time of Delivery and at each Option Time of Delivery, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (d) shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or the Prospectus or the information contained in any Statement of Eligibility and Qualification of a trustee under the Trust Indenture Act filed as an exhibit to the Registration Statement (a "**Form T-1**").

(e) The documents filed by the Company and incorporated or deemed to be incorporated by reference into the Registration Statement, the Prospectus and the Pricing Disclosure Package pursuant to Item 12 of Form S-3 under the Act, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together and with the other information in the Registration Statement, the Prospectus and the Pricing Disclosure Package, at the respective times the Registration Statement and any amendments thereto became effective, at the Representation Date, at the Applicable Time, at the Time of Delivery and at each Option Time of Delivery, did not, do not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Company and its subsidiaries, taken as a whole, have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus; and, since the date as of which information is given in the Pricing Disclosure Package and the Prospectus, there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or

affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus.

(g) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and each of Southern California Gas Company, a California corporation ("**SCGC**"), San Diego Gas & Electric Company, a California corporation ("**SDG&E**"), Pacific Enterprises, a California corporation ("**PE**"), Enova Corporation, a California corporation ("**Enova**"), Sempra Global, a Delaware corporation ("**Global**"), Pacific Enterprises International, a California corporation ("**PEI**"), and Sempra Energy International, a California corporation ("**SEI**" and, together with SCGC, SDG&E, PE, Enova, Global and PEI, the "**Significant Subsidiaries**"), has been duly incorporated or organized and is validly existing as a corporation or a limited liability company in good standing under the laws of its jurisdiction of incorporation or organization.

(h) The Company has an authorized capitalization as set forth in the Pricing Disclosure Package and the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description thereof contained in the Pricing Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except for the outstanding preferred stock of SCGC, are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(i) The Shares have been duly authorized for issuance and sale by the Company and, when the Shares are issued and delivered pursuant to this Agreement, the Shares will be validly issued, fully paid and non-assessable, and will have the rights, preferences and priorities set forth in the Company's Articles of Incorporation (including the Certificate of Determination) and the issuance of such Shares will not be subject to any preemptive or similar rights.

(j) This Agreement has been duly authorized, executed and delivered by the Company.

(k) The Certificate of Determination, the proposed form of which has been furnished to you, has been duly authorized by the Company and will have been duly executed and delivered by the Company and duly filed with the Secretary of State of the State of California before the Time of Delivery. The holders of the Mandatory Convertible Preferred Stock will have the rights set forth in the Certificate of Determination upon filing of the Certificate of Determination with the Secretary of State of the State of California.

(l) The form of certificate used to evidence the Shares complies in all material respects with all applicable requirements of the law of the State of California, the New York Stock Exchange (the "**NYSE**") and the Company's Articles of Incorporation and Bylaws, and has been duly authorized and approved by the board of directors of the Company.

(m) The Shares will be convertible into the Conversion Shares in accordance with the terms of the Mandatory Convertible Preferred Stock set forth in the Certificate of Determination; a number of Conversion Shares (the "**Initial Reserved Shares**") equal to the product of (A) the sum of a number of shares of Common Stock equal to the initial maximum conversion rate for the Mandatory Convertible Preferred Stock set forth the Certificate of Determination multiplied by (B) the aggregate number of Shares has been and will be duly authorized and reserved for issuance by all necessary corporate action of the Company; all Conversion Shares, when issued upon such conversion or delivery (as the case may be) in accordance with the terms of the Mandatory Convertible Preferred Stock set forth in the Certificate of Determination, will be duly authorized, validly issued, fully paid and non-assessable, will conform in all material respects to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus and will not be subject to any preemptive or similar rights.

(n) The issue and sale of the Shares and the compliance by the Company with all of the provisions of this Agreement and the Certificate of Determination, including the issuance and sale of the Shares and the issuance of a number of Conversion Shares equal to the Maximum Number of Conversion Shares (as defined below) issuable by the Company in accordance with the terms of the Mandatory Convertible Preferred Stock set forth in the Certificate of Determination, and the consummation of the transactions therein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company or any of its Significant Subsidiaries is a party or by which the Company or any of its Significant Subsidiaries is bound or to which any of the properties or assets of the Company or any of its Significant Subsidiaries is subject, (ii) result in any violation of the provisions of the Articles or Certificate of Incorporation or Certificate of Formation or Bylaws or Limited Liability Company Agreement of the Company or any of its Significant Subsidiaries, or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Significant Subsidiaries or any of their respective properties, except, solely in the case of clauses (i) and (iii) above, for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement or the Certificate of Determination, including the issuance and sale of the Shares and the issuance of a number of Conversion Shares equal to the Maximum Number of Conversion Shares issuable by the Company in accordance with the terms of the Mandatory Convertible Preferred Stock set forth in the Certificate of Determination, except such as have been obtained under the Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state

securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters. As used herein, "**Maximum Number of Conversion Shares**" means the product of (A) the sum of (x) a number of shares of Common Stock equal to the initial maximum conversion rate for the Mandatory Convertible Preferred Stock set forth in the Certificate of Determination and (b) to the extent so elected by the Company in connection with any such conversion, the number of shares of Common Stock deliverable by the Company upon conversion in respect of dividends payable upon conversion of the Shares (whether or not declared) (assuming the Company elects to issue and deliver, in respect of accumulated and unpaid dividends (whether or not declared), the maximum number of shares of Common Stock in connection with any such conversion), multiplied by (B) the aggregate number of Shares, in each case in accordance with the terms of the Certificate of Determination.

(o) The statements set forth in the Pricing Disclosure Package and the Prospectus, as amended or supplemented, under the captions "Description of Mandatory Convertible Preferred Stock" and "Description of Capital Stock," insofar as they purport to constitute a summary of the terms of the Mandatory Convertible Preferred Stock, the Common Stock (including the Conversion Shares), the Company's authorized but unissued preferred stock, no par value (the "**Preferred Stock**"), the Company's Articles of Incorporation (including the Certificate of Determination) or Bylaws, or provisions of the laws of the State of California, and under the caption "Underwriting (Conflicts of Interest)," insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects.

(p) Neither the Company nor any of its Significant Subsidiaries is (i) in violation of its Articles or Certificate of Incorporation or Certificate of Formation or Bylaws or Limited Liability Company Agreement or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (ii) for such defaults which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(q) Other than as set forth in the Pricing Disclosure Package and the Prospectus, (i) there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject, except for such proceedings which, if determined adversely to the Company or any of its subsidiaries, would not reasonably be expected individually or in the aggregate to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole and (ii) to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(r) The Company is not and after giving effect to (i) the offering and sale of the Shares, (ii) the issuance and delivery of the Conversion Shares in accordance with the terms set forth in the Certificate of Determination, and (iii) the issuance and sale of the Common Stock in

the Common Stock Offering, will not be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended (the **"Investment Company Act"**).

(s) Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries, taken as a whole, is an independent registered public accounting firm as required by the Act and the Rules and Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(t) To the Company's knowledge, Deloitte & Touche LLP, who have certified certain financial statements of EFH and its subsidiaries, taken as a whole, is an independent registered public accounting firm with respect to EFH as required under Rule 101 of the AICPA's Code of Professional Conduct and its interpretations and rulings.

(u) To the Company's knowledge, Deloitte & Touche LLP, who have certified certain financial statements of Oncor Holdings and its subsidiaries, taken as a whole, is an independent registered public accounting firm as required by the Act and the Rules and Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(v) The financial statements of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. The pro forma financial statements and the related notes thereto included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. To the Company's knowledge, the financial statements of EFH and its consolidated subsidiaries included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of EFH and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, to the Company's knowledge, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. To the Company's knowledge, the financial statements of Oncor Holdings and its consolidated subsidiaries included and incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of Oncor Holdings and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, to the Company's knowledge, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis.

(w) The Company and each of its consolidated subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences.

(x) The Company and each of its consolidated subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act); such disclosure controls and procedures are effective.

(y) The Company and its subsidiaries possess such certificates, authorities or permits issued by the appropriate state, federal, local or foreign regulatory agencies or bodies necessary to conduct their businesses as described in the Pricing Disclosure Package and the Prospectus, except where the failure to possess such certificates, authorities or permits, individually or in the aggregate, would not have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(z) The Company and its subsidiaries are in compliance with, and conduct their respective businesses in conformity with, all applicable state, federal, local and foreign laws and regulations relating to the operation and ownership of a public utility, including, without limitation, those relating to the distribution and transmission of natural gas, except to the extent that any failure so to comply or conform would not individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(aa) The Company and its subsidiaries hold all franchises, certificates of public convenience and necessity, permits, licenses and easements necessary to own, operate and maintain their properties as described in the Pricing Disclosure Package and the Prospectus, except to the extent that such failure, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(bb) Except as otherwise described in the Pricing Disclosure Package and the Prospectus and except as would not, singly or in the aggregate, result in a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation,

ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the knowledge of the Company, threatened, administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violations, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(cc) To the knowledge of the Company, all representations and warranties made by EFH and EFIH in the Merger Agreement are true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" (as defined in the Merger Agreement) or similar limitation as set forth therein), except in each case where the failure to be so true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, assuming the consummation of the transactions contemplated by the Merger Agreement.

(dd) To the knowledge of the Company, since September 30, 2017, there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of EFH and its subsidiaries (including Oncor), taken as a whole.

(ee) The statements set forth in (i) the Pricing Disclosure Package and the Prospectus, as amended or supplemented (if applicable), under the caption "Summary Information—Recent Developments—Proposed Acquisition of Energy Future Holdings Corp.," (ii) the Company's Form 8-K filed with the Commission on August 25, 2017 under the captions "Acquisition of Energy Future Holdings Corp.," "Agreement and Plan of Merger" and "Plan Support Agreement", (iii) the Company's Form 8-K filed with the Commission on August 28, 2017 under the caption "Oncor Letter Agreement," (iv) the Company's Form 8-K filed with the Commission on October 6, 2017, including the information under Item 1.01 and Item 8.01, (v) the Company's Form 8-K filed with the Commission on October 10, 2017, including the information under Item 8.01 and in Exhibit 99.1 thereto, and (vi) the Company's Form 8-K filed with the Commission on December 15, 2017 describing, among other things, the Stipulation (as defined therein), insofar as they purport to constitute a summary of the terms of the Merger, the

Merger Agreement, the Plan Support Agreement, the Letter Agreement and the Stipulation, are accurate and fair summaries in all material respects.

(ff) To the knowledge of the Company, no event or condition has occurred or exists that has terminated or would permit termination of the Merger Agreement and no change in the terms of the Merger, the Merger Agreement, the Plan Support Agreement or the Letter Agreement has occurred which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, assuming the consummation of the transactions contemplated by the Merger Agreement.

2. Agreements to Sell and Purchase:

(a) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, the number of Firm Shares set forth in Schedule I hereto opposite such Underwriter's name, at a purchase price of $98.200 per share (the "**Purchase Price**").

(b) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, up to 2,250,000 Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared, paid or payable by the Company on the Firm Shares but not payable on the Option Shares (the "**Option Purchase Price**"). The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, by giving written notice (an "**exercise notice**") to the Company not later than 30 days after the date of the Prospectus Supplement. Any such exercise notice shall specify the number of Option Shares to be purchased by the Underwriters and the date on which such Option Shares are to be purchased. Each purchase date of Option Shares must be at least two business days after the exercise notice is sent to the Company and may not be earlier than the closing date for the Firm Shares nor later than ten business days after the date of such exercise notice. Following delivery of an exercise notice, on each day, if any, that Option Shares are to be purchased (each an "**Option Time of Delivery**"), each Underwriter agrees, severally and not jointly, to purchase the number of Option Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Option Shares to be purchased at such Option Time of Delivery as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

3. Payment of the Purchase Price for, and delivery of certificates for, the Firm Shares shall be made at the office of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 or at such other place as shall be agreed upon by the Representatives and the Company, at 10:00 a.m. (New York City time), on January 9, 2018, or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called the "**Time of Delivery**"). Payment shall be made to the Company, in the case of the Firm Shares, by wire transfer of Federal (same day) funds to the account specified by the Company to the

Representatives at least forty-eight hours in advance against delivery to the Representatives for the respective accounts of the Underwriters of certificates (or book-entry credits) for the Firm Shares to be purchased by them. Payment shall be made to the Company for any Option Shares, by wire transfer of Federal (same day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance against delivery to the Representatives for the respective accounts of the Underwriters of certificates (or book-entry credits) for the Option Shares to be purchased by them. Certificates (or book-entry credits) for the Shares shall be registered in such names and in such denominations as the Representatives may request upon at least forty-eight hours prior notice to the Company. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Shares which it has agreed to purchase. Morgan Stanley & Co. LLC, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Shares to be purchased by any Underwriter whose check has not been received by the Time of Delivery or Option Time of Delivery, as applicable, but such payment shall not release such Underwriter from its obligations hereunder. The certificates (if any) for the Shares will be made available for examination and packaging by the Representatives not later than 10:00 a.m. (New York City time), on the last business day prior to the Time of Delivery or Option Time of Delivery, as applicable, in New York, New York.

4. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus, as amended or supplemented, in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the date hereof or, if applicable, such earlier time as may be required by Rule 424(b); to make no further amendment or any supplement to the Registration Statement or Prospectus, as amended or supplemented, after the date hereof and on or prior to the Relevant Date (as defined below) which shall be reasonably disapproved by the Representatives promptly after reasonable notice thereof; to advise the Representatives promptly of any such amendment or supplement after the Relevant Date and furnish the Representatives with copies thereof; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Shares, and during such same period to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any examination pursuant to Section 8(e) of the Act concerning the Registration Statement, or of the Company becoming the subject of a proceeding under Section 8A of the Act in connection with the offering of the Shares, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the Shares or suspending any such qualification, to promptly use reasonable best efforts to obtain the

withdrawal of such order. As used herein, the term "**Relevant Date**" means the 30th day after the date of the Prospectus Supplement unless, on or prior to such 30th day, the Underwriters shall have given an exercise notice to the Company as contemplated by Section 2(b) hereof specifying an Option Time of Delivery that is after such 30th day, in which case the "Relevant Date" shall be such Option Time of Delivery; provided, that, notwithstanding the foregoing, if the Underwriters shall have purchased all of the Option Shares prior to the 30th day after the date of the Prospectus, then the term "Relevant Date" shall be the last date on which the Underwriters shall have purchased Option Shares.

(b) To prepare a final term sheet or sheets, as the case may be (in either such case, the "**Final Term Sheet**") reflecting the final terms of the Shares and the offering thereof, in the form of Schedule III hereto (and containing such other information as the Company and the Representatives may agree), and file such Final Term Sheet as an "issuer free writing prospectus" pursuant to Rule 433 prior to the close of business two business days after the date hereof; provided that the Company shall furnish the Representatives with copies of such Final Term Sheet a reasonable amount of time prior to such proposed filing and will not use or file any such document to which the Representatives or counsel to the Underwriters shall reasonably object;

(c) If at any time after the date hereof any events shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the Preliminary Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if for any other reason it shall be necessary to amend or supplement any Issuer Free Writing Prospectus, to notify the Representatives and, upon their request, to file such document and to prepare and furnish without charge to each Underwriter as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Issuer Free Writing Prospectus that will correct such conflict, statement or omission or effect such compliance;

(d) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such domestic jurisdictions and (with the prior consent of the Company) foreign jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(e) Prior to 10:00 a.m., New York City time, on the second business day succeeding the date hereof, or such later time or date as agreed to by the Company and the Representatives, and from time to time, to furnish the Underwriters with copies of the Prospectus in New York City, as amended or supplemented, in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a

material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any securities dealer participating in the offering of the Shares as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance;

(f) To make generally available to its securityholders as soon as practicable, but in any event not later than fifteen months after the date hereof, an earnings statement of the Company and its consolidated subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the Rules and Regulations (including, at the option of the Company, Rule 158);

(g) Without the prior written consent of each of the Representatives, with the authorization to release this lock-up on behalf of the Underwriters, the Company will not, during the period from and including the date hereof through and including the 90th day after the date hereof (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Mandatory Convertible Preferred Stock or Common Stock or any securities convertible into or exercisable or exchangeable for Mandatory Convertible Preferred Stock or Common Stock ("**Convertible Securities**") or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Mandatory Convertible Preferred Stock, Common Stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Mandatory Convertible Preferred Stock or Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Mandatory Convertible Preferred Stock or Common Stock or Convertible Securities. The foregoing sentence shall not apply to (a) the Shares to be sold hereunder, (b) the issuance by the Company of Common Stock in the Common Stock Offering and the issuance, if any, of Common Stock upon the conversion or redemption of the Mandatory Convertible Preferred Stock, or the issuance by the Company of Common Stock paid as a dividend on the Mandatory Convertible Preferred Stock, (c) the issuance by the Company of shares of Common Stock upon the exercise of an option or warrant or the conversion of or exchange for a Convertible Security outstanding on the date hereof, (d) the issuance by the Company of Common Stock or Mandatory Convertible Preferred Stock or Convertible Securities in connection with any bona fide merger, acquisition, business combination or other strategic or commercial relationship, to a third party or a group of third parties, provided that (i) the aggregate number of shares of Common Stock (including for purposes of such calculation the shares of Common Stock issuable on conversion, exercise, exchange or redemption of any such Convertible Securities) that the Company may sell or issue or agree to sell pursuant to this clause (d) shall not exceed 5% of the total number of shares of Common Stock of the Company outstanding immediately following the Time of Delivery, and (ii) such party or parties agree (or have already agreed as of the date

hereof) in writing to restrictions substantially similar to those described in clauses (1) and (2) above, the term of which restrictions shall not expire prior to the end of the Lock-Up Period referred to in this paragraph, (e) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to benefit plans, long-term incentive plans, savings (e.g. 401(k)) plans and other compensation plans of the Company or any of its subsidiaries to which employees and/or directors of the Company or its subsidiaries participate and which are referred to in the Pricing Disclosure Package and the Prospectus or the documents filed with the Commission prior to the date hereof that are incorporated by reference therein, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, (f) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to dividend reinvestment or direct stock purchase plans and which are referred to in the Pricing Disclosure Package and the Prospectus or the documents filed with the Commission prior to the date hereof that are incorporated by reference therein, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, or (g) transactions under or pursuant to the Forward Sale Agreements (as defined in the Common Stock Underwriting Agreement), including the transfer of Common Stock to the Forward Purchaser (as defined in the Common Stock Underwriting Agreement) in connection therewith.

(h) Immediately following the execution of this Agreement, the Company will prepare a prospectus supplement, dated the date hereof (the "**Prospectus Supplement**"), containing the terms of the Shares, the plan of distribution thereof and such other information as may be required by the Act or the Rules and Regulations or as the Representatives and the Company deem appropriate, and will file or transmit for filing with the Commission in accordance with Rule 424(b) of the Rules and Regulations copies of the Prospectus (including such Prospectus Supplement);

(i) To apply the net proceeds from the sale of the Shares as set forth in the Prospectus; and

(j) The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission; provided, however, that the prior written consent of the Representatives and the Company shall be deemed to have been given in respect of the Final Term Sheet and any other Issuer Free Writing Prospectuses included in Schedule II hereto; and provided further, however, that prior to the preparation of the Final Term Sheet in accordance with Section 4(b), the Underwriters are authorized to use the information with respect to the final terms of the Shares in communications conveying information relating to the offering to investors. Any such free writing prospectus consented to by the Company and the Representatives or otherwise permitted by the immediately preceding sentence is hereinafter referred to as a "**Permitted Free Writing Prospectus**." For purposes of clarity, it is understood and agreed that the term Issuer Free Writing Prospectus, as used in this Agreement, includes all Permitted Free Writing Prospectuses.

(k) To use its reasonable best efforts to list and maintain the listing of the Shares and a number of Conversion Shares equal to the Maximum Number of Conversion Shares on the NYSE.

(l) To reserve and keep available at all times, free of preemptive or similar rights, a number of Conversion Shares equal to at least the Initial Reserved Shares.

(m) During the period from and including the date hereof through and including the earlier of (a) the purchase by the Underwriters of all of the Option Shares and (b) the expiration of the Underwriters' option to purchase Option Shares, not to do or authorize or cause any act or thing that would result in an adjustment of the conversion rate of the Mandatory Convertible Preferred Stock.

5. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Preliminary Prospectus, any Permitted Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares and the Conversion Shares for offering and sale under state securities laws as provided in Section 4(d) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and Legal Investment Memoranda; (iv) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by The Financial Industry Regulatory Authority, Inc. of the terms of the sale of the Shares (up to a maximum aggregate amount of $5,000); (v) the cost of preparing the certificates representing the Shares and the Conversion Shares, if any; (vi) any fees and expenses in connection with listing the Shares and the Conversion Shares and the cost of registering the Shares under Section 12 of the Exchange Act including the preparation of a registration statement on Form 8-A; (vii) the costs and charges of any transfer agent, registrar or depositary; (viii) the preparation and filing of the Certificate of Determination with the Secretary of State of the State of California; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 7 and 10 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

6. The obligations of the Underwriters shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties and other statements of the Company in or incorporated by reference in this Agreement are, at and as of the Time of Delivery and each Option Time of Delivery, as applicable, true and correct, the condition that the

Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus, as amended or supplemented, shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing (without reliance on Rule 424(b)(8) of the Rules and Regulations and in accordance with Section 4(a) hereof); no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information from the Commission shall have been complied with to the Representatives' reasonable satisfaction.

(b) Counsel for the Underwriters shall have furnished to the Representatives such written opinion or opinions, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, with respect to the Registration Statement and the Prospectus, as amended or supplemented, as well as such other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(c) The Company's general counsel, or any associate or assistant general counsel of the Company, shall have furnished to the Representatives a written opinion, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, in the form previously agreed and satisfactory to the Representatives.

(d) Latham & Watkins LLP shall have furnished to the Representatives their written opinion or opinions and negative assurances letter, dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, in the forms previously agreed and satisfactory to the Representatives.

(e) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives a letter with respect to the Company, dated the date hereof, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the Representatives a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives.

(f) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives a letter with respect to EFH, dated the date hereof, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the

Representatives a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives.

(g) On the date hereof at a time prior to the execution of this Agreement, Deloitte & Touche LLP shall have furnished to the Representatives a letter with respect to Oncor Holdings, dated the date hereof, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, and at the Time of Delivery, Deloitte & Touche LLP shall have furnished to the Representatives a letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, reaffirming the statements made in their letter dated the date hereof, except that the specified date referred to in such letter delivered on the Time of Delivery or the relevant Option Time of Delivery, as applicable, shall be a date not more than three days prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, and with respect to such letter dated the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives.

(h) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between the Representatives and the officers and directors of the Company listed on Exhibit B hereto relating to sales and certain other dispositions of shares of Mandatory Convertible Preferred Stock or Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect at the Time of Delivery and the relevant Option Time of Delivery, as applicable.

(i) The Certificate of Determination shall have been filed with the Secretary of State of the State of California and become effective and the Company shall have delivered evidence of such filing and effectiveness to the Representatives in form and substance satisfactory to the Representatives.

(j) The Company shall have filed the requisite listing application with the NYSE for the listing of the Shares and a number of Conversion Shares equal to the Maximum Number of Conversion Shares on the NYSE.

(k) The Company and its subsidiaries, taken as a whole, shall have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, as amended prior to the date hereof, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, and (ii) since the respective dates as of which information is given in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, there shall not have

been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Disclosure Package and the Prospectus, as amended prior to the date hereof, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse to the Company and its subsidiaries, taken as a whole, as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus as first amended or supplemented.

(l) At or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded any of the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Section 3(a)(62) under the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities, in each case described in clause (i) or (ii) other than such a downgrade or announcement as set forth or contemplated in the Pricing Disclosure Package and the Prospectus in the fifth, sixth and seventh paragraphs under the caption "Summary Information-Recent Developments-Proposed Acquisition of Energy Future Holdings Corp—Closing Conditions to Merger."

(m) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the NYSE or the NASDAQ Global Market; (ii) a suspension or material limitation in trading in the Company's securities on the NYSE; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or California State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, if the effect of any such event specified in this clause (iv) in the judgment of the Representatives (A) is material and adverse and (B) makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus as first amended or supplemented.

(n) The Company shall have complied with the provisions of Section 4(e) hereof with respect to the furnishing of prospectuses on the second business day succeeding the date hereof.

(o) The Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery and each Option Time of Delivery, as applicable, a certificate of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to the performance by the Company of all of

its obligations hereunder to be performed at or prior to the Time of Delivery or the relevant Option Time of Delivery, as applicable, as to the matters set forth in subsections (a) and (k) of this Section and as to such other matters as the Representatives may reasonably request.

7. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Preliminary Prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any such amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information consists of the following: the information in the fourth paragraph of text under the caption “Underwriting” in the Preliminary Prospectus and the Prospectus concerning the terms of the offering by the Underwriters, and the information in the three paragraphs of text (solely with respect to the statements attributable to the Underwriters) under the subcaption “Price Stabilization and Short Positions” under the caption “Underwriting” in the Preliminary Prospectus and the Prospectus, insofar as such information relates to stabilization, penalty bids, overallotment, short positions and purchases to cover short positions by the Underwriters; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under such subsection to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Representatives shall have the right to employ counsel to represent jointly the Underwriters and their respective directors, officers, employees, agents and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Company under this Section 7 if the Representatives shall have reasonably concluded that there may be one or more legal defenses available to the Underwriters and their respective directors, officers, employees, agents and controlling persons that are different from or additional to those available to the Company and its officers, directors, employees and controlling persons, and in each case the fees and expenses of a single separate counsel for the Underwriters and their respective directors, officers, employees, agents and controlling persons (in addition to local counsel) shall be paid by the Company. The indemnifying party shall not be liable for any settlement or compromise of, or the consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification may be sought hereunder effected without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), but, if settled or compromised with the indemnifying party's consent, or if judgment shall be entered following consent to the entry of such judgment given with the indemnifying party's consent, or if there shall otherwise be a final judgment for the plaintiff, the indemnifying party agrees to indemnify and hold harmless each indemnified party against any and all losses, claims, damages, liabilities and expenses, joint or several, by reason of such settlement, compromise or judgment, as the case may be. No indemnifying party shall, without the written consent of the indemnified party (which consent shall not be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of

any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand, and the Underwriters on the other, from the offering of the Shares contemplated by this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subsection (c) above, then in each case each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares contemplated by this Agreement (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to the Shares and not joint.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each director, officer, employee and agent of any Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 7 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Company and to each person, if any, who controls the Company within the meaning of the Act.

8. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase under this Agreement at the Time of Delivery or any Option Time of Delivery, as applicable, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties reasonably satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Shares, or the Company notifies the Representatives that it has so arranged for the purchase of such Shares, the Representatives or the Company shall have the right to postpone the Time of Delivery or Option Time of Delivery, as applicable, for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, as amended or supplemented, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term **"Underwriter"** as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number amount of Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase on such date under this Agreement and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Firm Shares which such Underwriter agreed to purchase under this Agreement) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the number of Shares which remains unpurchased exceeds one-eleventh of the number of Shares to be purchased on such date, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 5 hereof and the indemnity and contribution agreements in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and

effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

10. If this Agreement shall be terminated pursuant to Section 8 hereof, the Company shall not then be under any liability to any Underwriter with respect to the Shares except as provided in Sections 5 and 7 hereof; but, if for any other reason Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares, but the Company shall then be under no further liability to any Underwriter with respect to the Shares except as provided in Sections 5 and 7 hereof.

11. In all dealings hereunder, the Representatives of the Underwriters shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in this Agreement.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, overnight courier or facsimile transmission, if to the Underwriters, to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: Equity Syndicate; Royal Bank of Canada, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: Equity Syndicate; and Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Syndicate Registration, with a copy, in the case of any notice pursuant to Section 7(c) hereof, to the Director of Litigation, Office of the General Counsel, Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019; and if to the Company shall be delivered or sent by mail or overnight courier to Sempra Energy, 488 8th Avenue, San Diego, California 92101, Attention: Secretary, with a copy to the General Counsel; provided, however, that any notice to an Underwriter pursuant to Section 7(c) hereof shall be delivered or sent by mail, overnight courier or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or email or facsimile transmission constituting such Questionnaire, which address will be supplied to the Company by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

12. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 7 and 9 hereof, the directors, officers, employees and agents of each Underwriter, the officers, directors and employees of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

13. The Company acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of the Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. The Company agrees that it will not claim that the Underwriters have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company, in connection with the transactions contemplated hereby or the process leading thereto. Additionally, neither the Representatives nor any other Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters shall have no responsibility or liability to the Company with respect thereto. Any review by the Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

14. Time shall be of the essence of this Agreement. As used herein, **"business day"** shall mean, unless otherwise expressly stated, any day when the Commission's office in Washington, D.C. is open for business.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(Signature Page Follows)

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and for each of the Representatives plus one for each counsel counterparts hereof.

Very truly yours,

Sempra Energy

By: /s/ Kathryn J. Collier
Name: Kathryn J. Collier
Title: Vice President and Treasurer

[Signature Page to Underwriting Agreement—January 2018 Offering]

Accepted as of the date hereof:

Morgan Stanley & Co. LLC

By: /s/ James Watts
Name: James Watts
Title: Vice President

RBC Capital Markets, LLC

By: /s/ Michael Davis
Name: Michael Davis
Title: Managing Director

Barclays Capital Inc.

By: /s/ Robert Stowe
Name: Robert Stowe
Title: Managing Director

On behalf of each of the Underwriters

SCHEDULE I

Underwriters	Number of Firm Shares to be Purchased
Morgan Stanley & Co. LLC	6,096,775
RBC Capital Markets, LLC	6,096,775
Barclays Capital Inc.	2,432,258
BBVA Securities Inc.	93,548
HSBC Securities (USA) Inc.	93,548
Santander Investment Securities Inc.	93,548
SG Americas Securities, LLC	93,548
Total	15,000,000

SCHEDULE II

Free Writing Prospectus dated January 4, 2018

Issuer Free Writing Prospectus
Filed Pursuant to Rule 433
Registration No. 333-220257

Sempra Energy

Pricing Term Sheet
January 4, 2018

Concurrent Offerings of
23,364,486 Shares of Common Stock
(the "Common Stock Offering")
and
15,000,000 Shares of 6% Mandatory Convertible Preferred Stock, Series A
(the "Mandatory Convertible Preferred Stock Offering")

This pricing term sheet relates only to the securities described below and should be read together with (i) Sempra Energy's preliminary prospectus supplement dated January 2, 2018 relating to the Common Stock Offering (the "Common Stock Preliminary Prospectus Supplement"), the accompanying prospectus dated January 2, 2018 and the documents incorporated and deemed to be incorporated by reference therein (in the case of investors purchasing in the Common Stock Offering) and (ii) the preliminary prospectus supplement dated January 2, 2018 relating to the Mandatory Convertible Preferred Stock Offering (the "Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement" and, together with the Common Stock Preliminary Prospectus Supplement, the "Preliminary Prospectus Supplements"), the accompanying prospectus dated January 2, 2018 and the documents incorporated and deemed to be incorporated by reference therein (in the case of investors purchasing in the Mandatory Convertible Preferred Stock Offering). Neither the Common Stock Offering nor the Mandatory Convertible Preferred Stock Offering is contingent on the completion of the other offering. Terms used in this pricing term sheet that are not defined herein but that are defined in the Common Stock Preliminary Prospectus Supplement or the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement, as applicable, have the respective meanings given to such terms in such Preliminary Prospectus Supplement.

Issuer:	Sempra Energy
Trade Date:	January 5, 2018
Expected Settlement Date:	January 9, 2018 (T+2)

Common Stock Offering

Shares of Common Stock Offered by Forward Sellers:	23,364,486 shares of common stock, no par value ("Common Stock"), of Sempra Energy
Shares of Common Stock that the Underwriters have the Option to Purchase from Sempra Energy:	Up to 3,504,672 shares of Common Stock that the underwriters for the Common Stock Offering have the option to purchase from Sempra Energy, solely to cover over-allotments, if any.
Symbol / Exchange:	SRE / NYSE
Last Reported Sale Price of Common Stock on the NYSE on January 4, 2018:	$107.42 per share

Public Offering Price:	$107.00 per share
Forward Sale Agreements:	Sempra Energy will agree to sell an aggregate of 23,364,486 shares (subject to adjustment) of Common Stock to the forward purchasers pursuant to forward sale agreements between Sempra Energy and the respective forward purchasers. See the Common Stock Preliminary Prospectus Supplement for additional information concerning the forward sale agreements, including provisions for adjustment to the foregoing number of shares and the forward sale price and for net share settlement and cash settlement.
Initial Forward Sale Price:	$105.074 per share, which is the public offering price of the shares of Common Stock in the Common Stock Offering less the underwriting discount. The forward sale agreements provide that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the overnight bank funding rate less a spread, and will be subject to decrease on each of certain dates specified in the forward sale agreements.
Net Proceeds:	Sempra Energy will not initially receive any proceeds from the sale of shares of its Common Stock offered in the Common Stock Offering, unless (i) an event occurs that requires it to sell such shares to the underwriters in lieu of the forward sellers selling such shares to the underwriters, or (ii) the underwriters exercise their over-allotment option to purchase additional shares of its Common Stock, in which case Sempra Energy will sell all of the additional shares of its Common Stock covered by such option to the underwriters rather than requiring the forward sellers to borrow and sell such additional shares to the underwriters. Sempra Energy estimates that the net proceeds to it from the sale of shares of its Common Stock in connection with the Common Stock Offering and pursuant to the forward sale agreements will be approximately $2.455 billion (or approximately $2.823 billion if the underwriters exercise their over-allotment option to purchase additional shares of its Common Stock directly from it in full), in each case after deducting discounts but before deducting expenses payable by it, subject to certain adjustments pursuant to the forward sale agreements and assuming full physical settlement of the forward sale agreements at the initial forward sale price per share set forth above. As discussed above and in the Common Stock Preliminary Prospectus Supplement, the forward sale price is subject to adjustment pursuant to the forward sale agreements and Sempra Energy may elect net share settlement or cash settlement under the forward sale agreements. Sempra Energy will not receive any proceeds under the forward sale agreements on the closing date of the Common Stock Offering. Sempra Energy expects that the forward sale agreements will settle in multiple settlements on or prior to December 15, 2019.
CUSIP / ISIN:	816851109 / US8168511090
Joint Book-Running Managers:	Morgan Stanley & Co. LLC RBC Capital Markets, LLC Barclays Capital Inc.
Co-Managers:	BBVA Securities Inc. HSBC Securities (USA) Inc.

Santander Investment Securities Inc.
SG Americas Securities, LLC

Mandatory Convertible Preferred Stock Offering

Title of Securities:	6% Mandatory Convertible Preferred Stock, Series A, of Sempra Energy (the "Mandatory Convertible Preferred Stock")
Shares of Mandatory Convertible Preferred Stock Offered by Sempra Energy:	15,000,000 shares
Shares of Mandatory Convertible Preferred Stock that the Underwriters Have the Option to Purchase from Sempra Energy:	Up to an additional 2,250,000 shares that the underwriters for the Mandatory Convertible Preferred Stock Offering have the option to purchase, solely to cover over-allotments, if any.
Public Offering Price:	$100.00 per share
Net Proceeds:	Sempra Energy estimates that the net proceeds to it from the Mandatory Convertible Preferred Stock Offering after deducting the underwriting discount but before deducting estimated offering expenses payable by it, will be $1.473 billion (or approximately $1.694 billion if the underwriters for the Mandatory Convertible Preferred Stock Offering exercise their over-allotment option to purchase additional shares of Mandatory Convertible Preferred Stock in full).
Liquidation Preference:	$100.00 per share
Dividends:	6% of the liquidation preference of $100.00 per share of the Mandatory Convertible Preferred Stock per year (equivalent to $6.00 per annum per share), when, as and if declared by Sempra Energy's board of directors or an authorized committee thereof, payable in cash or, subject to certain limitations, by delivery of shares of Sempra Energy's Common Stock or any combination of cash and shares of Common Stock, as determined by Sempra Energy in its sole discretion. The expected dividend payable on the first dividend payment date is $1.60 per share of the Mandatory Convertible Preferred Stock. Each subsequent dividend for a full dividend period is expected to be $1.50 per share of the Mandatory Convertible Preferred Stock. If Sempra Energy elects to make any such payment of a declared dividend, or any portion thereof, in shares of Common Stock, such shares shall be valued for such purpose at the average VWAP per share of Common Stock over the five consecutive trading day period beginning on and including the sixth scheduled trading day prior to the applicable dividend payment date (the "average price"), multiplied by 97%. In no event will the number of shares of Common Stock delivered in connection with any declared dividend, including any declared dividend payable in connection with a conversion, exceed a number equal to the total dividend payment divided by the floor price. To the extent that the amount of any declared dividend exceeds the product of (x) the number of shares of Sempra Energy's

	Common Stock delivered in connection with such dividend and (y) 97% of the average price applicable to such dividend, Sempra Energy will, if it is legally able to do so, pay such excess amount in cash.
Floor Price:	$37.45, subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.
Dividend Payment Dates:	January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2018 and to, and including, January 15, 2021.
Dividend Record Dates:	The January 1, April 1, July 1 and October 1 immediately preceding the next dividend payment date.
Acquisition Termination Redemption:	If the proposed Merger has not closed on or before 5:00 p.m. (New York City time) on December 1, 2018 or if an Acquisition Termination Event occurs, Sempra Energy may, at its option, give notice of acquisition termination redemption to the holders of the Mandatory Convertible Preferred Stock. If Sempra Energy provides such notice, then, on the acquisition termination redemption date, Sempra Energy will be required to redeem the Mandatory Convertible Preferred Stock, in whole but not in part, at a redemption amount per share of Mandatory Convertible Preferred Stock equal to the acquisition termination make-whole amount described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement. If Sempra Energy calls the Mandatory Convertible Preferred Stock for redemption, it will pay a redemption price equal to the acquisition termination make-whole amount in cash. However, if the acquisition termination share price exceeds the initial price, then, subject to certain limitations, Sempra Energy may pay part or all of the redemption price in shares of its Common Stock as described in the in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.
Initial Price:	$107.00, which equals the per share public offering price of the Common Stock in the Common Stock Offering.
Threshold Appreciation Price:	$131.075, which represents an appreciation of 22.5% over the initial price.
Mandatory Conversion Date:	The second business day immediately following the last trading day of the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately preceding January 15, 2021. The mandatory conversion date is expected to be January 15, 2021.
Conversion Rate:	Upon conversion on the mandatory conversion date, the conversion rate for each share of the Mandatory Convertible Preferred Stock will be not more than 0.9345 shares of Common Stock (the “maximum conversion rate”) and not less than 0.7629 shares of Common Stock (the “minimum conversion rate”), depending on the applicable market value of the Common Stock, as described in, and subject to certain anti-dilution adjustments that are described in, the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement. The following table illustrates the conversion rate per share of the Mandatory Convertible Preferred Stock, subject to certain anti-dilution adjustments that are described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

	Applicable Market Value of the Common Stock	Conversion rate (number of shares of Common Stock to be received upon conversion of each share of the Mandatory Convertible Preferred Stock)
	Greater than $131.075 (which is the threshold appreciation price)	0.7629 shares (approximately equal to $100.00 divided by the threshold appreciation price)
	Equal to or less than $131.075 but greater than or equal to $107.00	Between 0.7629 and 0.9345 shares, determined by dividing $100.00 by the applicable market value of the Common Stock
	Less than $107.00 (which is the initial price)	0.9345 shares (approximately equal to $100.00 divided by the initial price)

Conversion at the Option of the Holder: At any time prior to the mandatory conversion date, other than during a fundamental change conversion period (as defined below), holders of the Mandatory Convertible Preferred Stock have the right to elect to convert their shares of the Mandatory Convertible Preferred Stock in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock), into shares of Common Stock at the minimum conversion rate of 0.7629 shares of Common Stock per share of the Mandatory Convertible Preferred Stock as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement. This minimum conversion rate is subject to certain anti-dilution adjustments as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

Conversion at the Option of the Holder Upon a Fundamental Change; Fundamental Change Dividend Make-Whole Amount: If a fundamental change occurs on or prior to January 15, 2021, holders of the Mandatory Convertible Preferred Stock will have the right to convert their shares of Mandatory Convertible Preferred Stock, in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock), into shares of Common Stock at the fundamental change conversion rate (as defined below) during the period (the "fundamental change conversion period") beginning on the effective date of such fundamental change (the "effective date") and ending on the date that is 20 calendar days after such effective date (or, if earlier, January 15, 2021). The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price (the "share price") paid or deemed paid per share of Common Stock in such fundamental change (see table below). Holders who convert their Mandatory Convertible Preferred Stock within the fundamental change conversion period will also receive: (1) a "fundamental change dividend make-whole amount," in cash or in shares of Common Stock or any combination thereof, equal to the present value (computed using a discount rate of 6% per annum) of all remaining dividend payments on their shares of the Mandatory Convertible Preferred Stock (excluding any accumulated dividend amount) from such effective date to, but excluding, January 15, 2021; and (2) to the extent that the accumulated dividend amount exists as of the effective date, such accumulated dividend amount, in cash or in shares of Common Stock or any combination thereof, as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

Fundamental Change Conversion Rate: The "fundamental change conversion rate" will be determined by reference to the table below and is based on the effective date and the share price. If the holders of Common Stock receive only cash in the fundamental change, the share price shall be the cash amount paid per share. Otherwise, the share price shall be the average VWAP per share of Common Stock over the 10 consecutive trading day period ending on, and including, the trading day preceding the effective date.

The share prices set forth in the first row of the table (i.e., the column headers), and each fundamental change conversion rate in the table, will be adjusted as of any date on which the fixed conversion rates of the Mandatory Convertible Preferred Stock are adjusted, as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement.

The following table sets forth the fundamental change conversion rate per share of the Mandatory Convertible Preferred Stock for each share price and effective date set forth below.

	Share Price											
Effective Date	**$30.00**	**$60.00**	**$80.00**	**$107.00**	**$115.00**	**$125.00**	**$131.075**	**$150.00**	**$175.00**	**$200.00**	**$300.00**	**$400.00**
January 9, 2018	0.8451	0.8359	0.8181	0.7796	0.7663	0.7501	0.7413	0.7216	0.7111	0.7093	0.7143	0.7311
January 15, 2019	0.8742	0.8685	0.8553	0.8124	0.7949	0.7732	0.7612	0.7367	0.7316	0.7326	0.7387	0.7581
January 15, 2020	0.9041	0.9036	0.8982	0.8533	0.8277	0.7949	0.7783	0.7541	0.7548	0.7574	0.7638	0.7858
January 15, 2021	0.9345	0.9345	0.9345	0.9345	0.8695	0.8000	0.7629	0.7629	0.7629	0.7629	0.7629	0.7629

The exact share price and effective date may not be set forth in the table, in which case:

- if the share price is between two share price amounts on the table or the effective date is between two dates on the table, the fundamental change conversion rate will be determined by straight-line interpolation between the fundamental change conversion rates set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365- or 366-day year, as applicable;
- if the share price is in excess of $400.00 per share (subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement), then the fundamental change conversion rate will be the minimum conversion rate; and
- if the share price is less than $30.00 per share (subject to adjustment as described in the Mandatory Convertible Preferred Stock Preliminary Prospectus Supplement), then the fundamental change conversion rate will be the maximum conversion rate.

Listing: Sempra Energy intends to apply to have the Mandatory Convertible Preferred Stock listed on The New York Stock Exchange under the symbol "SREPRA."

CUSIP / ISIN: 816851 406 / US8168514060

Joint Book-Running Managers: Morgan Stanley & Co. LLC
RBC Capital Markets, LLC
Barclays Capital Inc.

Co-Managers:	BBVA Securities Inc. HSBC Securities (USA) Inc. Santander Investment Securities Inc. SG Americas Securities, LLC

The issuer has filed a registration statement (including a prospectus) with the SEC for the offerings to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplements referred to above and other documents the issuer has filed with the SEC for more complete information about the issuer and the applicable offering. You may get these documents for free by visiting EDGAR on the SEC website at *www.sec.gov*. Alternatively, the issuer, any underwriter or any dealer participating in the applicable offering will arrange to send you the prospectus and the applicable preliminary prospectus supplement if you request it by calling Morgan Stanley & Co. LLC toll-free at (866) 718-1649, by calling RBC Capital Markets, LLC toll-free at (877) 822-4098, or by calling Barclays Capital Inc. at (888) 603-5847.

Any legends, disclaimers or other notices that may appear below are not applicable to this communication and should be disregarded. Such legends, disclaimers or other notices have been automatically generated as a result of this communication having been sent via Bloomberg or another system.

Exhibit A

Form of Lock-up Letter

, 2018

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBC Capital Markets, LLC
200 Vesey Street, 8th Floor
New York, New York 10281

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC, RBC Capital Markets LLC and Barclays Capital Inc. (collectively, the "Representatives") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with Sempra Energy (the "Company"), providing for the public offering (the "Public Offering") by the several Underwriters named therein, including the Representatives (collectively, the "Underwriters"), of shares (the "Shares") of the Mandatory Convertible Preferred Stock, Series A, no par value, of the Company (the "Mandatory Convertible Preferred Stock").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period (the "Lock-Up Period") commencing on and including the date hereof through and including the date that is 90 days after the date of the final prospectus supplement relating to the Public Offering (the "Prospectus", and the date of such Prospectus, the "Public Offering Date"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock, no par value, of the Company (the "Common Stock") beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), by the undersigned or any other securities so beneficially owned that are convertible into or exercisable or exchangeable for Common Stock ("Convertible Securities") or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to:

(a) transfers of shares of Common Stock or any Convertible Securities as a bona fide gift, provided that (i) each donee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter (provided that (i) if the undersigned transfers shares of Common Stock and Convertible Securities which, in the aggregate, represent no more than 5,000 common share equivalents (determined as provided below) to donees who are bona fide charities, no such bona fide charities shall be required to deliver such lock-up letters to the Representatives, but (ii) if the undersigned transfers shares of Common Stock and Convertible Securities which, in the aggregate, represent more than 5,000 common share equivalents (determined as provided below) to donees who are bona fide charities, then all such charities must deliver such lock-up letters to the Representatives), and (ii) no filing under Section 16(a) of the Exchange Act, or other public announcement, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Lock-Up Period, other than a filing on Form 5 after February 10, 2018 and except that a Form 4 filing permitted by clause (d) below may also reflect a reduction in beneficial ownership resulting from a bona fide gift made in accordance with this clause (a) so long as such Form 4 expressly states that such reduction is the result of a bona fide gift. For purposes of this letter, (1) each share of Common Stock shall be deemed to represent one common share equivalent and (2) a Convertible Security shall be deemed to represent a number of common share equivalents equal to the number of shares of Common Stock issuable on conversion, exercise, redemption or exchange, as the case may be, of such Convertible Security,

(b) transfers of shares of Common Stock or Convertible Securities either during the undersigned's lifetime or on death (i) by will or intestacy, (ii) to a trust the beneficiaries of which are exclusively the undersigned and/or a member or members of his or her immediate family, or (iii) by operation of law, including domestic relations order, provided that each such transferee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter. For purposes of this letter, "immediate family" means any relationship by blood, marriage, domestic partnership or adoption, no more remote than a first cousin,

(c) transfers of shares of Common Stock or Convertible Securities pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction approved by the Company's board of directors and made to all holders of the Company's securities involving a "change of control" of the Company, provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, such shares of Common Stock and Convertible Securities held by the undersigned shall remain subject to the provisions of this letter. For purposes of this letter, "change of control" means the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, or any of its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of a majority of the total voting power of the outstanding voting stock of the Company,

(d) the forfeiture, cancellation, withholding, surrender or delivery of shares of Common Stock to the Company to satisfy any income, employment and/or social security tax withholding and/or remittance obligations in connection with the vesting during the Lock-Up Period of any restricted stock unit, restricted shares, performance share unit or phantom shares;

provided that no filing under Section 16(a) of the Exchange Act or other public announcement shall be required or shall be made voluntarily in connection with such forfeiture, cancellation, withholding, surrender or delivery, other than a filing on Form 4,

(e) distributions of shares of Common Stock or any Convertible Securities to limited partners, members or stockholders of the undersigned, provided that each distributee shall sign and deliver to the Representatives a lock-up letter substantially in the form of this letter,

(f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, provided that such plan does not provide for the transfer of Common Stock during the Lock-Up Period and no public announcement or filing under the Exchange Act or otherwise regarding the establishment of such plan shall be required or shall be voluntarily made by or on behalf of the undersigned or the Company; or

(g) sales of Common Stock pursuant to any trading plan complying with Rule 10b5-1 under the Exchange Act that has been entered into by the undersigned prior to the date of this letter or pursuant to any amendment or replacement of any such trading plan, so long as the number of shares of Common Stock subject to such original trading plan is not increased; provided that if such sales are required to be reported on Form 4 pursuant to Section 16(a) of the Exchange Act during the Lock-Up Period, or the undersigned voluntarily effects any public filing or report regarding such sales during the Lock-Up Period, then the undersigned shall disclose in such filing or report that such sale was made pursuant to an existing Rule 10b-5-1 trading plan.

The undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. In addition, the undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this letter in proceeding toward consummation of the Public Offering. The undersigned further understands that this letter is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

This letter shall lapse and become null and void, and the undersigned shall be released from all obligations under this letter, if the Public Offering Date shall not have occurred on or before February 1, 2018, or if the Underwriting Agreement (other than the provisions thereof that survive termination) shall automatically terminate or be terminated prior to payment for, and delivery of, the Shares (excluding shares that the Underwriters have the option to purchase).

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company, the Underwriters and any other parties thereto.

[Remainder of page intentionally left blank]

Very truly yours,

_____

(name of stockholder – please print)

_____

(*signature*)

Exhibit B

Lock-up Signatories

Directors:

1. Alan L. Boeckmann
2. Kathleen L. Brown
3. Andrés Conesa
4. Maria Contreras-Sweet
5. Pablo A. Ferrero
6. William D. Jones
7. Bethany J. Mayer
8. William G. Ouchi, Ph.D
9. William C. Rusnack
10. Lynn Schenk
11. Jack T. Taylor
12. James C. Yardley

Officers:

1. Debra L. Reed
2. Steven D. Davis
3. Dennis V. Arriola
4. Jeffrey W. Martin
5. Martha B. Wyrsch
6. Joseph A. Householder
7. Trevor I. Mihalik
8. Joyce G. Rowland

Exhibit 1.3

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036-8293
(212) 761-4000

Date: January 4, 2018

To: Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

Re: Registered Forward Transaction

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Morgan Stanley & Co. LLC ("**Dealer**") and Sempra Energy ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**") and the 2006 ISDA Definitions (including the Annex thereto) (the "**2006 Definitions**" and together with the Equity Definitions, the "**Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and the 2006 Definitions, the Equity Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the "**Agreement**") as if Dealer and Counterparty had executed an agreement in such form (without any Schedule but (i) with the elections set forth in this Confirmation and (ii) with the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement will apply to Dealer as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Dealer were three percent of the shareholders' equity of Morgan Stanley ("**Dealer Parent**"), (c) the following language were added to the end of Section 5(a)(vi): "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that, other than the Transaction to which this Confirmation relates, no Transaction shall be governed by the Agreement. For purposes of the Equity Definitions, this Transaction is a Share Forward Transaction.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	As set forth in Schedule I
Effective Date:	As set forth in Schedule I
Seller:	Counterparty
Buyer:	Dealer
Shares:	Shares of common stock of Counterparty, without par value (Ticker Symbol: "SRE")
Number of Shares:	Initially, as set forth in Schedule I (the "**Initial Number of Shares**"). On each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares settled on such date.
Maturity Date:	As set forth in Schedule I
Initial Forward Price:	As set forth in Schedule I
Forward Price:	(a) On the Effective Date, the Initial Forward Price; and (b) on each calendar day thereafter, (i) the Forward Price as of the immediately preceding calendar day multiplied by (ii) the sum of 1 and the Daily Rate for such day; provided that, on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Daily Rate:	For any day, a rate (which may be positive or negative) equal to (i) (a) the Overnight Bank Rate (or if the Overnight Bank Rate is no longer available, a successor rate selected by the Calculation Agent in its commercially reasonable discretion) for such day minus (b) the Spread divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate" as displayed on the page "OBFR01 <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; *provided* that, if no such rate appears for a particular day on such page, the Overnight Bank Rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	As set forth in Schedule I
Prepayment:	Not Applicable
Variable Obligation:	Not Applicable
Forward Price Reduction Dates:	As set forth on Schedule I, subject to adjustment by written notice, no later than November 30, 2018, from Counterparty to Dealer, in respect of one or more originally scheduled Forward Price Reduction Dates, each occurring on or after January 1, 2019, so long as (i) each such adjusted Forward Price Reduction Date corresponds to an "ex-dividend" date in respect of a regular cash dividend, (ii) such notice

from Counterparty contains a representation to Dealer that Counterparty is not, as of the date of such notice, aware of any material nonpublic information regarding Counterparty or the Shares and (iii) each such "ex-dividend" date occurs no earlier than January 1, 2019.

Forward Price Reduction Amounts:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Exchange:	The New York Stock Exchange
Related Exchange(s):	All Exchanges
Clearance System:	The Depository Trust Company
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by replacing the first sentence in its entirety with the following: "'Market Disruption Event' means in respect of a Share or an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, (iii) an Early Closure or (iv) a Regulatory Disruption, in each case that the Calculation Agent determines is material".
Early Closure:	Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.
Regulatory Disruption:	Any event that Dealer, based on the advice of counsel, determines makes it reasonably necessary or appropriate with regard to any legal, regulatory or self-regulatory requirements or related policies and procedures applicable to the Transaction for Dealer to refrain from or decrease any market activity in connection with the Transaction; *provided* that such policies and procedures have been adopted by Dealer in good faith and are generally applicable in similar situations and applied in a non-discriminatory manner.

Settlement:

Settlement Currency:	USD (all amounts shall be converted to the Settlement Currency in good faith and in a commercially reasonable manner by the Calculation Agent)
Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date that is either:

(a) designated by Counterparty as a "Settlement Date" in a written notice (a "**Settlement Notice**") that satisfies the Settlement Notice Requirements, if applicable, and is delivered to Dealer not later than the relevant Settlement Notice Date (as specified in Schedule I); *provided* that, if Dealer shall fully unwind its hedge with respect to the portion of the Number of Shares to be settled during an Unwind Period, Dealer may, by written notice to Counterparty, specify any Scheduled Trading Day prior to such original Settlement Date as the Settlement Date (with

prior notice to Counterparty at least two Scheduled Trading Days prior to such Specified Settlement Date);or

(b) designated by Dealer as a "Settlement Date" pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below;

provided that the Maturity Date will be deemed to be designated a Settlement Date if on such date the Number of Shares for which a Settlement Date has not already been designated is greater than zero, and *provided further* that, following the occurrence of five consecutive Disrupted Days during an Unwind Period Dealer may designate the second Scheduled Trading Day thereafter as the Settlement Date with respect to all or a portion of the relevant Settlement Shares.

Settlement Shares:

(a) With respect to any Settlement Date other than the Maturity Date, the number of Shares designated as such by Counterparty in the relevant Settlement Notice or designated by Dealer pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below, as applicable; and

(b) with respect to the Settlement Date on the Maturity Date, a number of Shares equal to the Number of Shares at that time;

in each case with the Number of Shares determined taking into account pending Settlement Shares.

Settlement Method Election:

Physical Settlement, Cash Settlement, or Net Share Settlement, at the election of Counterparty as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements, if applicable; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares subject to Cash Settlement or Net Share Settlement in respect of which Dealer is unable, in good faith and in its commercially reasonable discretion, to unwind its hedge by the end of the Unwind Period (A) in a manner that, in the reasonable discretion of Dealer, based on advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 ("**Rule 10b-18**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or (B) due to the occurrence of five or more Disrupted Days or to the lack of sufficient liquidity in the Shares during the Unwind Period, (iii) to any Termination Settlement Date (as defined under "Termination Settlement" in Paragraph 7(f) below) and (iv) if the Maturity Date is a Settlement Date other than as the result of a valid Settlement Notice, in respect of such Settlement Date and for which the provisions of Section 6 of the Agreement do not otherwise apply under the provisions of this Confirmation; *provided further* that if Physical Settlement applies under clause (i), (ii) or (iii) immediately above, Dealer shall provide written notice to Counterparty at least two Scheduled Trading Days prior to such specified Settlement Date.

Settlement Notice Requirements:

Notwithstanding any other provision hereof, a Settlement Notice delivered by Counterparty that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless

	Counterparty delivers to Dealer with such Settlement Notice a representation, dated as of the date of such Settlement Notice and signed by Counterparty, in the form set forth in clause (i) under the heading "Additional Representations and Agreements of Counterparty" in Paragraph 7(d) below.
Physical Settlement:	If Physical Settlement is applicable, then Counterparty shall deliver to Dealer through the Clearance System a number of Shares equal to the Settlement Shares for such Settlement Date, and Dealer shall pay to Counterparty, by wire transfer of immediately available funds to an account designated by Counterparty, an amount equal to the Physical Settlement Amount for such Settlement Date.
Physical Settlement Amount:	For any Settlement Date for which Physical Settlement is applicable, an amount in cash equal to the product of (a) the Forward Price in effect on the date of designation of the relevant Settlement Date multiplied by (b) the Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount is a positive number, Dealer will pay the Cash Settlement Amount to Counterparty. If the Cash Settlement Amount is a negative number, Counterparty will pay the absolute value of the Cash Settlement Amount to Dealer. Such amounts shall be paid on such Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	An amount determined by the Calculation Agent equal to: (a) (i)(A) the weighted average (weighted on the same basis as clause (B)) of the Forward Prices on each day during the applicable Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, which is accounted for in clause (b) below), minus (B) the Unwind Purchase Price, multiplied by (ii) the Settlement Shares for the relevant Settlement Date; minus (b) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *and* (ii) the number of Settlement Shares for such Settlement Date with respect to which Dealer has not unwound its hedge, including the settlement of such unwinds, as of such Forward Price Reduction Date.
Unwind Purchase Price:	The weighted average price at which Dealer purchases Shares during the Unwind Period to unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period (including, for the avoidance of doubt, purchases on any Disrupted Day in part), taking into account Shares anticipated to be delivered or received if Net Share Settlement applies, and the restrictions of Rule 10b-18 under the Exchange Act agreed to hereunder, plus $0.02 per Share.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Dealer shall deliver a number of Shares to Counterparty equal to the

	Net Share Settlement Shares, or (ii) negative number, Counterparty shall deliver a number of Shares to Dealer equal to the Net Share Settlement Shares; *provided* that, if Dealer determines in its commercially reasonable judgment that it would be required to deliver Net Share Settlement Shares to Counterparty, Dealer may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	With respect to a Settlement Date in respect of which Net Share Settlement applies, the absolute value of the Cash Settlement Amount divided by the Unwind Purchase Price, with the number of Shares rounded up in the event such calculation results in a fractional number.
Unwind Period:	The period from and including the first Exchange Business Day following the date Counterparty validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day preceding such Settlement Date, subject to "Termination Settlement" as described in Paragraph 7(f) below. Each Scheduled Trading Day in the Unwind Period shall be an Unwind Date. Notwithstanding anything to the contrary herein, in any Settlement Notice specifying Net Share Settlement or Cash Settlement to be applicable with respect to any Settlement Shares, Counterparty may, at its election, specify an Unwind Period Outside Date and, if so, notwithstanding anything to the contrary herein, the Unwind Period relating to such Settlement Shares will not occur on any date later than such Unwind Period Outside Date (and, for the avoidance of doubt, the provisions set forth in clause (ii) of the proviso opposite the caption "Settlement Method Election" above will apply to any such Unwind Period that ends on the Unwind Period Outside Date, as applicable). "**Unwind Period Outside Date**" means, if specified at Counterparty's election in any Settlement Notice, the second Scheduled Trading Day immediately preceding the last calendar day of the calendar quarter in which the related Settlement Date is scheduled to occur.
Adjustments:	
Method of Adjustment:	Calculation Agent Adjustment. Section 11.2(e) of the Equity Definitions is hereby amended by deleting clauses (iii) and (v) thereof.
Additional Adjustment:	If, in Dealer's commercially reasonable judgment, the actual cost to Dealer (or an affiliate of Dealer) (excluding any balance sheet charges or funding costs incurred by such party), over any 15 consecutive day period, of borrowing a number of Shares equal to the Number of Shares to hedge in a commercially reasonable manner its exposure to this Transaction exceeds a weighted average rate equal to 25 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Dealer for the amount by which such cost exceeded a weighted average rate equal to 25 basis points per annum during such period.
Extraordinary Events:	

Extraordinary Events:	In lieu of the applicable provisions contained in Article 12 of the Equity Definitions, the consequences of any Extraordinary Event (including, for the avoidance of doubt, any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting, or Change In Law) shall be as specified below under the headings "Acceleration Events" and "Termination Settlement" in Paragraphs 7(e) and 7(f), respectively. The definition of "Tender Offer" in Section 12.1(d) of the Equity Definitions is hereby amended by replacing "10%" with "25%."
Failure to Deliver:	Applicable with respect to a Transaction if Dealer is required to deliver Shares under such Transaction; otherwise, Not Applicable
Hedging Party:	For all applicable Additional Disruption Events, Dealer
Determining Party:	For all applicable Extraordinary Events, Dealer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Transfer:	Notwithstanding anything to the contrary herein or in the Agreement, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under this Transaction, in whole or in part, to (A) a wholly owned subsidiary of Dealer Parent, whose obligations hereunder are fully and unconditionally guaranteed by Dealer or Dealer Parent, or (B) any other wholly owned direct or indirect subsidiary of Dealer Parent with a long-term issuer rating equal to or better than the credit rating of Dealer at the time of the transfer; provided that, under all circumstances, Dealer and any transferee of Dealer shall be eligible to provide a United States Internal Revenue Service Form W-9 or Form W-8ECI with respect to any payments under the Agreement.
3. Calculation Agent:	Dealer whose judgments, determinations and calculations shall be made in good faith and in a commercially reasonable manner; provided that, following the occurrence and during the continuance of an Event of Default of the type described in Section 5(a)(vii) of the Agreement with respect to which Dealer is the sole Defaulting Party, if the Calculation Agent fails to timely make any calculation, adjustment or determination required to be made by the Calculation Agent hereunder or to perform any obligation of the Calculation Agent hereunder and such failure continues for five (5) Exchange Business Days following notice to the Calculation Agent by Counterparty of such failure, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Following any determination or calculation by the Calculation Agent hereunder, upon a request by Counterparty, the Calculation Agent shall promptly (but in any event within five

(5) Scheduled Trading Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any assumptions used in making such determination or calculation), it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models used by it for such determination or calculation.

4. Account Details:

(a) Account for delivery of Shares to Dealer:	To be furnished
(b) Account for delivery of Shares to Counterparty:	To be furnished
(c) Account for payments to Counterparty:	To be advised under separate cover or telephone confirmed prior to each Settlement Date
(d) Account for payments to Dealer:	To be advised under separate cover or telephone confirmed prior to each Settlement Date

5. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party

The Office of Dealer for the Transaction is: New York

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

(b) Address for notices or communications to Dealer:

Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036-8293

With a copy to:
Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036-8293
Attention: Steven Seltzer
Email: Steven.Seltzer1@morganstanley.com

7. Other Provisions:

(a) Conditions to Effectiveness. The effectiveness of this Confirmation on the Effective Date shall be subject to the satisfaction or waiver by Dealer of the following conditions: (i) the condition that the representations

and warranties of Counterparty contained in the Underwriting Agreement dated the date hereof between Counterparty, Dealer and the other representatives of the several underwriters named in Schedule I thereto, and the Forward Sellers (as such term is defined therein) (the "**Underwriting Agreement**") and any certificate delivered pursuant thereto by Counterparty are true and correct on the Effective Date as if made as of the Effective Date (ii) the condition that Counterparty has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date (iii) the condition that Counterparty has delivered to Dealer an opinion of counsel dated as of the Effective Date, in form and substance as previously agreed between Counterparty and Dealer; *provided* that any such opinion may contain customary exceptions and qualifications, (iv) all of the conditions set forth in Section 8 of the Underwriting Agreement and (v) the condition, as determined by Dealer in good faith and in a commercially reasonable manner, that neither of the following has occurred (A) Dealer is unable to borrow and deliver for sale a number of Shares equal to the Number of Shares, or (B) in Dealer's commercially reasonable judgment either it is impracticable to do so or Dealer would incur a stock loan cost of more than a rate equal to the 200 bps to do so (in which event this Confirmation shall be effective but the Number of Shares for this Transaction shall be the number of Shares Dealer is required to deliver in accordance with Section 4(c) of the Underwriting Agreement).

(b) Interpretive Letter. Counterparty agrees and acknowledges that this Transaction is being entered into in accordance with the October 9, 2003 interpretive letter from the staff of the Securities and Exchange Commission to Goldman, Sachs & Co. (the "**Interpretive Letter**") and agrees to take all actions, and to omit to take any actions, reasonably requested by Dealer for this Transaction to comply with the Interpretive Letter. In addition, Counterparty represents that it is eligible to conduct a primary offering of Shares on Form S-3, the offering contemplated by the Underwriting Agreement complies with Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Shares are "actively traded" as defined in Rule 101(c)(1) of Regulation M promulgated under the Exchange Act ("**Regulation M**").

(c) Agreements and Acknowledgments Regarding Shares.

(i) Counterparty agrees and acknowledges that, in respect of any Shares delivered to Dealer hereunder, such Shares shall be newly issued (unless mutually agreed otherwise by the parties) and, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and nonassessable, free of any lien, charge, claim or other encumbrance and not subject to any preemptive or similar rights and shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(ii) Counterparty agrees and acknowledges that Dealer (or an affiliate of Dealer) will hedge its exposure to this Transaction by selling Shares borrowed from third party securities lenders or other Shares pursuant to a registration statement, and that, pursuant to the terms of the Interpretive Letter, the Shares (up to the Initial Number of Shares) delivered, pledged or loaned by Counterparty to Dealer (or an affiliate of Dealer) in connection with this Transaction may be used by Dealer (or an affiliate of Dealer) to return to securities lenders without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such securities loan is effected by Dealer or an affiliate of Dealer. Accordingly, subject to Section 7(g) below, Counterparty agrees that the Shares that it delivers, pledges or loans to Dealer (or an affiliate of Dealer) on or prior to the final Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

(iii) Counterparty agrees and acknowledges that it has reserved and will keep available at all times, free from preemptive or similar rights and free from any lien, charge, claim or other encumbrance, authorized but unissued Shares at least equal to the Share Cap (as defined in Section 7(r) below), solely for the purpose of settlement under this Transaction.

(iv) Unless the provisions set forth below under "Private Placement Procedures" are applicable, Dealer agrees to use any Shares delivered by Counterparty hereunder on any Settlement Date to return to securities lenders to close out open securities loans created by Dealer or an affiliate of Dealer in the course of Dealer's or such affiliate's hedging activities related to Dealer's exposure under this Transaction.

(v) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of this Transaction, Dealer shall use its reasonable efforts, based on the advice of counsel, to conduct its activities, or cause its affiliates to conduct their activities, as applicable, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters, as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Dealer's control.

(d) Additional Representations and Agreements of Counterparty. Counterparty represents, warrants and agrees as follows:

(i) Counterparty represents to Dealer on the Trade Date and on any date that Counterparty notifies Dealer that Cash Settlement or Net Share Settlement applies to this Transaction, that (A) Counterparty is not aware of any material nonpublic information regarding Counterparty or the Shares, (B) each of its filings under the Securities Act, the Exchange Act or other applicable securities laws that are required to be filed have been filed and that, as of the date of this representation, when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings), there is no misstatement of material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (C) Counterparty is not entering into this Confirmation nor making any election hereunder to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(ii) [Reserved].

(iii) Counterparty shall, at least one day prior to the first day of any Unwind Period, notify Dealer of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Counterparty or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Unwind Period and during the calendar week in which the first day of the Unwind Period occurs ("Rule 10b-18 purchase", "blocks" and "affiliated purchaser" each being used as defined in Rule 10b-18).

(iv) During any Unwind Period, Counterparty shall (i) notify Dealer prior to the opening of trading in the Shares on any day on which Counterparty makes, or use reasonable efforts to notify Dealer by such time if Counterparty expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to Counterparty (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (ii) promptly notify Dealer following any such announcement that such announcement has been made, and (iii) promptly deliver to Dealer following the making of any such announcement information indicating (A) Counterparty's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (B) Counterparty's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.

(v) Neither Counterparty nor any of its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) shall take or refrain from taking any action (including, without limitation, any direct purchases by Counterparty or any of its affiliates, or any purchases by a party to a derivative transaction with Counterparty or any of its affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Counterparty reasonably believes would cause any purchases of Shares by Dealer or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18, determined as if all such foregoing purchases were made by Counterparty.

(vi) Counterparty will not engage in any "distribution" (as defined in Regulation M), other than a distribution meeting the requirements of an exception set forth in each of Rules 101(b) and 102(b) of Regulation M, that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(vii) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) Counterparty is not insolvent, nor will Counterparty be rendered insolvent as a result of this Transaction or its performance of the terms hereof.

(ix) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties or taking any position or expressing any view with respect to the treatment of this Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(x) Counterparty understands no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(xi) To Counterparty's actual knowledge, no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares, other than Sections 13 and 16 under the Exchange Act and the Federal Power Act.

(xii) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Counterparty of this Confirmation and the consummation of this Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (A) such as have been obtained under the Securities Act and (B) as may be required to be obtained under state securities laws.

(xiii) Counterparty (A) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; (B) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction; and (C) is entering into this Transaction for a bona fide business purpose.

(xiv) Counterparty will, by the next succeeding Scheduled Trading Day following the occurrence thereof, notify Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default, a Potential Event of Default or a Potential Adjustment Event.

(e) Acceleration Events. Each of the following events shall constitute an "**Acceleration Event**":

(i) Stock Borrow Event. In the commercially reasonable judgment of Dealer (A) Dealer (or an affiliate of Dealer) is not able to hedge in a commercially reasonable manner its exposure under this Transaction because insufficient Shares are made available for borrowing by securities lenders or (B) Dealer (or an affiliate of Dealer) would incur a cost (excluding any balance sheet charges or funding costs incurred by such party) to borrow (or to maintain a borrow of) Shares to hedge in a commercially reasonable manner its exposure under this Transaction that is greater than a rate equal to 200 basis points per annum (each, a "**Stock Borrow Event**");

(ii) Dividends and Other Distributions. On any day occurring after the Trade Date, Counterparty declares a distribution, issue or dividend to existing holders of the Shares of (A) any cash dividend (other than an Extraordinary Dividend) for which such cash dividend (x) has an ex-dividend date that occurs before a Forward Price Reduction Date, or (y) for which the amount exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I, (B) any Extraordinary Dividend, (C) any share capital or other securities of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (D) any other type of securities (other than Shares), rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price, as determined in a commercially reasonable manner by Dealer; "**Extraordinary Dividend**" means any dividend or distribution (that is not an ordinary cash dividend) declared by the Issuer with respect to the Shares that, in the commercially reasonable determination of Dealer, is (1) a dividend or distribution declared on the Shares at a time at which the Issuer has not previously declared or paid dividends or distributions on such Shares for the prior four quarterly periods, (2) a payment or distribution by the Issuer to holders of Shares that the Issuer announces will be an "extraordinary" or "special" dividend or distribution or (3) any other "special" dividend or distribution on the Shares that is, by its terms or declared intent, outside the normal course of operations or normal dividend policies or practices of the Issuer;

(iii) ISDA Termination. Either Dealer or Counterparty has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement, in which case, except as otherwise specified herein and except as a result of an Event of Default under Section 5(a)(i) of the Agreement, the provisions of Section 7(f) below shall apply in lieu of the consequences specified in Section 6 of the Agreement;

(iv) Other ISDA Events. An Announcement Date occurs in respect of any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting or the occurrence of any Hedging Disruption or Change in Law; *provided* that, in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); *provided further* that (i) the definition of "Change in Law" provided in Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (A) replacing the phrase "the interpretation" in the third line thereof with the phrase "or announcement or statement of the formal or informal interpretation" and (B) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Dealer on the Trade Date" and (ii) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) the promulgation of or any change in or announcement or statement of the formal or informal interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "**WSTAA**") or any similar provision in any legislation enacted on or after the Trade Date; or

(v) Ownership Event. In the reasonable judgment of Dealer, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (each, an "**Ownership Event**"). For purposes of this clause (v), the "**Share Amount**" as of any day is the number of Shares that Dealer and any person whose ownership position would be aggregated with that of Dealer (Dealer or any such person, a "**Dealer Person**") under any law, rule, regulation or regulatory order or Counterparty constituent document that for any reason is, or after the Trade Date becomes, applicable to ownership of Shares ("**Applicable Provisions**"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under the Applicable Provisions, as determined by Dealer in its reasonable discretion. The "**Post-Effective Limit**" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (except for any filing requirements on Form 13F, Schedule 13D or Schedule 13G under the Exchange Act, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Dealer Person, or would result in an adverse effect on a Dealer Person, under the Applicable Provisions, as determined by Dealer in its reasonable discretion, minus (y) 1.0% of the number of Shares outstanding.

(f) Termination Settlement. Upon the occurrence of any Acceleration Event, Dealer shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "**Termination Settlement Date**") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date. If, upon designation of a Termination Settlement Date by Dealer pursuant to the preceding sentence, Counterparty fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of this Transaction, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Counterparty, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Dealer has unwound its hedge, and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Dealer in respect of such Termination Settlement Date. If an Acceleration Event occurs after Counterparty has designated a Settlement Date to which Physical Settlement applies but before the relevant Settlement Shares have been delivered to Dealer, then Dealer shall have the right to cancel such Settlement Date and designate a Termination Settlement Date in respect of such Shares pursuant to the first sentence hereof. Notwithstanding the foregoing, in the case of a Nationalization or Merger Event, if at the time of the related Relevant Settlement Date the Shares have changed into cash or any other property or the right to receive cash or any other property, the Calculation Agent shall adjust the nature of the Shares as it determines appropriate to account for such change such that the nature of the Shares is consistent with what shareholders receive in such event.

(g) Private Placement Procedures. If Counterparty is unable to comply with the provisions of sub-paragraph (ii) of "Agreements and Acknowledgments Regarding Shares" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Dealer otherwise determines that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty may not be freely returned by Dealer or its affiliates to securities lenders as described under such sub-paragraph (ii) or otherwise constitute "restricted securities" as defined in Rule 144 under the Securities Act, then delivery of any such Shares (the "**Restricted Shares**") shall be effected as provided below, unless waived by Dealer.

(i) If Counterparty delivers the Restricted Shares pursuant to this clause (i) (a "**Private Placement Settlement**"), then delivery of Restricted Shares by Counterparty shall be effected in accordance with private placement procedures customary for private placements of equity securities of substantially similar size with respect to such Restricted Shares reasonably acceptable to Dealer; *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Counterparty to Dealer (or any affiliate designated by Dealer) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Dealer (or any such affiliate of Dealer), and if Counterparty fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Restricted Shares by Dealer), opinions and certificates, and such other documentation as is customary for private placement agreements of equity securities of a substantially similar size, all reasonably acceptable to Dealer. In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Dealer and may only be saleable by Dealer at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Dealer to Counterparty of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the date that would otherwise be applicable.

(ii) If Counterparty delivers any Restricted Shares in respect of this Transaction, Counterparty agrees that (A) such Shares may be transferred by and among Dealer and its affiliates and (B) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed, Counterparty shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Dealer (or such affiliate of Dealer) to Counterparty or such transfer agent of any seller's and broker's representation letters customarily delivered by Dealer or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(h) Rule 10b-5. It is the intent of Dealer and Counterparty that, following any election of Cash Settlement or Net Share Settlement by Counterparty, the purchase of Shares by Dealer during any Unwind Period comply with the requirements of Rule 10b5-l(c)(l)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-l(c). Counterparty acknowledges that (i) during any Unwind Period Counterparty shall not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Dealer (or its agent or affiliate) in connection with this Confirmation and (ii) Counterparty is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

(i) Waiver of Trial by Jury. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(j) Governing Law/Jurisdiction. This Confirmation and any claim, controversy or dispute arising under or related to this Confirmation shall be governed by the laws of the State of New York without reference to the conflict of laws provisions thereof. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States Court for the Southern District of New York in connection with all matters relating hereto and waive any objection to the laying of venue in, and any claim of inconvenient forum with respect to, these courts.

(k) Insolvency Filing. Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing or other proceeding under the Bankruptcy Code in respect of the Issuer, this Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing or other proceeding), it being understood that this Transaction is a contract for the issuance of Shares by the Issuer.

(l) Disclosure. Effective from the date of commencement of discussions concerning the Transaction, each of Dealer and Counterparty and each of their employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

(m) Counterparty Share Repurchases. Counterparty agrees not to repurchase, directly or indirectly, any Shares if, immediately following such purchase, the Outstanding Share Percentage would be equal to or greater than 5%. The "**Outstanding Share Percentage**" as of any day is the fraction (1) the numerator of which is the Number of Shares and (2) the denominator of which is the number of Shares outstanding on such day.

(n) Limit on Beneficial Ownership. Notwithstanding any other provisions hereof, Dealer shall not have the right to acquire Shares hereunder and Dealer shall not be entitled to take delivery of any Shares hereunder (in each case, whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such

receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Dealer and each person subject to aggregation of Shares with Dealer under Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder (the "**Dealer Group**") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder) in excess of 8% of the then outstanding Shares (the "**Threshold Number of Shares**"), (iii) Dealer would hold 5% or more of the number of Shares of Counterparty's outstanding common stock or 5% or more of Counterparty's outstanding voting power (the "**Exchange Limit**") or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of a number of Shares equal to 8% of the outstanding Shares (the "**FPA Limit**"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit, (ii) the Dealer Group would directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would directly or indirectly so hold in excess of the Exchange Limit or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit. If any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Scheduled Trading Day after, Dealer gives notice to Counterparty that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit, (ii) the Dealer Group would not directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would not directly or indirectly so hold in excess of the Exchange Limit and (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would not beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Dealer shall be permitted to make any payment due in respect of such Shares to Counterparty in two or more tranches that correspond in amount to the number of Shares delivered by Counterparty to Dealer pursuant to the immediately preceding paragraph.

(o) Commodity Exchange Act. Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the "**CEA**"), the Agreement and this Transaction are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(51) of the CEA.

(p) Bankruptcy Status. Subject to Paragraph 7(l) above, Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the transactions contemplated hereby that are senior to the claims of Counterparty's common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided, however*, that nothing herein shall be deemed to limit Dealer's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided, further*, that nothing herein shall limit or shall be deemed to limit Dealer's rights in respect of any transaction other than this Transaction.

(q) No Collateral or Setoff. Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations in respect of this Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations in respect of this Transaction, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff.

(r) Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver, in the aggregate in respect of all Settlement Dates or other dates on which Shares are delivered under the Transaction a number of Shares greater than 1.5 times the Number of Shares (the "**Share Cap**"). The Share Cap shall be subject to adjustment only on account of (x) Potential Adjustment Events of the type specified in (1) Sections 11.2(e)(i) through (vi) of the Equity Definitions or (2) Section 11.2(e)(vii) of the Equity Definitions so long as, in the case of this sub-clause (2), such event is within Issuer's control and (y) Merger

Events requiring corporate action of Issuer (or any surviving entity of the Issuer hereunder in connection with any such Merger Event). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 7(r) (the resulting deficit for the Transaction, the "**Deficit Shares**"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, on a pro rata basis between this Transaction and the Other Forwards (as defined below), when, and to the extent that, (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the date hereof (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved or (C) Counterparty additionally authorizes any unissued Shares that are not reserved for transactions other than the Transaction (such events as set forth in clauses (A), (B) and (C) above, collectively, the "**Share Issuance Events**"). Counterparty shall promptly notify Dealer of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered for the Transaction) and, as promptly as reasonably practicable, deliver such Shares thereafter. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction (or the Other Forwards on a pro rata basis as set forth above) or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction (or the Other Forwards on a pro rata basis as set forth above).

(s) Wall Street Transparency and Accountability Act of 2010. The parties hereby agree that none of (i) Section 739 of the WSTAA, (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTAA or any regulation under the WSTAA, (iv) any requirement under the WSTAA or (v) any amendment made by the WSTAA shall limit or otherwise impair either party's right to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Definitions or the Agreement (including, but not limited to, any right arising from any Acceleration Event).

(t) Other Forward(s). Dealer acknowledges that Counterparty has entered into two more substantially identical forward transactions for the Shares on the date hereof (collectively, the "**Other Forwards**") with Barclays Bank PLC and Royal Bank of Canada. Counterparty agrees that it shall not designate a "Settlement Date" with respect to either Other Forward for which "Cash Settlement" or "Net Share Settlement" is applicable and for which the resulting "Unwind Period" for such Other Forward coincides for any period of time with an Unwind Period for this Transaction (the "**Overlap Unwind Period**"), Counterparty shall notify Dealer at least one Scheduled Trading Day prior to the commencement of such Overlap Unwind Period of the first Scheduled Trading Day and the length of such Overlap Unwind Period, and Dealer shall be permitted to purchase Shares to unwind its hedge in respect of this Transaction only on every first Scheduled Trading Day, commencing on the third Scheduled Trading Day of such Overlap Unwind Period.

(u) Indemnity. Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such affiliate or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, except to the extent determined in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from Dealer's gross negligence or willful misconduct. The foregoing provisions shall survive any termination or completion of the Transaction.

(v) Taxes.

a. For purposes of Section 3(e) of the Agreement, Dealer and Counterparty each represent and warrant that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any relevant jurisdiction to make any deduction

or withholding for or on account of any Tax from any payment to be made by it to the other party under this Confirmation and the Transaction evidenced hereby.

b. For the purpose of Sections 4(a)(i) and (iii) of the Agreement, Dealer (including any transferee thereto) agrees to deliver to Counterparty, and Counterparty agrees to deliver to Dealer, (1) one duly executed United States Internal Revenue Service Form W-9 or Form W-8ECI (or successor thereto), completed accurately and in a manner reasonably acceptable to the other party, and any other form or document that may be required or reasonably requested in order to allow the other party to make a payment under this Confirmation without any deduction or withholding for or on account of any Tax or with such deduction at a reduced rate. Such forms shall be delivered upon execution of this Confirmation and each party shall provide a new form promptly upon (i) reasonable request of the other party or (ii) learning that any form previously provided has become inaccurate or incorrect. For the purpose of Section 3(f) of the Agreement, Dealer represents that it is a "United States person" for U.S. federal income tax purposes. For the purpose of Section 3(f) of the Agreement, Counterparty represents that it is (i) a corporation duly organized and formed under the laws of the State of California and (ii) an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

c. The following terms are added to Section 14 (Definitions) of the Agreement:

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Dividend Equivalent Tax" means any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or the United States Treasury Regulations thereunder.

"FATCA Withholding Tax" means any withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Section 871(m)" means (i) Section 871(m) of the Code and (ii) any successor Code provision.

d. "Tax" as used in Section 5(b) of the Agreement, and "Indemnifiable Tax" as defined in Section 14 of the Agreement, shall not include any FATCA Withholding Tax or any Dividend Equivalent Tax. "Tax" as used in clause (v)(a) of this Confirmation shall not include any Dividend Equivalent Tax or any FATCA Withholding Tax. For the avoidance of doubt, each of a FATCA Withholding Tax and a Dividend Equivalent Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement (giving effect to Section 2(d) of the Agreement as modified by clause (v)(e) of this Confirmation below).

e. The Agreement is modified as follows:

i. The flush language at the end of Section 2(d)(ii) is replaced in its entirety with the following: "then, except to the extent Y has satisfied (including by making a payment to X pursuant to Section 2(d)(iii)) or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d))."

ii. The following is added at the end of Section 2(d) as new Section 2(d)(iii):

"Amounts for Dividend Equivalent Taxes.

For all purposes of this Section 2(d), the requirement that X remit any amount of Dividend Equivalent Tax (without regard to whether there is a payment under the Transaction from which to withhold or deduct such Tax) shall be treated as a requirement to withhold or deduct Tax with respect to a payment under the Transaction. If at any time, X is required to remit an amount of Dividend Equivalent Tax with respect to the Transaction, then without duplication for (1) any amount that X has deducted on account of such Tax from any amount paid to Y or (2) any amount that X has paid from money or other property of Y, with respect to Dividend Equivalent Tax required to be remitted, the amount so required to be remitted shall be payable by Y to X on the date on which the remittance of Dividend Equivalent Tax is required to be made. Upon the reasonable request of Y, X will supply to Y computations setting forth in reasonable detail computation of the amount of Dividend Equivalent Tax payable by Y to X pursuant to the preceding sentence."

[*Signature Page Follows*]

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

MORGAN STANLEY & CO. LLC

By: /s/ Scott Pecullan
Name: Scott Pecullan
Title: Managing Director

[Signature Page to Registered Forward
Transaction Confirmation]

Confirmed as of the date first above written:

SEMPRA ENERGY

By: /s/ Kathryn J. Collier
Name: Kathryn J. Collier
Title: Vice President and Treasurer

[Signature Page to Registered Forward
Transaction Confirmation]

Exhibit 1.4

RBC Capital Markets, LLC
as Agent for Royal Bank of Canada
Brookfield Place
200 Vesey Street
New York, NY 10281-1021
Telephone: (212) 858-7000

Date: January 4, 2018

To: Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

Re: Registered Forward Transaction

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Royal Bank of Canada ("**Dealer**") and Sempra Energy ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

Royal Bank of Canada ("**RBC**" or the "**Bank**") has appointed as its agent, its indirect wholly-owned subsidiary, RBC Capital Markets, LLC ("**RBCCM**"), for purposes of conducting on the Bank's behalf, a business in privately negotiated transactions in options and other derivatives. You hereby are advised that RBC, the principal and stated counterparty in such transactions, duly has authorized RBCCM to market, structure, negotiate, document, price, execute and hedge transactions in over-the-counter derivative products. RBCCM has full, complete and unconditional authority to undertake such activities on behalf of RBC. RBCCM acts solely as agent and has no obligation, by way of issuance, endorsement, guarantee or otherwise with respect to the performance of either party under this Transaction. This Transaction is not insured or guaranteed by RBCCM.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**") and the 2006 ISDA Definitions (including the Annex thereto) (the "**2006 Definitions**" and together with the Equity Definitions, the "**Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and the 2006 Definitions, the Equity Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the "**Agreement**") as if Dealer and Counterparty had executed an agreement in such form (without any Schedule but (i) with the elections set forth in this Confirmation and (ii) with the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement will apply to Dealer as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Dealer were three percent of the shareholders' equity of Dealer, (c) the following language were added to the end of Section 5(a)(vi): "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x)

the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that, other than the Transaction to which this Confirmation relates, no Transaction shall be governed by the Agreement. For purposes of the Equity Definitions, this Transaction is a Share Forward Transaction.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	As set forth in Schedule I
Effective Date:	As set forth in Schedule I
Seller:	Counterparty
Buyer:	Dealer
Shares:	Shares of common stock of Counterparty, without par value (Ticker Symbol: "SRE")
Number of Shares:	Initially, as set forth in Schedule I (the "**Initial Number of Shares**"). On each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares settled on such date.
Maturity Date:	As set forth in Schedule I
Initial Forward Price:	As set forth in Schedule I
Forward Price:	(a) On the Effective Date, the Initial Forward Price; and (b) on each calendar day thereafter, (i) the Forward Price as of the immediately preceding calendar day multiplied by (ii) the sum of 1 and the Daily Rate for such day; provided that, on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Daily Rate:	For any day, a rate (which may be positive or negative) equal to (i) (a) the Overnight Bank Rate (or if the Overnight Bank Rate is no longer available, a successor rate selected by the Calculation Agent in its commercially reasonable discretion) for such day minus (b) the Spread divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate" as displayed on the page "OBFR01 <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; *provided* that, if no such rate appears for a particular day on such page, the Overnight Bank Rate for the immediately preceding day for which a rate does so appear shall be used for such

	day.
Spread:	As set forth in Schedule I
Prepayment:	Not Applicable
Variable Obligation:	Not Applicable
Forward Price Reduction Dates:	As set forth on Schedule I, subject to adjustment by written notice, no later than November 30, 2018, from Counterparty to Dealer, in respect of one or more originally scheduled Forward Price Reduction Dates, each occurring on or after January 1, 2019, so long as (i) each such adjusted Forward Price Reduction Date corresponds to an "ex-dividend" date in respect of a regular cash dividend, (ii) such notice from Counterparty contains a representation to Dealer that Counterparty is not, as of the date of such notice, aware of any material nonpublic information regarding Counterparty or the Shares and (iii) each such "ex-dividend" date occurs no earlier than January 1, 2019.
Forward Price Reduction Amounts:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Exchange:	The New York Stock Exchange
Related Exchange(s):	All Exchanges
Clearance System:	The Depository Trust Company
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by replacing the first sentence in its entirety with the following: "'Market Disruption Event' means in respect of a Share or an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, (iii) an Early Closure or (iv) a Regulatory Disruption, in each case that the Calculation Agent determines is material".
Early Closure:	Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.
Regulatory Disruption:	Any event that Dealer, based on the advice of counsel, determines makes it reasonably necessary or appropriate with regard to any legal, regulatory or self-regulatory requirements or related policies and procedures applicable to the Transaction for Dealer to refrain from or decrease any market activity in connection with the Transaction; *provided* that such policies and procedures have been adopted by Dealer in good faith and are generally applicable in similar situations and applied in a non-discriminatory manner.
Settlement:	
Settlement Currency:	USD (all amounts shall be converted to the Settlement Currency in good faith and in a commercially reasonable manner by the

Calculation Agent)

Settlement Date: Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date that is either:

(a) designated by Counterparty as a "Settlement Date" in a written notice (a "**Settlement Notice**") that satisfies the Settlement Notice Requirements, if applicable, and is delivered to Dealer not later than the relevant Settlement Notice Date (as specified in Schedule I); *provided* that, if Dealer shall fully unwind its hedge with respect to the portion of the Number of Shares to be settled during an Unwind Period, Dealer may, by written notice to Counterparty, specify any Scheduled Trading Day prior to such original Settlement Date as the Settlement Date (with prior notice to Counterparty at least two Scheduled Trading Days prior to such Specified Settlement Date);or

(b) designated by Dealer as a "Settlement Date" pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below;

provided that the Maturity Date will be deemed to be designated a Settlement Date if on such date the Number of Shares for which a Settlement Date has not already been designated is greater than zero, and *provided further* that, following the occurrence of five consecutive Disrupted Days during an Unwind Period Dealer may designate the second Scheduled Trading Day thereafter as the Settlement Date with respect to all or a portion of the relevant Settlement Shares.

Settlement Shares: (a) With respect to any Settlement Date other than the Maturity Date, the number of Shares designated as such by Counterparty in the relevant Settlement Notice or designated by Dealer pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below, as applicable; and

(b) with respect to the Settlement Date on the Maturity Date, a number of Shares equal to the Number of Shares at that time;

in each case with the Number of Shares determined taking into account pending Settlement Shares.

Settlement Method Election: Physical Settlement, Cash Settlement, or Net Share Settlement, at the election of Counterparty as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements, if applicable; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares subject to Cash Settlement or Net Share Settlement in respect of which Dealer is unable, in good faith and in its commercially reasonable discretion, to unwind its hedge by the end of the Unwind Period (A) in a manner that, in the reasonable discretion of Dealer, based on advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 ("**Rule 10b-18**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or (B) due to the occurrence of five or more Disrupted Days or

to the lack of sufficient liquidity in the Shares during the Unwind Period, (iii) to any Termination Settlement Date (as defined under "Termination Settlement" in Paragraph 7(f) below) and (iv) if the Maturity Date is a Settlement Date other than as the result of a valid Settlement Notice, in respect of such Settlement Date and for which the provisions of Section 6 of the Agreement do not otherwise apply under the provisions of this Confirmation; *provided further* that if Physical Settlement applies under clause (i), (ii) or (iii) immediately above, Dealer shall provide written notice to Counterparty at least two Scheduled Trading Days prior to such specified Settlement Date.

Settlement Notice Requirements: Notwithstanding any other provision hereof, a Settlement Notice delivered by Counterparty that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Counterparty delivers to Dealer with such Settlement Notice a representation, dated as of the date of such Settlement Notice and signed by Counterparty, in the form set forth in clause (i) under the heading "Additional Representations and Agreements of Counterparty" in Paragraph 7(d) below.

Physical Settlement: If Physical Settlement is applicable, then Counterparty shall deliver to Dealer through the Clearance System a number of Shares equal to the Settlement Shares for such Settlement Date, and Dealer shall pay to Counterparty, by wire transfer of immediately available funds to an account designated by Counterparty, an amount equal to the Physical Settlement Amount for such Settlement Date.

Physical Settlement Amount: For any Settlement Date for which Physical Settlement is applicable, an amount in cash equal to the product of (a) the Forward Price in effect on the date of designation of the relevant Settlement Date multiplied by (b) the Settlement Shares for such Settlement Date.

Cash Settlement: On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount is a positive number, Dealer will pay the Cash Settlement Amount to Counterparty. If the Cash Settlement Amount is a negative number, Counterparty will pay the absolute value of the Cash Settlement Amount to Dealer. Such amounts shall be paid on such Settlement Date by wire transfer of immediately available funds.

Cash Settlement Amount: An amount determined by the Calculation Agent equal to:

(a) (i)(A) the weighted average (weighted on the same basis as clause (B)) of the Forward Prices on each day during the applicable Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, which is accounted for in clause (b) below), minus (B) the Unwind Purchase Price, multiplied by (ii) the Settlement Shares for the relevant Settlement Date; minus

(b) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *and* (ii) the number of Settlement Shares for such Settlement Date with respect to which Dealer has not

	unwound its hedge, including the settlement of such unwinds, as of such Forward Price Reduction Date.
Unwind Purchase Price:	The weighted average price at which Dealer purchases Shares during the Unwind Period to unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period (including, for the avoidance of doubt, purchases on any Disrupted Day in part), taking into account Shares anticipated to be delivered or received if Net Share Settlement applies, and the restrictions of Rule 10b-18 under the Exchange Act agreed to hereunder, plus $0.02 per Share.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Dealer shall deliver a number of Shares to Counterparty equal to the Net Share Settlement Shares, or (ii) negative number, Counterparty shall deliver a number of Shares to Dealer equal to the Net Share Settlement Shares; *provided* that, if Dealer determines in its commercially reasonable judgment that it would be required to deliver Net Share Settlement Shares to Counterparty, Dealer may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	With respect to a Settlement Date in respect of which Net Share Settlement applies, the absolute value of the Cash Settlement Amount divided by the Unwind Purchase Price, with the number of Shares rounded up in the event such calculation results in a fractional number.
Unwind Period:	The period from and including the first Exchange Business Day following the date Counterparty validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day preceding such Settlement Date, subject to "Termination Settlement" as described in Paragraph 7(f) below. Each Scheduled Trading Day in the Unwind Period shall be an Unwind Date. Notwithstanding anything to the contrary herein, in any Settlement Notice specifying Net Share Settlement or Cash Settlement to be applicable with respect to any Settlement Shares, Counterparty may, at its election, specify an Unwind Period Outside Date and, if so, notwithstanding anything to the contrary herein, the Unwind Period relating to such Settlement Shares will not occur on any date later than such Unwind Period Outside Date (and, for the avoidance of doubt, the provisions set forth in clause (ii) of the proviso opposite the caption "Settlement Method Election" above will apply to any such Unwind Period that ends on the Unwind Period Outside Date, as applicable). "**Unwind Period Outside Date**" means, if specified at Counterparty's election in any Settlement Notice, the second Scheduled Trading Day immediately preceding the last calendar day of the calendar quarter in which the related Settlement Date is scheduled to occur.
Adjustments:	
Method of Adjustment:	Calculation Agent Adjustment. Section 11.2(e) of the Equity Definitions is hereby amended by deleting clauses (iii) and (v)

	thereof.
Additional Adjustment:	If, in Dealer's commercially reasonable judgment, the actual cost to Dealer (or an affiliate of Dealer) (excluding any balance sheet charges or funding costs incurred by such party), over any 15 consecutive day period, of borrowing a number of Shares equal to the Number of Shares to hedge in a commercially reasonable manner its exposure to this Transaction exceeds a weighted average rate equal to 25 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Dealer for the amount by which such cost exceeded a weighted average rate equal to 25 basis points per annum during such period.
Extraordinary Events:	
Extraordinary Events:	In lieu of the applicable provisions contained in Article 12 of the Equity Definitions, the consequences of any Extraordinary Event (including, for the avoidance of doubt, any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting, or Change In Law) shall be as specified below under the headings "Acceleration Events" and "Termination Settlement" in Paragraphs 7(e) and 7(f), respectively. The definition of "Tender Offer" in Section 12.1(d) of the Equity Definitions is hereby amended by replacing "10%" with "25%."
Failure to Deliver:	Applicable with respect to a Transaction if Dealer is required to deliver Shares under such Transaction; otherwise, Not Applicable
Hedging Party:	For all applicable Additional Disruption Events, Dealer
Determining Party:	For all applicable Extraordinary Events, Dealer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Transfer:	Notwithstanding anything to the contrary herein or in the Agreement, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under this Transaction, in whole or in part, to (A) a wholly owned subsidiary of Dealer, whose obligations hereunder are fully and unconditionally guaranteed by Dealer, or (B) any other wholly owned direct or indirect subsidiary of Dealer with a long-term issuer rating equal to or better than the credit rating of Dealer at the time of the transfer; provided that, under all circumstances, Dealer and any transferee of Dealer shall be eligible to provide a United States Internal Revenue Service Form W-9 or Form W-8ECI with respect to any payments under the Agreement.
3. Calculation Agent:	Dealer whose judgments, determinations and calculations shall be made in good faith and in a commercially reasonable manner; provided that, following the occurrence and during the continuance

of an Event of Default of the type described in Section 5(a)(vii) of the Agreement with respect to which Dealer is the sole Defaulting Party, if the Calculation Agent fails to timely make any calculation, adjustment or determination required to be made by the Calculation Agent hereunder or to perform any obligation of the Calculation Agent hereunder and such failure continues for five (5) Exchange Business Days following notice to the Calculation Agent by Counterparty of such failure, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Following any determination or calculation by the Calculation Agent hereunder, upon a request by Counterparty, the Calculation Agent shall promptly (but in any event within five (5) Scheduled Trading Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any assumptions used in making such determination or calculation), it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models used by it for such determination or calculation.

4. Account Details:

(a) Account for delivery of Shares to Dealer:	To be furnished
(b) Account for delivery of Shares to Counterparty:	To be furnished
(c) Account for payments to Counterparty:	To be advised under separate cover or telephone confirmed prior to each Settlement Date
(d) Account for payments to Dealer:	To be advised under separate cover or telephone confirmed prior to each Settlement Date

5. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party

The Office of Dealer for the Transaction is: Toronto

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

(b) Address for notices or communications to Dealer:

For purpose of Giving Notice:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street
New York, NY 10281
Attention: ECM
Email: RBCECMCorporateEquityLinkedDocumentation@rbc.com

For Trade Affirmations and Settlements:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street
New York, NY 10281
Attention: Back Office
Email: geda@rbccm.com

For Trade Confirmations:

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street
New York, NY 10281
Attention: Structured Derivatives Documentation
Email: seddoc@rbccm.com

7. Other Provisions:

(a) Conditions to Effectiveness. The effectiveness of this Confirmation on the Effective Date shall be subject to the satisfaction or waiver by Dealer of the following conditions: (i) the condition that the representations and warranties of Counterparty contained in the Underwriting Agreement dated the date hereof between Counterparty, RBCCM and the other representatives of the several underwriters named in Schedule I thereto, and the Forward Sellers (as such term is defined therein) (the "**Underwriting Agreement**") and any certificate delivered pursuant thereto by Counterparty are true and correct on the Effective Date as if made as of the Effective Date (ii) the condition that Counterparty has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date (iii) the condition that Counterparty has delivered to Dealer an opinion of counsel dated as of the Effective Date, in form and substance as previously agreed between Counterparty and Dealer; *provided* that any such opinion may contain customary exceptions and qualifications, (iv) all of the conditions set forth in Section 8 of the Underwriting Agreement and (v) the condition, as determined by Dealer in good faith and in a commercially reasonable manner, that neither of the following has occurred (A) Dealer is unable to borrow and deliver for sale a number of Shares equal to the Number of Shares, or (B) in Dealer's commercially reasonable judgment either it is impracticable to do so or Dealer would incur a stock loan cost of more than a rate equal to the 200 bps to do so (in which event this Confirmation shall be effective but the Number of Shares for this Transaction shall be the number of Shares Dealer is required to deliver in accordance with Section 4(c) of the Underwriting Agreement).

(b) Interpretive Letter. Counterparty agrees and acknowledges that this Transaction is being entered into in accordance with the October 9, 2003 interpretive letter from the staff of the Securities and Exchange Commission to Goldman, Sachs & Co. (the "**Interpretive Letter**") and agrees to take all actions, and to omit to take any actions, reasonably requested by Dealer for this Transaction to comply with the Interpretive Letter. In addition, Counterparty represents that it is eligible to conduct a primary offering of Shares on Form S-3, the offering contemplated by the Underwriting Agreement complies with Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Shares are "actively traded" as defined in Rule 101(c)(1) of Regulation M promulgated under the Exchange Act ("**Regulation M**").

(c) Agreements and Acknowledgments Regarding Shares.

(i) Counterparty agrees and acknowledges that, in respect of any Shares delivered to Dealer hereunder, such Shares shall be newly issued (unless mutually agreed otherwise by the parties) and, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and nonassessable, free of any lien, charge, claim or other encumbrance and not subject to any preemptive or similar rights and shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(ii) Counterparty agrees and acknowledges that Dealer (or an affiliate of Dealer) will hedge its exposure to this Transaction by selling Shares borrowed from third party securities lenders or other Shares pursuant to a registration statement, and that, pursuant to the terms of the Interpretive Letter, the Shares (up to the Initial Number of Shares) delivered, pledged or loaned by Counterparty to Dealer (or an affiliate of Dealer) in connection with this Transaction may be used by Dealer (or an affiliate of Dealer) to return to securities lenders without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such securities loan is effected by Dealer or an affiliate of Dealer. Accordingly, subject to Section 7(g) below, Counterparty agrees that the Shares that it delivers, pledges or loans to Dealer (or an affiliate of Dealer) on or prior to the final Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

(iii) Counterparty agrees and acknowledges that it has reserved and will keep available at all times, free from preemptive or similar rights and free from any lien, charge, claim or other encumbrance, authorized but unissued Shares at least equal to the Share Cap (as defined in Section 7(r) below), solely for the purpose of settlement under this Transaction.

(iv) Unless the provisions set forth below under “Private Placement Procedures” are applicable, Dealer agrees to use any Shares delivered by Counterparty hereunder on any Settlement Date to return to securities lenders to close out open securities loans created by Dealer or an affiliate of Dealer in the course of Dealer’s or such affiliate’s hedging activities related to Dealer’s exposure under this Transaction.

(v) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of this Transaction, Dealer shall use its reasonable efforts, based on the advice of counsel, to conduct its activities, or cause its affiliates to conduct their activities, as applicable, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters, as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Dealer’s control.

(d) Additional Representations and Agreements of Counterparty. Counterparty represents, warrants and agrees as follows:

(i) Counterparty represents to Dealer on the Trade Date and on any date that Counterparty notifies Dealer that Cash Settlement or Net Share Settlement applies to this Transaction, that (A) Counterparty is not aware of any material nonpublic information regarding Counterparty or the Shares, (B) each of its filings under the Securities Act, the Exchange Act or other applicable securities laws that are required to be filed have been filed and that, as of the date of this representation, when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings), there is no misstatement of material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (C) Counterparty is not entering into this Confirmation nor making any election hereunder to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(ii) [Reserved].

(iii) Counterparty shall, at least one day prior to the first day of any Unwind Period, notify Dealer of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Counterparty or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Unwind Period and during the calendar week in which the first day of the Unwind Period occurs ("Rule 10b-18 purchase", "blocks" and "affiliated purchaser" each being used as defined in Rule 10b-18).

(iv) During any Unwind Period, Counterparty shall (i) notify Dealer prior to the opening of trading in the Shares on any day on which Counterparty makes, or use reasonable efforts to notify Dealer by such time if Counterparty expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to Counterparty (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (ii) promptly notify Dealer following any such announcement that such announcement has been made, and (iii) promptly deliver to Dealer following the making of any such announcement information indicating (A) Counterparty's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (B) Counterparty's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.

(v) Neither Counterparty nor any of its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) shall take or refrain from taking any action (including, without limitation, any direct purchases by Counterparty or any of its affiliates, or any purchases by a party to a derivative transaction with Counterparty or any of its affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Counterparty reasonably believes would cause any purchases of Shares by Dealer or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18, determined as if all such foregoing purchases were made by Counterparty.

(vi) Counterparty will not engage in any "distribution" (as defined in Regulation M), other than a distribution meeting the requirements of an exception set forth in each of Rules 101(b) and 102(b) of Regulation M, that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(vii) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) Counterparty is not insolvent, nor will Counterparty be rendered insolvent as a result of this Transaction or its performance of the terms hereof.

(ix) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties or taking any position or expressing any view with respect to the treatment of this Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(x) Counterparty understands no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(xi) To Counterparty's actual knowledge, no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain

prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares, other than Sections 13 and 16 under the Exchange Act and the Federal Power Act.

(xii) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Counterparty of this Confirmation and the consummation of this Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (A) such as have been obtained under the Securities Act and (B) as may be required to be obtained under state securities laws.

(xiii) Counterparty (A) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; (B) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction; and (C) is entering into this Transaction for a bona fide business purpose.

(xiv) Counterparty will, by the next succeeding Scheduled Trading Day following the occurrence thereof, notify Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default, a Potential Event of Default or a Potential Adjustment Event.

(e) Acceleration Events. Each of the following events shall constitute an "**Acceleration Event**":

(i) Stock Borrow Event. In the commercially reasonable judgment of Dealer (A) Dealer (or an affiliate of Dealer) is not able to hedge in a commercially reasonable manner its exposure under this Transaction because insufficient Shares are made available for borrowing by securities lenders or (B) Dealer (or an affiliate of Dealer) would incur a cost (excluding any balance sheet charges or funding costs incurred by such party) to borrow (or to maintain a borrow of) Shares to hedge in a commercially reasonable manner its exposure under this Transaction that is greater than a rate equal to 200 basis points per annum (each, a "**Stock Borrow Event**");

(ii) Dividends and Other Distributions. On any day occurring after the Trade Date, Counterparty declares a distribution, issue or dividend to existing holders of the Shares of (A) any cash dividend (other than an Extraordinary Dividend) for which such cash dividend (x) has an ex-dividend date that occurs before a Forward Price Reduction Date, or (y) for which the amount exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I, (B) any Extraordinary Dividend, (C) any share capital or other securities of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (D) any other type of securities (other than Shares), rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price, as determined in a commercially reasonable manner by Dealer; "**Extraordinary Dividend**" means any dividend or distribution (that is not an ordinary cash dividend) declared by the Issuer with respect to the Shares that, in the commercially reasonable determination of Dealer, is (1) a dividend or distribution declared on the Shares at a time at which the Issuer has not previously declared or paid dividends or distributions on such Shares for the prior four quarterly periods, (2) a payment or distribution by the Issuer to holders of Shares that the Issuer announces will be an "extraordinary" or "special" dividend or distribution or (3) any other "special" dividend or distribution on the Shares that is, by its terms or declared intent, outside the normal course of operations or normal dividend policies or practices of the Issuer;

(iii) ISDA Termination. Either Dealer or Counterparty has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement, in which case, except as otherwise specified herein and except as a result of an Event of Default under Section 5(a)(i) of the Agreement, the provisions of Section 7(f) below shall apply in lieu of the consequences specified in Section 6 of the Agreement;

(iv) Other ISDA Events. An Announcement Date occurs in respect of any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting or the occurrence of any Hedging Disruption or Change in Law; *provided* that, in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and

the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); *provided further* that (i) the definition of "Change in Law" provided in Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (A) replacing the phrase "the interpretation" in the third line thereof with the phrase "or announcement or statement of the formal or informal interpretation" and (B) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Dealer on the Trade Date" and (ii) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) the promulgation of or any change in or announcement or statement of the formal or informal interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "**WSTAA**") or any similar provision in any legislation enacted on or after the Trade Date; or

(v) Ownership Event. In the reasonable judgment of Dealer, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (each, an "**Ownership Event**"). For purposes of this clause (v), the "**Share Amount**" as of any day is the number of Shares that Dealer and any person whose ownership position would be aggregated with that of Dealer (Dealer or any such person, a "**Dealer Person**") under any law, rule, regulation or regulatory order or Counterparty constituent document that for any reason is, or after the Trade Date becomes, applicable to ownership of Shares ("**Applicable Provisions**"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under the Applicable Provisions, as determined by Dealer in its reasonable discretion. The "**Post-Effective Limit**" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (except for any filing requirements on Form 13F, Schedule 13D or Schedule 13G under the Exchange Act, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Dealer Person, or would result in an adverse effect on a Dealer Person, under the Applicable Provisions, as determined by Dealer in its reasonable discretion, minus (y) 1.0% of the number of Shares outstanding.

(f) Termination Settlement. Upon the occurrence of any Acceleration Event, Dealer shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "**Termination Settlement Date**") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date. If, upon designation of a Termination Settlement Date by Dealer pursuant to the preceding sentence, Counterparty fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of this Transaction, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Counterparty, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Dealer has unwound its hedge, and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Dealer in respect of such Termination Settlement Date. If an Acceleration Event occurs after Counterparty has designated a Settlement Date to which Physical Settlement applies but before the relevant Settlement Shares have been delivered to Dealer, then Dealer shall have the right to cancel such Settlement Date and designate a Termination Settlement Date in respect of such Shares pursuant to the first sentence hereof. Notwithstanding the foregoing, in the case of a Nationalization or Merger Event, if at the time of the related Relevant Settlement Date the Shares have changed into cash or any other property or the right to receive cash or any other property, the Calculation Agent shall adjust the nature of the Shares as it determines appropriate to account for such change such that the nature of the Shares is consistent with what shareholders receive in such event.

(g) Private Placement Procedures. If Counterparty is unable to comply with the provisions of sub-paragraph (ii) of "Agreements and Acknowledgments Regarding Shares" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Dealer otherwise determines that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty may not be freely returned by Dealer or its affiliates to securities lenders as described under such sub-paragraph (ii) or otherwise constitute "restricted securities" as

defined in Rule 144 under the Securities Act, then delivery of any such Shares (the "**Restricted Shares**") shall be effected as provided below, unless waived by Dealer.

(i) If Counterparty delivers the Restricted Shares pursuant to this clause (i) (a "**Private Placement Settlement**"), then delivery of Restricted Shares by Counterparty shall be effected in accordance with private placement procedures customary for private placements of equity securities of substantially similar size with respect to such Restricted Shares reasonably acceptable to Dealer; *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Counterparty to Dealer (or any affiliate designated by Dealer) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Dealer (or any such affiliate of Dealer), and if Counterparty fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Restricted Shares by Dealer), opinions and certificates, and such other documentation as is customary for private placement agreements of equity securities of a substantially similar size, all reasonably acceptable to Dealer. In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Dealer and may only be saleable by Dealer at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Dealer to Counterparty of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the date that would otherwise be applicable.

(ii) If Counterparty delivers any Restricted Shares in respect of this Transaction, Counterparty agrees that (A) such Shares may be transferred by and among Dealer and its affiliates and (B) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed, Counterparty shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Dealer (or such affiliate of Dealer) to Counterparty or such transfer agent of any seller's and broker's representation letters customarily delivered by Dealer or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(h) Rule 10b-5. It is the intent of Dealer and Counterparty that, following any election of Cash Settlement or Net Share Settlement by Counterparty, the purchase of Shares by Dealer during any Unwind Period comply with the requirements of Rule 10b5-l(c)(l)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-l(c). Counterparty acknowledges that (i) during any Unwind Period Counterparty shall not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Dealer (or its agent or affiliate) in connection with this Confirmation and (ii) Counterparty is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

(i) Waiver of Trial by Jury. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(j) Governing Law/Jurisdiction. This Confirmation and any claim, controversy or dispute arising under or related to this Confirmation shall be governed by the laws of the State of New York without reference to the conflict of laws provisions thereof. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States Court for the Southern District of New York in connection with all matters relating hereto and waive any objection to the laying of venue in, and any claim of inconvenient forum with respect to, these courts.

(k) Insolvency Filing. Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing or other proceeding under the Bankruptcy Code in respect of the Issuer, this Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing or other proceeding), it being understood that this Transaction is a contract for the issuance of Shares by the Issuer.

(l) Disclosure. Effective from the date of commencement of discussions concerning the Transaction, each of Dealer and Counterparty and each of their employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

(m) Counterparty Share Repurchases. Counterparty agrees not to repurchase, directly or indirectly, any Shares if, immediately following such purchase, the Outstanding Share Percentage would be equal to or greater than 5%. The "**Outstanding Share Percentage**" as of any day is the fraction (1) the numerator of which is the Number of Shares and (2) the denominator of which is the number of Shares outstanding on such day.

(n) Limit on Beneficial Ownership. Notwithstanding any other provisions hereof, Dealer shall not have the right to acquire Shares hereunder and Dealer shall not be entitled to take delivery of any Shares hereunder (in each case, whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Dealer and each person subject to aggregation of Shares with Dealer under Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder (the "**Dealer Group**") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder) in excess of 8% of the then outstanding Shares (the "**Threshold Number of Shares**"), (iii) Dealer would hold 5% or more of the number of Shares of Counterparty's outstanding common stock or 5% or more of Counterparty's outstanding voting power (the "**Exchange Limit**") or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of a number of Shares equal to 8% of the outstanding Shares (the "**FPA Limit**"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit, (ii) the Dealer Group would directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would directly or indirectly so hold in excess of the Exchange Limit or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit. If any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Scheduled Trading Day after, Dealer gives notice to Counterparty that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit, (ii) the Dealer Group would not directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would not directly or indirectly so hold in excess of the Exchange Limit and (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would not beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Dealer shall be permitted to make any payment due in respect of such Shares to Counterparty in two or more tranches that correspond in amount to the number of Shares delivered by Counterparty to Dealer pursuant to the immediately preceding paragraph.

(o) Commodity Exchange Act. Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the "**CEA**"), the Agreement and this Transaction are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(51) of the CEA.

(p) Bankruptcy Status. Subject to Paragraph 7(l) above, Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the transactions contemplated hereby that are senior to the claims of Counterparty's common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided*, *however*, that nothing herein shall be deemed to limit Dealer's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided*, *further*, that nothing herein shall limit or shall be deemed to limit Dealer's rights in respect of any transaction other than this Transaction.

(q) No Collateral or Setoff. Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations in respect of this Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations in respect of this Transaction, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff.

(r) Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver, in the aggregate in respect of all Settlement Dates or other dates on which Shares are delivered under the Transaction a number of Shares greater than 1.5 times the Number of Shares (the "**Share Cap**"). The Share Cap shall be subject to adjustment only on account of (x) Potential Adjustment Events of the type specified in (1) Sections 11.2(e)(i) through (vi) of the Equity Definitions or (2) Section 11.2(e)(vii) of the Equity Definitions so long as, in the case of this sub-clause (2), such event is within Issuer's control and (y) Merger Events requiring corporate action of Issuer (or any surviving entity of the Issuer hereunder in connection with any such Merger Event). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 7(r) (the resulting deficit for the Transaction, the "**Deficit Shares**"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, on a pro rata basis between this Transaction and the Other Forwards (as defined below), when, and to the extent that, (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the date hereof (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved or (C) Counterparty additionally authorizes any unissued Shares that are not reserved for transactions other than the Transaction (such events as set forth in clauses (A), (B) and (C) above, collectively, the "**Share Issuance Events**"). Counterparty shall promptly notify Dealer of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered for the Transaction) and, as promptly as reasonably practicable, deliver such Shares thereafter. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction (or the Other Forwards on a pro rata basis as set forth above) or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction (or the Other Forwards on a pro rata basis as set forth above).

(s) Wall Street Transparency and Accountability Act of 2010. The parties hereby agree that none of (i) Section 739 of the WSTAA, (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTAA or any regulation under the WSTAA, (iv) any requirement under the WSTAA or (v) any amendment made by the WSTAA shall limit or otherwise impair either party's right to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Definitions or the Agreement (including, but not limited to, any right arising from any Acceleration Event).

(t) Other Forward(s). Dealer acknowledges that Counterparty has entered into two more substantially identical forward transactions for the Shares on the date hereof (collectively, the "**Other Forwards**") with Barclays Bank PLC and Morgan Stanley & Co. LLC. Counterparty agrees that it shall not designate a "Settlement Date" with respect to either Other Forward for which "Cash Settlement" or "Net Share Settlement" is applicable and for which the resulting "Unwind Period" for such Other Forward coincides for any period of time with an Unwind Period for this Transaction (the "**Overlap Unwind Period**"), Counterparty shall notify Dealer at least one Scheduled Trading Day prior to the commencement of such Overlap Unwind Period of the first Scheduled Trading Day and the length of such Overlap Unwind Period, and Dealer shall be permitted to purchase Shares to unwind its hedge in respect of this Transaction only on every second Scheduled Trading Day, commencing on the third Scheduled Trading Day of such Overlap Unwind Period.

(u) Indemnity. Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such affiliate or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, except to the extent determined in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from Dealer's gross negligence or willful misconduct. The foregoing provisions shall survive any termination or completion of the Transaction.

(v) Taxes.

a. For purposes of Section 3(e) of the Agreement, Dealer and Counterparty each represent and warrant that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any relevant jurisdiction to make any deduction or withholding for or on account of any Tax from any payment to be made by it to the other party under this Confirmation and the Transaction evidenced hereby.

b. For the purpose of Sections 4(a)(i) and (iii) of the Agreement, Dealer (including any transferee thereto) agrees to deliver to Counterparty, and Counterparty agrees to deliver to Dealer, (1) one duly executed United States Internal Revenue Service Form W-9 or Form W-8ECI, as applicable (or successor thereto), completed accurately and in a manner reasonably acceptable to the other party and any other form or document that may be required or reasonably requested in order to allow the other party to make a payment under this Confirmation, including any Credit Support Document, without any deduction or withholding for or on account of any Tax or with such deduction at a reduced rate. Such forms shall be delivered upon execution of this Confirmation and each party shall provide a new form promptly upon (i) reasonable request of the other party or (ii) learning that any form previously provided has become inaccurate or incorrect. For the purpose of Section 3(f) of the Agreement, Dealer represents that (i) it is a bank organized under the laws of Canada, (ii) it is a corporation for U.S. federal income tax purposes and (iii) each payment received or to be received by it in connection with this Confirmation will be effectively connected with its conduct of a trade or business in the United States. For the purpose of Section 3(f) of the Agreement, Counterparty represents that it is (i) a corporation duly organized and formed under the laws of the State of California and (ii) an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

c. The following terms are added to Section 14 (Definitions) of the Agreement:

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Dividend Equivalent Tax" means any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or the United States Treasury Regulations thereunder.

"FATCA Withholding Tax" means any withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Section 871(m)" means (i) Section 871(m) of the Code and (ii) any successor Code provision.

d. "Tax" as used in Section 5(b) of the Agreement, and "Indemnifiable Tax" as defined in Section 14 of the Agreement, shall not include any FATCA Withholding Tax or any Dividend Equivalent Tax. "Tax" as used in clause (v)(a) of this Confirmation shall not include any Dividend Equivalent Tax or any FATCA Withholding Tax. For the avoidance of doubt, each of a FATCA Withholding Tax and a Dividend Equivalent Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement (giving effect to Section 2(d) of the Agreement as modified by clause (v)(e) of this Confirmation below).

e. The Agreement is modified as follows:

i. The flush language at the end of Section 2(d)(ii) is replaced in its entirety with the following: "then, except to the extent Y has satisfied (including by making a payment to X pursuant to Section 2(d)(iii)) or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d))."

ii. The following is added at the end of Section 2(d) as new Section 2(d)(iii):

"Amounts for Dividend Equivalent Taxes.

For all purposes of this Section 2(d), the requirement that X remit any amount of Dividend Equivalent Tax (without regard to whether there is a payment under the Transaction from which to withhold or deduct such Tax) shall be treated as a requirement to withhold or deduct Tax with respect to a payment under the Transaction. If at any time, X is required to remit an amount of Dividend Equivalent Tax with respect to the Transaction, then without duplication for (1) any amount that X has deducted on account of such Tax from any amount paid to Y or (2) any amount that X has paid from money or other property of Y, with respect to Dividend Equivalent Tax required to be remitted, the amount so required to be remitted shall be payable by Y to X on the date on which the remittance of Dividend Equivalent Tax is required to be made. Upon the reasonable request of Y, X will supply to Y computations setting forth in reasonable detail computation of the amount of Dividend Equivalent Tax payable by Y to X pursuant to the preceding sentence."

[*Signature Page Follows*]

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

RBC Capital Markets LLC
as agent for
ROYAL BANK OF CANADA

By: /s/ Shane Didier
Name: Shane Didier
Title: Analyst

[Signature Page to Registered Forward
Transaction Confirmation]

Confirmed as of the date first above written:

SEMPRA ENERGY

By: /s/ Kathryn J. Collier
Name: Kathryn J. Collier
Title: Vice President and Treasurer

[Signature Page to Registered Forward
Transaction Confirmation]

Barclays Bank PLC
5 The North Colonnade
Canary Wharf, London E14 4BB
Facsimile: +44 (20) 77736461
Telephone: +44 (20) 777 36810

c/o Barclays Capital Inc.
as Agent for Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019
Telephone: +1 212 412 4000

Date: January 4, 2018

To: Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

Re: Registered Forward Transaction

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Barclays Bank PLC ("**Dealer**"), through its agent Barclays Capital Inc. (the "**Agent**"), and Sempra Energy ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below. Dealer is not a member of the Securities Investor Protection Corporation ("**SIPC**"). Dealer is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**") and the 2006 ISDA Definitions (including the Annex thereto) (the "**2006 Definitions**" and together with the Equity Definitions, the "**Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and the 2006 Definitions, the Equity Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the "**Agreement**") as if Dealer and Counterparty had executed an agreement in such form (without any Schedule but (i) with the elections set forth in this Confirmation and (ii) with the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement will apply to Dealer as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Dealer were three percent of the shareholders' equity of Dealer, (c) the following language were added to the end of Section 5(a)(vi): "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within two Local Business

Days of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that, other than the Transaction to which this Confirmation relates, no Transaction shall be governed by the Agreement. For purposes of the Equity Definitions, this Transaction is a Share Forward Transaction.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	As set forth in Schedule I
Effective Date:	As set forth in Schedule I
Seller:	Counterparty
Buyer:	Dealer
Shares:	Shares of common stock of Counterparty, without par value (Ticker Symbol: "SRE")
Number of Shares:	Initially, as set forth in Schedule I (the "**Initial Number of Shares**"). On each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares settled on such date.
Maturity Date:	As set forth in Schedule I
Initial Forward Price:	As set forth in Schedule I
Forward Price:	(a) On the Effective Date, the Initial Forward Price; and (b) on each calendar day thereafter, (i) the Forward Price as of the immediately preceding calendar day multiplied by (ii) the sum of 1 and the Daily Rate for such day; provided that, on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Daily Rate:	For any day, a rate (which may be positive or negative) equal to (i) (a) the Overnight Bank Rate (or if the Overnight Bank Rate is no longer available, a successor rate selected by the Calculation Agent in its commercially reasonable discretion) for such day minus (b) the Spread divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate" as displayed on the page "OBFR01 <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; *provided* that, if no such rate appears for a particular day on such page, the Overnight Bank Rate for the immediately preceding day for which a rate does so appear shall be used for such day.

Spread:	As set forth in Schedule I
Prepayment:	Not Applicable
Variable Obligation:	Not Applicable
Forward Price Reduction Dates:	As set forth on Schedule I, subject to adjustment by written notice, no later than November 30, 2018, from Counterparty to Dealer, in respect of one or more originally scheduled Forward Price Reduction Dates, each occurring on or after January 1, 2019, so long as (i) each such adjusted Forward Price Reduction Date corresponds to an "ex-dividend" date in respect of a regular cash dividend, (ii) such notice from Counterparty contains a representation to Dealer that Counterparty is not, as of the date of such notice, aware of any material nonpublic information regarding Counterparty or the Shares and (iii) each such "ex-dividend" date occurs no earlier than January 1, 2019.
Forward Price Reduction Amounts:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Exchange:	The New York Stock Exchange
Related Exchange(s):	All Exchanges
Clearance System:	The Depository Trust Company
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by replacing the first sentence in its entirety with the following: "'Market Disruption Event' means in respect of a Share or an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, (iii) an Early Closure or (iv) a Regulatory Disruption, in each case that the Calculation Agent determines is material".
Early Closure:	Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.
Regulatory Disruption:	Any event that Dealer, based on the advice of counsel, determines makes it reasonably necessary or appropriate with regard to any legal, regulatory or self-regulatory requirements or related policies and procedures applicable to the Transaction for Dealer to refrain from or decrease any market activity in connection with the Transaction; *provided* that such policies and procedures have been adopted by Dealer in good faith and are generally applicable in similar situations and applied in a non-discriminatory manner.
Settlement:	
Settlement Currency:	USD (all amounts shall be converted to the Settlement Currency in good faith and in a commercially reasonable manner by the Calculation Agent)

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date that is either: (a) designated by Counterparty as a "Settlement Date" in a written notice (a "**Settlement Notice**") that satisfies the Settlement Notice Requirements, if applicable, and is delivered to Dealer not later than the relevant Settlement Notice Date (as specified in Schedule I); *provided* that, if Dealer shall fully unwind its hedge with respect to the portion of the Number of Shares to be settled during an Unwind Period, Dealer may, by written notice to Counterparty, specify any Scheduled Trading Day prior to such original Settlement Date as the Settlement Date (with prior notice to Counterparty at least two Scheduled Trading Days prior to such Specified Settlement Date);or (b) designated by Dealer as a "Settlement Date" pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below; *provided* that the Maturity Date will be deemed to be designated a Settlement Date if on such date the Number of Shares for which a Settlement Date has not already been designated is greater than zero, and *provided further* that, following the occurrence of five consecutive Disrupted Days during an Unwind Period Dealer may designate the second Scheduled Trading Day thereafter as the Settlement Date with respect to all or a portion of the relevant Settlement Shares.
Settlement Shares:	(a) With respect to any Settlement Date other than the Maturity Date, the number of Shares designated as such by Counterparty in the relevant Settlement Notice or designated by Dealer pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below, as applicable; and (b) with respect to the Settlement Date on the Maturity Date, a number of Shares equal to the Number of Shares at that time; in each case with the Number of Shares determined taking into account pending Settlement Shares.
Settlement Method Election:	Physical Settlement, Cash Settlement, or Net Share Settlement, at the election of Counterparty as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements, if applicable; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares subject to Cash Settlement or Net Share Settlement in respect of which Dealer is unable, in good faith and in its commercially reasonable discretion, to unwind its hedge by the end of the Unwind Period (A) in a manner that, in the reasonable discretion of Dealer, based on advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 ("**Rule 10b-18**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or (B) due to the occurrence of five or more Disrupted Days or to the lack of sufficient liquidity in the Shares during the Unwind Period, (iii) to any Termination Settlement Date (as defined under

	"Termination Settlement" in Paragraph 7(f) below) and (iv) if the Maturity Date is a Settlement Date other than as the result of a valid Settlement Notice, in respect of such Settlement Date and for which the provisions of Section 6 of the Agreement do not otherwise apply under the provisions of this Confirmation; *provided further* that if Physical Settlement applies under clause (i), (ii) or (iii) immediately above, Dealer shall provide written notice to Counterparty at least two Scheduled Trading Days prior to such specified Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Counterparty that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Counterparty delivers to Dealer with such Settlement Notice a representation, dated as of the date of such Settlement Notice and signed by Counterparty, in the form set forth in clause (i) under the heading "Additional Representations and Agreements of Counterparty" in Paragraph 7(d) below.
Physical Settlement:	If Physical Settlement is applicable, then Counterparty shall deliver to Dealer through the Clearance System a number of Shares equal to the Settlement Shares for such Settlement Date, and Dealer shall pay to Counterparty, by wire transfer of immediately available funds to an account designated by Counterparty, an amount equal to the Physical Settlement Amount for such Settlement Date.
Physical Settlement Amount:	For any Settlement Date for which Physical Settlement is applicable, an amount in cash equal to the product of (a) the Forward Price in effect on the date of designation of the relevant Settlement Date multiplied by (b) the Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount is a positive number, Dealer will pay the Cash Settlement Amount to Counterparty. If the Cash Settlement Amount is a negative number, Counterparty will pay the absolute value of the Cash Settlement Amount to Dealer. Such amounts shall be paid on such Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	An amount determined by the Calculation Agent equal to: (a) (i)(A) the weighted average (weighted on the same basis as clause (B)) of the Forward Prices on each day during the applicable Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, which is accounted for in clause (b) below), minus (B) the Unwind Purchase Price, multiplied by (ii) the Settlement Shares for the relevant Settlement Date; minus (b) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *and* (ii) the number of Settlement Shares for such Settlement Date with respect to which Dealer has not unwound its hedge, including the settlement of such unwinds,

as of such Forward Price Reduction Date.

Unwind Purchase Price:	The weighted average price at which Dealer purchases Shares during the Unwind Period to unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period (including, for the avoidance of doubt, purchases on any Disrupted Day in part), taking into account Shares anticipated to be delivered or received if Net Share Settlement applies, and the restrictions of Rule 10b-18 under the Exchange Act agreed to hereunder, plus $0.02 per Share.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Dealer shall deliver a number of Shares to Counterparty equal to the Net Share Settlement Shares, or (ii) negative number, Counterparty shall deliver a number of Shares to Dealer equal to the Net Share Settlement Shares; *provided* that, if Dealer determines in its commercially reasonable judgment that it would be required to deliver Net Share Settlement Shares to Counterparty, Dealer may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	With respect to a Settlement Date in respect of which Net Share Settlement applies, the absolute value of the Cash Settlement Amount divided by the Unwind Purchase Price, with the number of Shares rounded up in the event such calculation results in a fractional number.
Unwind Period:	The period from and including the first Exchange Business Day following the date Counterparty validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day preceding such Settlement Date, subject to "Termination Settlement" as described in Paragraph 7(f) below. Each Scheduled Trading Day in the Unwind Period shall be an Unwind Date. Notwithstanding anything to the contrary herein, in any Settlement Notice specifying Net Share Settlement or Cash Settlement to be applicable with respect to any Settlement Shares, Counterparty may, at its election, specify an Unwind Period Outside Date and, if so, notwithstanding anything to the contrary herein, the Unwind Period relating to such Settlement Shares will not occur on any date later than such Unwind Period Outside Date (and, for the avoidance of doubt, the provisions set forth in clause (ii) of the proviso opposite the caption "Settlement Method Election" above will apply to any such Unwind Period that ends on the Unwind Period Outside Date, as applicable). "**Unwind Period Outside Date**" means, if specified at Counterparty's election in any Settlement Notice, the second Scheduled Trading Day immediately preceding the last calendar day of the calendar quarter in which the related Settlement Date is scheduled to occur.

Adjustments:

Method of Adjustment:	Calculation Agent Adjustment. Section 11.2(e) of the Equity Definitions is hereby amended by deleting clauses (iii) and (v) thereof.

Additional Adjustment:	If, in Dealer's commercially reasonable judgment, the actual cost to Dealer (or an affiliate of Dealer) (excluding any balance sheet charges or funding costs incurred by such party), over any 15 consecutive day period, of borrowing a number of Shares equal to the Number of Shares to hedge in a commercially reasonable manner its exposure to this Transaction exceeds a weighted average rate equal to 25 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Dealer for the amount by which such cost exceeded a weighted average rate equal to 25 basis points per annum during such period.
Extraordinary Events:	
Extraordinary Events:	In lieu of the applicable provisions contained in Article 12 of the Equity Definitions, the consequences of any Extraordinary Event (including, for the avoidance of doubt, any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting, or Change In Law) shall be as specified below under the headings "Acceleration Events" and "Termination Settlement" in Paragraphs 7(e) and 7(f), respectively. The definition of "Tender Offer" in Section 12.1(d) of the Equity Definitions is hereby amended by replacing "10%" with "25%."
Failure to Deliver:	Applicable with respect to a Transaction if Dealer is required to deliver Shares under such Transaction; otherwise, Not Applicable
Hedging Party:	Dealer or an affiliate of Dealer that is involved in the hedging of the Transaction for all applicable Additional Disruption Events.
Determining Party:	For all applicable Extraordinary Events, Dealer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Transfer:	Notwithstanding anything to the contrary herein or in the Agreement, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under this Transaction, in whole or in part, to any wholly owned direct or indirect subsidiary of Dealer with a long-term issuer rating equal to or better than the credit rating of Dealer at the time of the transfer; provided that, under all circumstances, Dealer and any transferee of Dealer shall be eligible to provide a United States Internal Revenue Service Form W-9 or Form W-8ECI with respect to any payments under the Agreement.
3. Calculation Agent:	Dealer whose judgments, determinations and calculations shall be made in good faith and in a commercially reasonable manner; provided that, following the occurrence and during the continuance of an Event of Default of the type described in Section 5(a)(vii) of the Agreement with respect to which Dealer is the sole Defaulting Party, if the Calculation Agent fails to timely make any calculation,

adjustment or determination required to be made by the Calculation Agent hereunder or to perform any obligation of the Calculation Agent hereunder and such failure continues for five (5) Exchange Business Days following notice to the Calculation Agent by Counterparty of such failure, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Following any determination or calculation by the Calculation Agent hereunder, upon a request by Counterparty, the Calculation Agent shall promptly (but in any event within five (5) Scheduled Trading Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any assumptions used in making such determination or calculation), it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models used by it for such determination or calculation.

4. Account Details:

(a) Account for delivery of Shares to Dealer:	DTC Securities: 229
(b) Account for delivery of Shares to Counterparty:	To be furnished
(c) Account for payments to Counterparty:	To be advised under separate cover or telephone confirmed prior to each Settlement Date
(d) Account for payments to Dealer:	Bank: Barclays Bank plc NY ABA# 026 00 2574 BIC: BARCUS33 Acct: 50038524 Beneficiary: BARCGB33

5. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party

The Office of Dealer for the Transaction is: New York

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sempra Energy
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

(b) Address for notices or communications to Dealer:

Barclays Bank PLC

c/o Barclays Capital Inc.
745 Seventh Avenue
New York, NY 10019
Attention: Paul Robinson
Telephone: (+1) 212-526-0111
Facsimile: (+1) 917-522-0458

7. Other Provisions:

(a) Conditions to Effectiveness. The effectiveness of this Confirmation on the Effective Date shall be subject to the satisfaction or waiver by Dealer of the following conditions: (i) the condition that the representations and warranties of Counterparty contained in the Underwriting Agreement dated the date hereof between Counterparty, the Agent and the other representatives of the several underwriters named in Schedule I thereto, and the Forward Sellers (as such term is defined therein) (the "**Underwriting Agreement**") and any certificate delivered pursuant thereto by Counterparty are true and correct on the Effective Date as if made as of the Effective Date (ii) the condition that Counterparty has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date (iii) the condition that Counterparty has delivered to Dealer an opinion of counsel dated as of the Effective Date, in form and substance as previously agreed between Counterparty and Dealer; *provided* that any such opinion may contain customary exceptions and qualifications, (iv) all of the conditions set forth in Section 8 of the Underwriting Agreement and (v) the condition, as determined by Dealer in good faith and in a commercially reasonable manner, that neither of the following has occurred (A) Dealer is unable to borrow and deliver for sale a number of Shares equal to the Number of Shares, or (B) in Dealer's commercially reasonable judgment either it is impracticable to do so or Dealer would incur a stock loan cost of more than a rate equal to the 200 bps to do so (in which event this Confirmation shall be effective but the Number of Shares for this Transaction shall be the number of Shares Dealer is required to deliver in accordance with Section 4(c) of the Underwriting Agreement).

(b) Interpretive Letter. Counterparty agrees and acknowledges that this Transaction is being entered into in accordance with the October 9, 2003 interpretive letter from the staff of the Securities and Exchange Commission to Goldman, Sachs & Co. (the "**Interpretive Letter**") and agrees to take all actions, and to omit to take any actions, reasonably requested by Dealer for this Transaction to comply with the Interpretive Letter. In addition, Counterparty represents that it is eligible to conduct a primary offering of Shares on Form S-3, the offering contemplated by the Underwriting Agreement complies with Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Shares are "actively traded" as defined in Rule 101(c)(1) of Regulation M promulgated under the Exchange Act ("**Regulation M**").

(c) Agreements and Acknowledgments Regarding Shares.

(i) Counterparty agrees and acknowledges that, in respect of any Shares delivered to Dealer hereunder, such Shares shall be newly issued (unless mutually agreed otherwise by the parties) and, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and nonassessable, free of any lien, charge, claim or other encumbrance and not subject to any preemptive or similar rights and shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(ii) Counterparty agrees and acknowledges that Dealer (or an affiliate of Dealer) will hedge its exposure to this Transaction by selling Shares borrowed from third party securities lenders or other Shares pursuant to a registration statement, and that, pursuant to the terms of the Interpretive Letter, the Shares (up to the Initial Number of Shares) delivered, pledged or loaned by Counterparty to Dealer (or an affiliate of Dealer) in connection with this Transaction may be used by Dealer (or an affiliate of Dealer) to return to securities lenders without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such securities loan is effected by Dealer or an affiliate of Dealer. Accordingly, subject to Section 7(g) below, Counterparty agrees that the Shares that it delivers, pledges or loans to Dealer (or an affiliate of Dealer) on or prior to the final Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

(iii) Counterparty agrees and acknowledges that it has reserved and will keep available at all times, free from preemptive or similar rights and free from any lien, charge, claim or other encumbrance, authorized but unissued Shares at least equal to the Share Cap (as defined in Section 7(r) below), solely for the purpose of settlement under this Transaction.

(iv) Unless the provisions set forth below under "Private Placement Procedures" are applicable, Dealer agrees to use any Shares delivered by Counterparty hereunder on any Settlement Date to return to securities lenders to close out open securities loans created by Dealer or an affiliate of Dealer in the course of Dealer's or such affiliate's hedging activities related to Dealer's exposure under this Transaction.

(v) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of this Transaction, Dealer shall use its reasonable efforts, based on the advice of counsel, to conduct its activities, or cause its affiliates to conduct their activities, as applicable, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters, as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Dealer's control.

(d) Additional Representations and Agreements of Counterparty. Counterparty represents, warrants and agrees as follows:

(i) Counterparty represents to Dealer on the Trade Date and on any date that Counterparty notifies Dealer that Cash Settlement or Net Share Settlement applies to this Transaction, that (A) Counterparty is not aware of any material nonpublic information regarding Counterparty or the Shares, (B) each of its filings under the Securities Act, the Exchange Act or other applicable securities laws that are required to be filed have been filed and that, as of the date of this representation, when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings), there is no misstatement of material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (C) Counterparty is not entering into this Confirmation nor making any election hereunder to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(ii) [Reserved].

(iii) Counterparty shall, at least one day prior to the first day of any Unwind Period, notify Dealer of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Counterparty or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Unwind Period and during the calendar week in which the first day of the Unwind Period occurs ("Rule 10b-18 purchase", "blocks" and "affiliated purchaser" each being used as defined in Rule 10b-18).

(iv) During any Unwind Period, Counterparty shall (i) notify Dealer prior to the opening of trading in the Shares on any day on which Counterparty makes, or use reasonable efforts to notify Dealer by such time if Counterparty expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to Counterparty (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (ii) promptly notify Dealer following any such announcement that such announcement has been made, and (iii) promptly deliver to Dealer following the making of any such announcement information indicating (A) Counterparty's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (B) Counterparty's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.

(v) Neither Counterparty nor any of its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) shall take or refrain from taking any action (including, without limitation, any direct purchases by Counterparty or any of its affiliates, or any purchases by a party to a derivative transaction with Counterparty or any of its affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Counterparty reasonably believes would cause any purchases of Shares by Dealer or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18, determined as if all such foregoing purchases were made by Counterparty.

(vi) Counterparty will not engage in any "distribution" (as defined in Regulation M), other than a distribution meeting the requirements of an exception set forth in each of Rules 101(b) and 102(b) of Regulation M, that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(vii) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) Counterparty is not insolvent, nor will Counterparty be rendered insolvent as a result of this Transaction or its performance of the terms hereof.

(ix) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties or taking any position or expressing any view with respect to the treatment of this Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(x) Counterparty understands no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(xi) To Counterparty's actual knowledge, no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares, other than Sections 13 and 16 under the Exchange Act and the Federal Power Act.

(xii) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Counterparty of this Confirmation and the consummation of this Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (A) such as have been obtained under the Securities Act and (B) as may be required to be obtained under state securities laws.

(xiii) Counterparty (A) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; (B) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction; and (C) is entering into this Transaction for a bona fide business purpose.

(xiv) Counterparty will, by the next succeeding Scheduled Trading Day following the occurrence thereof, notify Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default, a Potential Event of Default or a Potential Adjustment Event.

(e) Acceleration Events. Each of the following events shall constitute an "**Acceleration Event**":

(i) Stock Borrow Event. In the commercially reasonable judgment of Dealer (A) Dealer (or an affiliate of Dealer) is not able to hedge in a commercially reasonable manner its exposure under this Transaction because insufficient Shares are made available for borrowing by securities lenders or (B) Dealer (or an affiliate of Dealer) would incur a cost (excluding any balance sheet charges or funding costs incurred by such party) to borrow (or to maintain a borrow of) Shares to hedge in a commercially reasonable manner its exposure under this Transaction that is greater than a rate equal to 200 basis points per annum (each, a "**Stock Borrow Event**");

(ii) Dividends and Other Distributions. On any day occurring after the Trade Date, Counterparty declares a distribution, issue or dividend to existing holders of the Shares of (A) any cash dividend (other than an Extraordinary Dividend) for which such cash dividend (x) has an ex-dividend date that occurs before a Forward Price Reduction Date, or (y) for which the amount exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I, (B) any Extraordinary Dividend, (C) any share capital or other securities of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (D) any other type of securities (other than Shares), rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price, as determined in a commercially reasonable manner by Dealer; "**Extraordinary Dividend**" means any dividend or distribution (that is not an ordinary cash dividend) declared by the Issuer with respect to the Shares that, in the commercially reasonable determination of Dealer, is (1) a dividend or distribution declared on the Shares at a time at which the Issuer has not previously declared or paid dividends or distributions on such Shares for the prior four quarterly periods, (2) a payment or distribution by the Issuer to holders of Shares that the Issuer announces will be an "extraordinary" or "special" dividend or distribution or (3) any other "special" dividend or distribution on the Shares that is, by its terms or declared intent, outside the normal course of operations or normal dividend policies or practices of the Issuer;

(iii) ISDA Termination. Either Dealer or Counterparty has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement, in which case, except as otherwise specified herein and except as a result of an Event of Default under Section 5(a)(i) of the Agreement, the provisions of Section 7(f) below shall apply in lieu of the consequences specified in Section 6 of the Agreement;

(iv) Other ISDA Events. An Announcement Date occurs in respect of any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting or the occurrence of any Hedging Disruption or Change in Law; *provided* that, in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); *provided further* that (i) the definition of "Change in Law" provided in Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (A) replacing the phrase "the interpretation" in the third line thereof with the phrase "or announcement or statement of the formal or informal interpretation" and (B) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Dealer on the Trade Date" and (ii) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) the promulgation of or any change in or announcement or statement of the formal or informal interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "**WSTAA**") or any similar provision in any legislation enacted on or after the Trade Date; or

(v) Ownership Event. In the reasonable judgment of Dealer, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (each, an "**Ownership Event**"). For purposes of this clause (v), the "**Share Amount**" as of any day is the number of Shares that Dealer and any person whose ownership position would be aggregated with that of Dealer (Dealer or any such person, a "**Dealer Person**") under any law, rule, regulation or regulatory order or Counterparty constituent document that for any reason is, or after the Trade Date becomes, applicable to ownership of Shares ("**Applicable Provisions**"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise

meets a relevant definition of ownership of under the Applicable Provisions, as determined by Dealer in its reasonable discretion. The "**Post-Effective Limit**" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (except for any filing requirements on Form 13F, Schedule 13D or Schedule 13G under the Exchange Act, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Dealer Person, or would result in an adverse effect on a Dealer Person, under the Applicable Provisions, as determined by Dealer in its reasonable discretion, minus (y) 1.0% of the number of Shares outstanding.

(f) Termination Settlement. Upon the occurrence of any Acceleration Event, Dealer shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "**Termination Settlement Date**") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date. If, upon designation of a Termination Settlement Date by Dealer pursuant to the preceding sentence, Counterparty fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of this Transaction, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Counterparty, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Dealer has unwound its hedge, and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Dealer in respect of such Termination Settlement Date. If an Acceleration Event occurs after Counterparty has designated a Settlement Date to which Physical Settlement applies but before the relevant Settlement Shares have been delivered to Dealer, then Dealer shall have the right to cancel such Settlement Date and designate a Termination Settlement Date in respect of such Shares pursuant to the first sentence hereof. Notwithstanding the foregoing, in the case of a Nationalization or Merger Event, if at the time of the related Relevant Settlement Date the Shares have changed into cash or any other property or the right to receive cash or any other property, the Calculation Agent shall adjust the nature of the Shares as it determines appropriate to account for such change such that the nature of the Shares is consistent with what shareholders receive in such event.

(g) Private Placement Procedures. If Counterparty is unable to comply with the provisions of sub-paragraph (ii) of "Agreements and Acknowledgments Regarding Shares" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Dealer otherwise determines that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty may not be freely returned by Dealer or its affiliates to securities lenders as described under such sub-paragraph (ii) or otherwise constitute "restricted securities" as defined in Rule 144 under the Securities Act, then delivery of any such Shares (the "**Restricted Shares**") shall be effected as provided below, unless waived by Dealer.

(i) If Counterparty delivers the Restricted Shares pursuant to this clause (i) (a "**Private Placement Settlement**"), then delivery of Restricted Shares by Counterparty shall be effected in accordance with private placement procedures customary for private placements of equity securities of substantially similar size with respect to such Restricted Shares reasonably acceptable to Dealer; *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Counterparty to Dealer (or any affiliate designated by Dealer) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Dealer (or any such affiliate of Dealer), and if Counterparty fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Section 7(e)(iii) above). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Restricted Shares by Dealer), opinions and certificates, and such other documentation as is customary for private placement agreements of equity securities of a substantially similar size, all reasonably acceptable to Dealer. In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer hereunder in a commercially reasonable manner to reflect the fact

that such Restricted Shares may not be freely returned to securities lenders by Dealer and may only be saleable by Dealer at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Dealer to Counterparty of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the date that would otherwise be applicable.

(ii) If Counterparty delivers any Restricted Shares in respect of this Transaction, Counterparty agrees that (A) such Shares may be transferred by and among Dealer and its affiliates and (B) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed, Counterparty shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Dealer (or such affiliate of Dealer) to Counterparty or such transfer agent of any seller's and broker's representation letters customarily delivered by Dealer or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(h) Rule 10b-5. It is the intent of Dealer and Counterparty that, following any election of Cash Settlement or Net Share Settlement by Counterparty, the purchase of Shares by Dealer during any Unwind Period comply with the requirements of Rule 10b5-l(c)(l)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-l(c). Counterparty acknowledges that (i) during any Unwind Period Counterparty shall not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Dealer (or its agent or affiliate) in connection with this Confirmation and (ii) Counterparty is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

(i) Waiver of Trial by Jury. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(j) Governing Law/Jurisdiction. This Confirmation and any claim, controversy or dispute arising under or related to this Confirmation shall be governed by the laws of the State of New York without reference to the conflict of laws provisions thereof. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States Court for the Southern District of New York in connection with all matters relating hereto and waive any objection to the laying of venue in, and any claim of inconvenient forum with respect to, these courts.

(k) Insolvency Filing. Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing or other proceeding under the Bankruptcy Code in respect of the Issuer, this Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing or other proceeding), it being understood that this Transaction is a contract for the issuance of Shares by the Issuer.

(l) Disclosure. Effective from the date of commencement of discussions concerning the Transaction, each of Dealer and Counterparty and each of their employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

(m) Counterparty Share Repurchases. Counterparty agrees not to repurchase, directly or indirectly, any Shares if, immediately following such purchase, the Outstanding Share Percentage would be equal to or greater

than 5%. The "**Outstanding Share Percentage**" as of any day is the fraction (1) the numerator of which is the Number of Shares and (2) the denominator of which is the number of Shares outstanding on such day.

(n) Limit on Beneficial Ownership. Notwithstanding any other provisions hereof, Dealer shall not have the right to acquire Shares hereunder and Dealer shall not be entitled to take delivery of any Shares hereunder (in each case, whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Dealer and each person subject to aggregation of Shares with Dealer under Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder (the "**Dealer Group**") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder) in excess of 8% of the then outstanding Shares (the "**Threshold Number of Shares**"), (iii) Dealer would hold 5% or more of the number of Shares of Counterparty's outstanding common stock or 5% or more of Counterparty's outstanding voting power (the "**Exchange Limit**") or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of a number of Shares equal to 8% of the outstanding Shares (the "**FPA Limit**"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit, (ii) the Dealer Group would directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would directly or indirectly so hold in excess of the Exchange Limit or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit. If any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Scheduled Trading Day after, Dealer gives notice to Counterparty that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit, (ii) the Dealer Group would not directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would not directly or indirectly so hold in excess of the Exchange Limit and (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would not beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Dealer shall be permitted to make any payment due in respect of such Shares to Counterparty in two or more tranches that correspond in amount to the number of Shares delivered by Counterparty to Dealer pursuant to the immediately preceding paragraph.

(o) Commodity Exchange Act. Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the "**CEA**"), the Agreement and this Transaction are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(51) of the CEA.

(p) Bankruptcy Status. Subject to Paragraph 7(l) above, Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the transactions contemplated hereby that are senior to the claims of Counterparty's common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided*, *however*, that nothing herein shall be deemed to limit Dealer's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided*, *further*, that nothing herein shall limit or shall be deemed to limit Dealer's rights in respect of any transaction other than this Transaction.

(q) No Collateral or Setoff. Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations in respect of this Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations in respect of this Transaction, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff.

(r) Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver, in the aggregate in respect of all Settlement Dates or other dates on which Shares are delivered under the Transaction a number of Shares greater than 1.5 times the Number of Shares (the "**Share Cap**"). The Share Cap shall be subject to adjustment only on account of (x) Potential Adjustment Events of the type specified in (1) Sections 11.2(e)(i) through (vi) of the Equity Definitions or (2) Section 11.2(e)(vii) of the Equity Definitions so long as, in the case of this sub-clause (2), such event is within Issuer's control and (y) Merger Events requiring corporate action of Issuer (or any surviving entity of the Issuer hereunder in connection with any such Merger Event). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 7(r) (the resulting deficit for the Transaction, the "**Deficit Shares**"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, on a pro rata basis between this Transaction and the Other Forwards (as defined below), when, and to the extent that, (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the date hereof (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved or (C) Counterparty additionally authorizes any unissued Shares that are not reserved for transactions other than the Transaction (such events as set forth in clauses (A), (B) and (C) above, collectively, the "**Share Issuance Events**"). Counterparty shall promptly notify Dealer of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered for the Transaction) and, as promptly as reasonably practicable, deliver such Shares thereafter. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction (or the Other Forwards on a pro rata basis as set forth above) or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction (or the Other Forwards on a pro rata basis as set forth above).

(s) Wall Street Transparency and Accountability Act of 2010. The parties hereby agree that none of (i) Section 739 of the WSTAA, (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTAA or any regulation under the WSTAA, (iv) any requirement under the WSTAA or (v) any amendment made by the WSTAA shall limit or otherwise impair either party's right to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Definitions or the Agreement (including, but not limited to, any right arising from any Acceleration Event).

(t) Other Forward(s). Dealer acknowledges that Counterparty has entered into two more substantially identical forward transactions for the Shares on the date hereof (collectively, the "**Other Forwards**") with Morgan Stanley & Co. LLC and Royal Bank of Canada. Counterparty agrees that it shall not designate a "Settlement Date" with respect to either Other Forward for which "Cash Settlement" or "Net Share Settlement" is applicable and for which the resulting "Unwind Period" for such Other Forward coincides for any period of time with an Unwind Period for this Transaction (the "**Overlap Unwind Period**"), Counterparty shall notify Dealer at least one Scheduled Trading Day prior to the commencement of such Overlap Unwind Period of the first Scheduled Trading Day and the length of such Overlap Unwind Period, and Dealer shall be permitted to purchase Shares to unwind its hedge in respect of this Transaction only on every third Scheduled Trading Day, commencing on the third Scheduled Trading Day of such Overlap Unwind Period.

(u) Indemnity. Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such affiliate or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, except to the extent determined in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from Dealer's gross negligence or willful misconduct. The foregoing provisions shall survive any termination or completion of the Transaction.

(v) Taxes.

a. For purposes of Section 3(e) of the Agreement, Dealer and Counterparty each represent and warrant that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any relevant jurisdiction to make any deduction or withholding for or on account of any Tax from any payment to be made by it to the other party under this Confirmation and the Transaction evidenced hereby.

b. For the purpose of Sections 4(a)(i) and (iii) of the Agreement, Dealer (including any transferee thereto) agrees to deliver to Counterparty, and Counterparty agrees to deliver to Dealer, (1) one duly executed United States Internal Revenue Service Form W-9 or Form W-8ECI (or successor thereto), completed accurately and in a manner reasonably acceptable to the other party, and any other form or document that may be required or reasonably requested in order to allow the other party to make a payment under this Confirmation without any deduction or withholding for or on account of any Tax or with such deduction at a reduced rate. Such forms shall be delivered upon execution of this Confirmation and each party shall provide a new form promptly upon (i) reasonable request of the other party or (ii) learning that any form previously provided has become inaccurate or incorrect. For the purpose of Section 3(f) of the Agreement, Dealer represents that (i) it is a "foreign person" (as that term is used in Section 1.6041-4(a)(4) of United States Treasury Regulations) for United States federal income tax purposes, and (ii) each payment received or to be received by it in connection with this Agreement is effectively connected with its conduct of a trade or business in the United States. For the purpose of Section 3(f) of the Agreement, Counterparty represents that it is (i) a corporation duly organized and formed under the laws of the State of California and (ii) an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

c. The following terms are added to Section 14 (Definitions) of the Agreement:

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Dividend Equivalent Tax" means any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or the United States Treasury Regulations thereunder.

"FATCA Withholding Tax" means any withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Section 871(m)" means (i) Section 871(m) of the Code and (ii) any successor Code provision.

d. "Tax" as used in Section 5(b) of the Agreement, and "Indemnifiable Tax" as defined in Section 14 of the Agreement, shall not include any FATCA Withholding Tax or any Dividend Equivalent Tax. "Tax" as used in clause (v)(a) of this Confirmation shall not include any Dividend Equivalent Tax or any FATCA Withholding Tax. For the avoidance of doubt, each of a FATCA Withholding Tax and a Dividend Equivalent Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement (giving effect to Section 2(d) of the Agreement as modified by clause (v)(e) of this Confirmation below).

e. The Agreement is modified as follows:

i. The flush language at the end of Section 2(d)(ii) is replaced in its entirety with the following: "then, except to the extent Y has satisfied (including by making a payment to X pursuant to Section 2(d)(iii)) or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d))."

ii. The following is added at the end of Section 2(d) as new Section 2(d)(iii):

"Amounts for Dividend Equivalent Taxes.

For all purposes of this Section 2(d), the requirement that X remit any amount of Dividend Equivalent Tax (without regard to whether there is a payment under the Transaction from which to withhold or deduct such Tax) shall be treated as a requirement to withhold or deduct Tax with respect to a payment under the Transaction. If at any time, X is required to remit an amount of Dividend Equivalent Tax with respect to the Transaction, then without duplication for (1) any amount that X has deducted on account of such Tax from any amount paid to Y or (2) any amount that X has paid from money or other property of Y, with respect to Dividend Equivalent Tax required to be remitted, the amount so required to be remitted shall be payable by Y to X on the date on which the remittance of Dividend Equivalent Tax is required to be made. Upon the reasonable request of Y, X will supply to Y computations setting forth in reasonable detail computation of the amount of Dividend Equivalent Tax payable by Y to X pursuant to the preceding sentence."

(w) Role of Agent. Each of Dealer and Counterparty acknowledges to and agrees with the other party hereto and to and with the Agent that (i) the Agent is acting as agent for Dealer under the Transaction pursuant to instructions from such party, (ii) the Agent is not a principal or party to the Transaction, and may transfer its rights and obligations with respect to the Transaction, (iii) the Agent shall have no responsibility, obligation or liability, by way of issuance, guaranty, endorsement or otherwise in any manner with respect to the performance of either party under the Transaction, (iv) Dealer and the Agent have not given, and Counterparty is not relying (for purposes of making any investment decision or otherwise) upon, any statements, opinions or representations (whether written or oral) of Dealer or the Agent, other than the representations expressly set forth in this Confirmation or the Agreement, and (v) each party agrees to proceed solely against the other party, and not the Agent, to collect or recover any money or securities owed to it in connection with the Transaction. Each party hereto acknowledges and agrees that the Agent is an intended third party beneficiary hereunder. Counterparty acknowledges that the Agent is an affiliate of Dealer. Dealer will be acting for its own account in respect of this Confirmation and the Transaction contemplated hereunder.

(x) Regulatory Provisions. The time of dealing for the Transaction will be confirmed by Dealer upon written request by Counterparty. The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with a Transaction.

(y) Method of Delivery. Whenever delivery of funds or other assets is required hereunder by or to Counterparty, such delivery shall be effected through the Agent. In addition, all notices, demands and communications of any kind relating to the Transaction between Dealer and Counterparty shall be transmitted exclusively through the Agent.

(z) Bail-In Protocol. Notwithstanding anything contained in the Agreement, the parties agree that the provisions of the ISDA 2016 Bail-In Article 55 BRRD Protocol published by the International Swaps and Derivatives Association, Inc. on 14 July 2016 (the "**Bail-In Protocol**") shall be deemed to be incorporated into and apply to the Agreement with effect from the date of this Confirmation as if references in those provisions to "Protocol Covered Agreement" as defined in the Bail-in Protocol were references to the Agreement, and on the basis that references to the "Implementation Date" in the Bail-in Protocol shall be deemed to be references to the date of this Confirmation.

(aa) Contractual Recognition of UK Stay in Resolution. Notwithstanding anything contained in the Agreement, the parties agree that the provisions of paragraphs 1 to 4 (inclusive) of the UK (PRA Rule) Jurisdictional Module (the "**UK Module**") published by the International Swaps and Derivatives Association, Inc. on 3 May 2016, as amended from time to time, shall be deemed to be incorporated into the Agreement as if references in those provisions to "Covered Agreement" were references to the Agreement, and on the basis that: (i) Dealer shall be treated as a "Regulated Entity" and as a "Regulated Entity Counterparty" with respect to Counterparty, (ii) Counterparty shall be treated as a "Module Adhering Party", and (iii) references to the "Implementation Date" in the UK Module shall be deemed to be references to the date of this Confirmation.

[*Signature Page Follows*]

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

BARCLAYS BANK PLC

/s/ Paul Robinson

Name: Paul Robinson
Title: Authorized Signatory

[Signature Page to Registered Forward
Transaction Confirmation]

Confirmed as of the date first above written:

SEMPRA ENERGY

By: /s/ Kathryn J. Collier
Name: Kathryn J. Collier
Title: Vice President and Treasurer

[Signature Page to Registered Forward
Transaction Confirmation]

CERTIFICATE OF DETERMINATION OF PREFERENCES
OF
6% MANDATORY CONVERTIBLE PREFERRED STOCK, SERIES A
OF
SEMPRA ENERGY

Pursuant to Section 401 of the Corporations Code of the State of California, the undersigned, Trevor I. Mihalik, Senior Vice President, Controller and Chief Accounting Officer, and Kathryn J. Collier, Vice President and Treasurer, of SEMPRA ENERGY, a California corporation (the "**Corporation**"), do hereby certify:

FIRST: The Amended and Restated Articles of Incorporation of the Corporation authorize the issuance of 50,000,000 shares of stock, designated "preferred stock," issuable from time to time in one or more series, and authorize the Board of Directors of the Corporation to fix the number of shares constituting any such series, to determine the designation of any such series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series of such preferred stock.

SECOND: The Board of Directors of the Corporation did duly adopt the following resolution authorizing and providing for the creation of a series of preferred stock to be known as "6% Mandatory Convertible Preferred Stock, Series A," none of the shares of such series having been issued.

RESOLVED, that pursuant to the provisions of the Amended and Restated Articles of Incorporation, and the authority vested in the Board of Directors, a series of preferred stock of the Corporation ("**Preferred Stock**") be, and it hereby is, created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof are as set forth in the Amended and Restated Articles of Incorporation and this Certificate of Determination, as it may be amended from time to time (the "**Certificate of Determination**") as follows:

Part 1. *Designation and Number of Shares*. Pursuant to the Amended and Restated Articles of Incorporation, there is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock, no par value, consisting of 17,250,000 shares designated as the "6% Mandatory Convertible Preferred Stock, Series A" (the "**Mandatory Convertible Preferred Stock**").

Part 2. *Standard Provisions*. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Determination to the same extent as if such provisions had been set forth in full herein.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

IN WITNESS WHEREOF, the undersigned have executed this certificate in the City of San Diego, State of California, this 5th day of January 2018.

/s/ Trevor I. Mihalik

Name: Trevor I. Mihalik
Title: Senior Vice President, Controller and Chief Accounting Officer

/s/ Kathryn J. Collier

Name: Kathryn J. Collier
Title: Vice President and Treasurer

[*Signature Page to Certificate of Determination*]

STANDARD PROVISIONS

Section 1. *General Matters; Ranking.* Each share of the Mandatory Convertible Preferred Stock shall be identical in all respects to every other share of the Mandatory Convertible Preferred Stock. The Mandatory Convertible Preferred Stock, with respect to dividend rights and distribution rights upon the liquidation, winding-up or dissolution of the Corporation, shall rank (a) senior to each class or series of Junior Stock; (b) on parity with each class or series of Parity Stock; (c) junior to each class or series of Senior Stock; and (d) junior to the Corporation's existing and future indebtedness and other liabilities.

Section 2. *Standard Definitions.* As used herein with respect to the Mandatory Convertible Preferred Stock:

"**Accumulated Dividend Amount**" means, with respect to any Fundamental Change Conversion, the aggregate amount of undeclared, accumulated and unpaid dividends, if any, as of the Effective Date of the relevant Fundamental Change, for all Dividend Periods prior to such Effective Date, including for the partial Dividend Period, if any, from, and including, the Dividend Payment Date immediately preceding such Effective Date to, but excluding, such Effective Date, subject to the proviso in Section 9(a).

"**Acquisition Termination Conversion Rate**" shall have the meaning set forth in Section 5(a).

"**Acquisition Termination Dividend Amount**" shall have the meaning set forth in Section 5(a).

"**Acquisition Termination Event**" shall have the meaning set forth in Section 5(a).

"**Acquisition Termination Make-Whole Amount**" shall have the meaning set forth in Section 5(a).

"**Acquisition Termination Market Value**" shall have the meaning set forth in Section 5(c).

"**Acquisition Termination Redemption**" means a redemption of the Mandatory Convertible Preferred Stock on the Acquisition Termination Redemption Date as set forth in Section 5.

"**Acquisition Termination Redemption Date**" shall have the meaning set forth in Section 5(c).

"**Acquisition Termination Share Price**" shall have the meaning set forth in Section 5(a).

"**Agent Members**" shall have the meaning set forth in Section 22.

"**Applicable Market Value**" means the Average VWAP per share of Common Stock over the Settlement Period.

"**Average Price**" shall have the meaning set forth in Section 3(c)(iii).

"**Average VWAP**" means the average of the VWAPs for each Trading Day in the relevant period.

"**Board of Directors**" means the Board of Directors of the Corporation.

"**Business Day**" means any day other than a Saturday or Sunday or any other day on which commercial banks in New York City are authorized or required by law or executive order to close.

"**By-laws**" means the By-laws of the Corporation, as they may be amended or restated from time to time.

"**Certificate of Determination**" means the Certificate of Determination of which this Annex A forms a part establishing the terms of the Mandatory Convertible Preferred Stock.

"**Charter**" means the Amended and Restated Articles of Incorporation of the Corporation, as the same may be amended, modified or restated from time to time.

The term "**close of business**" means 5:00 p.m., New York City time.

"**Common Stock**" means the common stock, no par value, of the Corporation, subject to Section 14.

"**Conversion and Dividend Disbursing Agent**" means American Stock Transfer & Trust Company, LLC, the Corporation's duly appointed conversion and dividend disbursing agent for the Mandatory Convertible Preferred Stock, and any successor appointed under Section 15.

"**Conversion/Redemption Date**" shall have the meaning set forth in Section 3(a).

"**Corporation**" means Sempra Energy, a California corporation.

"**Current Market Price**" per share of Common Stock (or, in the case of Section 13(a)(iv)(B), per share of Common Stock and capital stock or equity interests of the subsidiary or other business unit being distributed, as applicable) on any date means for the purposes of determining an adjustment to the Fixed Conversion Rates:

(a) for purposes of any adjustment pursuant to Section 13(a)(ii), Section 13(a)(iv) (but only in the event of an adjustment thereunder not relating to a Spin-Off), or Section 13(a)(v), the Average VWAP per share of Common Stock over the five consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Date with respect to the issuance or distribution requiring such computation;

(b) for purposes of any adjustment pursuant to Section 13(a)(iv) relating to a Spin-Off, the Average VWAP per share of Common Stock, capital stock or equity interests of the subsidiary or other business unit being distributed, as applicable, over the first 10 consecutive Trading Days commencing on and including the fifth Trading Day immediately following the effective date of such distribution; and

(c) for purposes of any adjustment pursuant to Section 13(a)(vi), the Average VWAP per share of Common Stock over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the Expiration Date of the relevant tender offer or exchange offer.

"**Depositary**" means DTC or its nominee or any successor appointed by the Corporation.

"**Dividend Payment Date**" means January 15, April 15, July 15 and October 15 of each year commencing on April 15, 2018 to and including January 15, 2021.

"**Dividend Period**" means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Initial Issue Date and shall end on, and exclude, the April 15, 2018 Dividend Payment Date.

"**Dividend Rate**" shall have the meaning set forth in Section 3(a).

"**Dividend Threshold**" shall have the meaning set forth in Section 13(a)(v).

"**DTC**" means The Depository Trust Corporation.

"**Early Conversion**" shall have the meaning set forth in Section 8(a).

"**Early Conversion Additional Amount**" shall have the meaning set forth in Section 8(b).

"**Early Conversion Average Price**" shall have the meaning set forth in Section 8(b).

"**Early Conversion Date**" shall have the meaning set forth in Section 10(b).

"**Early Conversion Settlement Period**" shall have the meaning set forth in Section 8(b).

"**Effective Date**" shall have the meaning set forth in Section 9(a).

"**EFH**" means Energy Futures Holdings Corp., a Texas corporation.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"**Ex-Date**," when used with respect to any issuance or distribution, means the first date on which shares of Common Stock trade, regular way, without the right to receive such issuance or distribution. For the avoidance of doubt, any alternative trading convention on the applicable

exchange or market in respect of the Common Stock under a separate ticker symbol or CUSIP number shall not be considered "regular way" for this purpose.

"**Expiration Date**" shall have the meaning set forth in Section 13(a)(vi).

"**Fair Market Value**" means the fair market value as determined in good faith by the Board of Directors (or an authorized committee thereof), whose determination shall be final, conclusive and binding.

"**Fixed Conversion Rates**" means the Maximum Conversion Rate and the Minimum Conversion Rate.

"**Floor Price**" means $37.45, subject to adjustment as set forth in Section 13(c)(ii).

A "**Fundamental Change**" shall be deemed to have occurred, at such time after the Initial Issue Date, upon: (a) the consummation of any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, recapitalization or otherwise) in connection with which 90% or more of the Common Stock is exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration 10% or more of which (excluding cash payments for fractional shares or pursuant to appraisal rights) is not common stock that is listed on, or immediately after the transaction or event will be listed on, any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market; (b) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than the Corporation, any of the Corporation's majority-owned subsidiaries or any of the Corporation's or the Corporation's majority-owned subsidiaries' employee benefit plans, filing a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power in the aggregate of all classes of capital stock then outstanding entitled to vote generally in elections of the Corporation's directors or the Corporation otherwise becomes aware of such beneficial ownership; or (c) the Common Stock ceasing to be listed for trading on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or another U.S. national securities exchange. For the purposes of this definition of "Fundamental Change," any transaction or event that constitutes a Fundamental Change under both clause (a) and clause (b) above will be deemed to constitute a Fundamental Change solely under clause (a) of this definition of "Fundamental Change."

"**Fundamental Change Conversion**" shall have the meaning set forth in Section 9(a).

"**Fundamental Change Conversion Date**" shall have the meaning set forth in Section 10(c).

"**Fundamental Change Conversion Period**" shall have the meaning set forth in Section 9(a).

"**Fundamental Change Conversion Rate**" means, for any Fundamental Change Conversion, the conversion rate set forth in the table below for the Effective Date and the Share Price applicable to such Fundamental Change:

	Share Price											
Effective Date	**$30.00**	**$60.00**	**$80.00**	**$107.00**	**$115.00**	**$125.00**	**$131.075**	**$150.00**	**$175.00**	**$200.00**	**$300.00**	**$400.00**
January 9, 2018	0.8451	0.8359	0.8181	0.7796	0.7663	0.7501	0.7413	0.7216	0.7111	0.7093	0.7143	0.7311
January 15, 2019	0.8742	0.8685	0.8553	0.8124	0.7949	0.7732	0.7612	0.7367	0.7316	0.7326	0.7387	0.7581
January 15, 2020	0.9041	0.9036	0.8982	0.8533	0.8277	0.7949	0.7783	0.7541	0.7548	0.7574	0.7638	0.7858
January 15, 2021	0.9345	0.9345	0.9345	0.9345	0.8695	0.8000	0.7629	0.7629	0.7629	0.7629	0.7629	0.7629

The exact Share Price and Effective Date may not be set forth in the table, in which case:

(a) if the Share Price falls between two Share Prices set forth in the table above, or if the Effective Date falls between two Effective Dates set forth in the table above, the Fundamental Change Conversion Rate shall be determined by straight-line interpolation between the Fundamental Change Conversion Rates set forth for the higher and lower Share Prices and the earlier and later Effective Dates, as applicable, based on a 365- or 366-day year, as applicable;

(b) if the Share Price is in excess of $400.00 per share (subject to adjustment in the same manner as the Share Prices in the column headings set forth in the table above are adjusted pursuant to Section 13(c)(iv)), then the Fundamental Change Conversion Rate shall be the Minimum Conversion Rate; and

(c) if the Share Price is less than $30.00 per share (subject to adjustment in the same manner as the Share Prices in the column headings set forth in the table above are adjusted pursuant to Section 13(c)(iv)), then the Fundamental Change Conversion Rate shall be the Maximum Conversion Rate.

The Share Prices in the column headings in the table above are subject to adjustment pursuant to Section 13(c)(iv). The Fundamental Change Conversion Rates set forth in the table above are each subject to adjustment in the same manner as each Fixed Conversion Rate pursuant to Section 13.

"**Fundamental Change Dividend Make-Whole Amount**" shall have the meaning set forth in Section 9(a).

"**Fundamental Change Notice**" shall have the meaning set forth in Section 9(b).

"**Global Preferred Shares**" shall have the meaning set forth in Section 22.

"**Holder**" means each Person in whose name any share of the Mandatory Convertible Preferred Stock is registered, who shall be treated by the Corporation and the Registrar as the absolute owner of such share of the Mandatory Convertible Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

"**Initial Issue Date**" means January 9, 2018, the first original issue date of shares of the Mandatory Convertible Preferred Stock.

"**Initial Price**" means $107.00, subject to adjustment as set forth in Section 13.

"**Junior Stock**" means (a) the Common Stock; and (b) each other class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Mandatory Convertible Preferred Stock as to dividend rights and distribution rights upon the Corporation's liquidation, winding-up or dissolution.

"**Liquidation Dividend Amount**" shall have the meaning set forth in Section 4(a).

"**Liquidation Preference**" means, as to the Mandatory Convertible Preferred Stock, $100.00 per share thereof.

"**Mandatory Conversion**" shall have the meaning set forth in Section 7(a).

"**Mandatory Conversion Additional Conversion Amount**" shall have the meaning set forth in Section 7(c).

"**Mandatory Conversion Date**" means the second Business Day immediately following the last Trading Day of the Settlement Period.

"**Mandatory Conversion Rate**" shall have the meaning set forth in Section 7(a).

"**Mandatory Convertible Preferred Stock**" shall have the meaning set forth in Part 1 of this Certificate of Determination.

"**Maximum Conversion Rate**" means 0.9345 shares of Common Stock per share of Mandatory Convertible Preferred Stock, subject to adjustment as set forth in Section 13.

"**Merger**" means the series of related transactions in accordance with the Merger Agreement pursuant to which the Corporation shall acquire all of the outstanding equity interests in EFH.

"**Merger Agreement**" means the Agreement and Plan of Merger, dated as of August 21, 2017, by and among (a) EFH; (b) Energy Future Intermediate Holding Company LLC, a Delaware limited liability company; (c) the Corporation; and (d) Power Play Merger Sub I, Inc., a Delaware corporation and indirect wholly owned subsidiary of the Corporation, as such agreement may be amended, supplemented or otherwise modified from time to time.

"**Minimum Conversion Rate**" means 0.7629 shares of Common Stock per share of Mandatory Convertible Preferred Stock, subject to adjustment as set forth in Section 13.

"**Nonpayment**" shall have the meaning set forth in Section 6(b)(i).

"**Nonpayment Remedy**" shall have the meaning set forth in Section 6(b)(iii).

"**Officer**" means the Chairman, the Chief Executive Officer, the President, a Vice President, the Secretary or an Assistant Secretary of the Corporation.

"**Officer's Certificate**" means a certificate of the Corporation, signed by any duly authorized Officer of the Corporation.

The term "**open of business**" means 9:00 a.m., New York City time.

"**Parity Stock**" means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank on parity with the Mandatory Convertible Preferred Stock as to dividend rights and distribution rights upon the Corporation's liquidation, winding-up or dissolution.

"**Person**" means any individual, partnership, firm, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"**Preferred Stock**" shall have the meaning set forth in the recitals.

"**Preferred Stock Directors**" shall have the meaning set forth in Section 6(b)(i).

"**Prospectus Supplement**" means the preliminary prospectus supplement dated January 2, 2018, as supplemented by the related pricing term sheet dated January 4, 2018, relating to the initial offering and sale of the Mandatory Convertible Preferred Stock.

"**Record Date**" means, with respect to any Dividend Payment Date, the January 1, April 1, July 1 and October 1 immediately preceding the applicable January 15, April 15, July 15 and October 15 Dividend Payment Date, respectively. These Record Dates shall apply regardless of whether a particular Record Date is a Business Day.

"**Record Holder**" means, with respect to any Dividend Payment Date, a Holder of record of the Mandatory Convertible Preferred Stock as such Holder appears on the stock register of the Corporation at the close of business on the related Record Date.

"**Reference Property**" shall have the meaning set forth in Section 14.

"**Reference Property Unit**" shall have the meaning set forth in Section 14.

"**Reference Settlement Amount**" shall have the meaning set forth in Section 5(a).

"**Registrar**" initially means American Stock Transfer & Trust Company LLC, the Corporation's duly appointed registrar for the Mandatory Convertible Preferred Stock and any successor appointed under Section 15.

"**Reorganization Event**" shall have the meaning set forth in Section 14.

"**Scheduled Trading Day**" means any day that is scheduled to be a Trading Day.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"**Senior Stock**" means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank senior to the Mandatory Convertible Preferred Stock as to dividend rights and distribution rights upon the Corporation's liquidation, winding-up or dissolution.

"**Settlement Period**" means the 20 consecutive Trading Day period beginning on, and including, the 21st Scheduled Trading Day immediately preceding January 15, 2021.

"**Share Dilution Amount**" means the increase in the number of diluted shares outstanding (determined in accordance with accounting principles generally accepted in the United States, and as measured from the Initial Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to directors, employees and agents and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

"**Share Price**" means, for any Fundamental Change, (a) if the holders of Common Stock receive only cash in such Fundamental Change, the amount of cash paid in such Fundamental Change per share of Common Stock; and (b) if the holders of Common Stock receive any property other than cash in such Fundamental Change, the Average VWAP per share of Common Stock over the 10 consecutive Trading Day period ending on, and including, the Trading Day preceding the Effective Date.

"**Shelf Registration Statement**" means a shelf registration statement filed with the Securities and Exchange Commission in connection with the issuance of or resales of shares of Common Stock issued as payment of a dividend, including dividends paid in connection with a conversion.

"**Spin-Off**" means a distribution by the Corporation to all holders of Common Stock consisting of capital stock of, or similar equity interests in, or relating to a subsidiary or other business unit of the Corporation.

"**Threshold Appreciation Price**" means $131.075, subject to adjustment as set forth in Section 13.

"**Trading Day**" means a day on which the Common Stock:

(a) is not suspended from trading, and on which trading in the Common Stock is not limited, on the New York Stock Exchange (or, if the Common Stock is not then listed on the New York Stock Exchange, on the principal U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then traded (the "**applicable market**")), during any period or periods aggregating one half-hour or longer; and

(b) has traded at least once on the applicable market;

provided, however, that if the Common Stock is not traded on any such exchange, association or market, "**Trading Day**" means any Business Day.

"**Transfer Agent**" shall initially mean American Stock Transfer & Trust Company LLC, the Corporation's duly appointed transfer agent for the Mandatory Convertible Preferred Stock and any successor appointed under Section 15.

"**Voting Preferred Stock**" means any series of Preferred Stock, other than the Mandatory Convertible Preferred Stock, ranking equally with the Mandatory Convertible Preferred Stock either as to dividends or to the distribution of assets upon liquidation, dissolution or winding-up and upon which like voting rights for the election of directors have been conferred and are exercisable.

"**VWAP**" per share of Common Stock on any Trading Day means the per share volume-weighted average price as displayed on Bloomberg page "SRE <Equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, "**VWAP**" means the market value per share of Common Stock on such Trading Day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by the Corporation for this purpose (which may include any of the underwriters named in the Prospectus Supplement).

Section 3. *Dividends.*

(a) *Rate*. Subject to the rights of holders of any class or series of capital stock of the Corporation ranking senior to the Mandatory Convertible Preferred Stock with respect to dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors (or an authorized committee thereof) out of funds of the Corporation legally available for payment, cumulative dividends at the rate per annum of 6% of the Liquidation Preference per share of the Mandatory Convertible Preferred Stock (the "**Dividend Rate**") (equivalent to $6.00 per annum per share), payable in cash, by delivery of shares of Common Stock or by delivery of any combination of cash and shares of Common Stock, as determined by the Corporation in its sole discretion (subject to the limitations set forth below). Declared dividends on the Mandatory Convertible Preferred Stock shall be payable quarterly on each Dividend Payment Date at such annual rate, and dividends shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Initial Issue Date (or such other date as may be set forth in the certificate evidencing the relevant shares of Mandatory Convertible Preferred Stock), whether or not in any Dividend Period or Dividend Periods there have been funds legally available for the payment of such dividends. Declared dividends shall be payable on the relevant Dividend Payment Date to Record Holders on the immediately preceding Record Date, whether or not the shares of Mandatory Convertible Preferred Stock held by such Record Holders on such Record Date are converted after such Record Date and on or prior to the immediately succeeding Dividend Payment Date. If a Dividend Payment Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest or other payment in lieu of interest accruing with respect to this delay.

The amount of dividends payable on each share of the Mandatory Convertible Preferred Stock for each full Dividend Period (after the initial Dividend Period) shall be computed by dividing the Dividend Rate by four. Dividends payable on the Mandatory Convertible Preferred Stock for any period other than a full Dividend Period, including the initial Dividend Period,

shall be computed based upon the actual number of days elapsed during such period over a 360-day year (consisting of twelve 30-day months). Accumulations of dividends on shares of the Mandatory Convertible Preferred Stock shall not bear interest.

No dividend shall be declared or paid upon, or any sum of cash or number of shares of Common Stock set apart for the payment of dividends upon, any outstanding shares of Mandatory Convertible Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods have been declared and paid upon, or a sufficient sum of cash or number of shares of Common Stock has been set apart for the payment of such dividends upon, all outstanding shares of Mandatory Convertible Preferred Stock.

Except as provided in this Section 3(a), dividends on shares of Mandatory Convertible Preferred Stock converted to Common Stock shall cease to accumulate, and all other rights of Holders of Mandatory Convertible Preferred Stock will terminate, from and after the Acquisition Termination Redemption Date, the Mandatory Conversion Date, the Fundamental Change Conversion Date or the Early Conversion Date (each, a "**Conversion/Redemption Date**"), as applicable.

(b) *Priority of Dividends*. So long as any share of the Mandatory Convertible Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other Junior Stock, and no Common Stock or any other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding Dividend Periods have been declared and paid, or a sufficient sum of cash or number of shares of Common Stock has been set apart for the payment of such dividends, on all outstanding shares of the Mandatory Convertible Preferred Stock. The foregoing limitation shall not apply to (i) any dividend or distribution payable in shares of Common Stock or other Junior Stock, together with cash in lieu of any fractional share; (ii) purchases, redemptions or other acquisitions of Common Stock or other Junior Stock in connection with the administration of any benefit or other incentive plan, including any employment contract, in the ordinary course of business, including, without limitation, (x) purchases to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (y) the forfeiture of unvested shares of restricted stock or share withholdings or other surrender of shares to which the holder may otherwise be entitled upon exercise, delivery or vesting of equity awards (whether in payment of applicable taxes, the exercise price or otherwise); and (z) the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares of other Junior Stock or any securities exchangeable for or convertible into shares of Common Stock or other Junior Stock, (iv) any dividends or distributions of rights or Common Stock or Junior Stock in connection with a shareholders' rights plan or any redemption or repurchase of rights pursuant to any shareholders' rights plan; (v) purchases of Common Stock or other Junior Stock pursuant to a contractually binding requirement to buy Common Stock or other Junior Stock existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan; (vi) the deemed purchase or acquisition of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged; (vii) the acquisition by the Corporation or any of its

subsidiaries of record ownership in Common Stock or other Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than for the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (viii) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the Mandatory Convertible Preferred Stock (A) have not been declared and paid in full on any Dividend Payment Date; or (B) have been declared but a sum of cash or number of shares of Common Stock sufficient for payment thereof has not been set aside for the benefit of the Holders thereof on the applicable Record Date, no dividends may be declared or paid on any Parity Stock unless dividends are declared on the shares of Mandatory Convertible Preferred Stock such that the respective amounts of such dividends declared on the shares of Mandatory Convertible Preferred Stock and such Parity Stock shall bear the same ratio to each other as all accumulated dividends and all declared and unpaid dividends per share on the shares of Mandatory Convertible Preferred Stock and such Parity Stock bear to each other; *provided, however,* that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or an authorized committee thereof) may be declared and paid on any securities, including Common Stock, from time to time out of any funds legally available for such payment, and Holders shall not be entitled to participate in any such dividends declared on securities other than the Mandatory Convertible Preferred Stock.

(c) *Method of Payment of Dividends*.

(i) Subject to the limitations set forth below, any declared dividend (or any portion of any declared dividend) on the shares of Mandatory Convertible Preferred Stock, whether for a current Dividend Period or any prior Dividend Period (including in connection with the payment of declared and unpaid dividends pursuant to Section 7 and Section 9 hereof), may be paid by the Corporation, as determined in the Corporation's sole discretion:

(A) in cash;

(B) by delivery of shares of Common Stock; or

(C) by delivery of any combination of cash and shares of Common Stock.

(ii) Each payment of a declared dividend on the shares of Mandatory Convertible Preferred Stock shall be made in cash, except to the extent the Corporation timely elects to make all or any portion of such payment in shares of Common Stock. The Corporation shall give notice to Holders of any such election and the portions of such payment that will be made in cash and in shares of Common Stock no later than 10 Scheduled Trading Days prior to the Dividend Payment Date for such dividend, *provided* that if the Corporation does not provide timely notice of this election, the Corporation

will be deemed to have elected to pay the relevant dividend in cash.

(iii) If the Corporation elects to make any such payment of a declared dividend, or any portion thereof, in shares of Common Stock, such shares shall be valued for such purpose, in the case of any dividend payment or portion thereof, at 97% of the Average VWAP per share of Common Stock over the five consecutive Trading Day period beginning on and including the sixth Scheduled Trading Day prior to the applicable Dividend Payment Date (such Average VWAP, the "**Average Price**").

(d) No fractional shares of Common Stock shall be delivered by the Corporation to Holders in payment or partial payment of a dividend. The Corporation shall, to the extent that it is legally permitted to do so, pay a cash amount to each Holder that would otherwise be entitled to receive a fraction of a share of Common Stock based on the Average Price with respect to such dividend.

(e) Notwithstanding the foregoing, in no event shall the number of shares of Common Stock to be delivered per share of Mandatory Convertible Preferred Stock in connection with any declared dividend, including any declared dividend payable in connection with a conversion, exceed a number equal to the total dividend payment per share of Mandatory Convertible Preferred Stock divided by the Floor Price. To the extent that the amount of any declared dividend exceeds the product of the number of shares of Common Stock delivered in connection with such dividend and 97% of the Average Price applicable to such dividend, the Corporation shall, if it is legally able to do so, pay such excess amount in cash.

(f) To the extent that the Corporation, in its reasonable judgment, determines that a Shelf Registration Statement is required in connection with the issuance of, or for resales of, shares of Common Stock issued as payment of a dividend on the shares of Mandatory Convertible Preferred Stock, including dividends paid in connection with a conversion, the Corporation shall, to the extent such a Shelf Registration Statement is not currently filed and effective, use its commercially reasonable efforts to file and maintain the effectiveness of such a Shelf Registration Statement until the earlier of such time as all such shares of Common Stock have been resold thereunder and such time as all such shares would be freely tradable without registration by holders thereof that are not (and were not at any time during the preceding three months) "affiliates" of the Corporation for purposes of the Securities Act. To the extent applicable, the Corporation shall also use its commercially reasonable efforts to have such shares of Common Stock qualified or registered under applicable U.S. state securities laws, if required, and approved for listing on the New York Stock Exchange (or if the Common Stock is not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed).

Section 4. *Liquidation, Dissolution or Winding-Up.*

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive the Liquidation Preference per share of the Mandatory Convertible Preferred Stock, plus an amount (the "**Liquidation Dividend Amount**") equal to accumulated and unpaid dividends on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution to be paid out of the

assets of the Corporation legally available for distribution to its shareholders, after satisfaction of debt and other liabilities owed to the Corporation's creditors and holders of shares of any Senior Stock and before any payment or distribution is made to holders of any Junior Stock, including, without limitation, Common Stock.

(b) If, upon the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, the amounts payable with respect to (i) the Liquidation Preference plus the Liquidation Dividend Amount on the shares of Mandatory Convertible Preferred Stock and (ii) the liquidation preference of, and the amount of accumulated and unpaid dividends (to, but excluding, the date fixed for liquidation, winding-up or dissolution) on, all other Parity Stock are not paid in full, the Holders and all holders of any such other Parity Stock shall share equally and ratably in any distribution of the Corporation's assets in proportion to the respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

(c) After the payment to any Holder of the full amount of the Liquidation Preference and the Liquidation Dividend Amount for each of such Holder's shares of the Mandatory Convertible Preferred Stock, such Holder as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) Neither the sale, lease or exchange of all or substantially all of Corporation's assets, nor its merger or consolidation into or with any other Person, shall be deemed to be the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation.

Section 5. *Acquisition Termination Redemption; No Sinking Fund*.

(a) Within ten Business Days following the earlier of (x) the date on which an Acquisition Termination Event occurs and (y) the close of business on December 1, 2018, if the Merger has not closed at or prior to such time on such date, the Corporation shall be entitled, but not required, in its sole discretion, to mail a notice of Acquisition Termination Redemption to the Holders. If the Corporation shall send notice of Acquisition Termination Redemption to Holders, then, on the Acquisition Termination Redemption Date, the Corporation shall be required to redeem the Mandatory Convertible Preferred Stock, in whole but not in part, at a redemption amount per share of Mandatory Convertible Preferred Stock equal to the Acquisition Termination Make-Whole Amount.

"**Acquisition Termination Event**" means either (1) the Merger Agreement is terminated or (2) the Corporation shall determine in its reasonable judgment that the Merger will not occur.

"**Acquisition Termination Make-Whole Amount**" means, for each share of Mandatory Convertible Preferred Stock, an amount in cash equal to $100.00 plus accumulated and unpaid dividends to, but excluding, the Acquisition Termination Redemption Date (whether or not declared); *provided, however*, that if the Acquisition Termination Share Price exceeds the Initial Price, the Acquisition Termination Make-Whole Amount per share of Mandatory Convertible Preferred Stock will instead consist of the Reference Settlement Amount.

"**Acquisition Termination Share Price**" means the average VWAP per share of Common Stock over the 10 consecutive Trading Day period ending on, and including, the

Trading Day preceding the date on which the Corporation provides notice of Acquisition Termination Redemption.

"**Reference Settlement Amount**" means, for each share of Mandatory Convertible Preferred Stock, consideration consisting of the following:

(i) a number of shares of Common Stock equal to the Acquisition Termination Conversion Rate; and

(ii) cash in an amount equal to the Acquisition Termination Dividend Amount;

provided, *however*, that the Corporation may pay cash in lieu of delivering all or any portion of the shares of Common Stock set forth in clause (i) above, and the Corporation may deliver shares of Common Stock in lieu of paying all or any portion of the cash amount set forth in clause (ii) above, in each case, as set forth in this Section 5.

"**Acquisition Termination Conversion Rate**" means a rate equal to the Fundamental Change Conversion Rate assuming for such purpose that the date on which the Corporation shall provide notice of Acquisition Termination Redemption is the Effective Date and that the Share Price is the Acquisition Termination Share Price.

"**Acquisition Termination Dividend Amount**" means an amount of cash equal to the sum of (x) the Fundamental Change Dividend Make-Whole Amount and (y) the Accumulated Dividend Amount, assuming, in each case, for such purpose that the date on which the Corporation shall provide notice of Acquisition Termination Redemption is the Effective Date.

(b) If the Acquisition Termination Share Price shall exceed the Initial Price, the Corporation may pay cash in lieu of delivering all or any portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate. If the Corporation makes such an election, it shall pay, in lieu of such shares, cash in an amount equal to such number of shares of Common Stock in respect of which the Corporation shall have made this election multiplied by the Acquisition Termination Market Value.

(c) If the Acquisition Termination Share Price shall exceed the Initial Price, the Corporation may deliver shares of Common Stock in lieu of paying cash for some or all of the Acquisition Termination Dividend Amount. If the Corporation makes such an election, it shall deliver, in lieu of such cash, a number of shares of Common Stock equal to such portion of the Acquisition Termination Dividend Amount to be paid by delivery of shares of Common Stock divided by the greater of the Floor Price and 97% of the Acquisition Termination Market Value; *provided*, *however*, that, if the Acquisition Termination Dividend Amount or portion thereof in respect of which shares of Common Stock are delivered exceeds the product of such number of shares of Common Stock multiplied by 97% of the Acquisition Termination Market Value, the Corporation shall, if it is legally able to do so, declare and pay such excess amount in cash.

"**Acquisition Termination Market Value**" means the Average VWAP per share of Common Stock over the 20 consecutive Trading Day period commencing on and including the

second Trading Day following the date on which the Corporation provides notice of Acquisition Termination Redemption.

"**Acquisition Termination Redemption Date**" means the date specified by the Corporation in its notice of Acquisition Termination Redemption that is not less than 30 nor more than 60 days following the date on which the Corporation shall provide notice of such Acquisition Termination Redemption; *provided*, *however*, that, if (i) the Acquisition Termination Share Price is greater than the Initial Price and (ii)(1) the Corporation shall have elected to pay cash in lieu of delivering all or any portion of the shares of Common Stock equal to the Acquisition Termination Conversion Rate, or (2) the Corporation shall have elected to deliver shares of Common Stock in lieu of paying all or any portion of the Acquisition Termination Dividend Amount in cash, then the Acquisition Termination Redemption Date shall be also not be earlier than the second Business Day following the last Trading Day of the 20 consecutive Trading Day period used to determine the Acquisition Termination Market Value.

(d) The notice of Acquisition Termination Redemption shall specify:

(i) the Acquisition Termination Make-Whole Amount;

(ii) if the Acquisition Termination Share Price exceeds the Initial Price, the number of shares of Common Stock and the amount of cash comprising the Reference Settlement Amount per share of Mandatory Convertible Preferred Stock (before giving effect to any election to pay or deliver, with respect to each share of Mandatory Convertible Preferred Stock, cash in lieu of all or a portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate or shares of Common Stock in lieu of all or a portion of cash in respect of the Acquisition Termination Dividend Amount);

(iii) if applicable, whether the Corporation shall pay cash in lieu of delivering all or any portion of the number of shares of Common Stock equal to the Acquisition Termination Conversion Rate comprising a portion of the Reference Settlement Amount (specifying, if applicable, the number of such shares of Common Stock in respect of which cash will be delivered);

(iv) if applicable, whether the Corporation shall deliver shares of Common Stock in lieu of paying cash for all or any portion of the Acquisition Termination Dividend Amount comprising a portion of the Reference Settlement Amount (specifying, if applicable, the percentage of the Acquisition Termination Dividend Amount in respect of which shares of Common Stock will be delivered in lieu of cash); and

(v) the Acquisition Termination Redemption Date.

(e) If any portion of the Acquisition Termination Make-Whole Amount is to be paid by delivery of shares of Common Stock, no fractional shares of Common Stock will be delivered to the Holders. The Corporation shall instead, to the extent it is legally permitted to do so, pay a cash amount to each Holder that would otherwise be entitled to a fraction of a share of Common Stock based on the Average VWAP per share of Common Stock over the five consecutive Trading Day period beginning on, and including, the sixth Scheduled Trading Day immediately

preceding the Acquisition Termination Redemption Date. If the Acquisition Termination Redemption Date occurs on or prior to the last Trading Day of such five consecutive Trading Day period, payment of the cash payable in lieu of delivery of fractional shares of Common Stock shall be deferred until the second Business Day immediately following the last Trading Day of such five consecutive Trading Day period. Subject to applicable rules of the Depositary, if more than one share of Mandatory Convertible Preferred Stock is to be redeemed from a Holder, the number of shares of Common Stock issuable in connection with the payment of the Reference Settlement Amount shall be computed on the basis of the aggregate number of shares of Mandatory Convertible Preferred Stock so redeemed. The provisions with respect to delivery of Common Stock in lieu of cash set forth in Section 3(f) shall apply to any delivery of shares of Common Stock upon an Acquisition Termination Redemption.

(f) All cash payments to which a Holder is entitled in connection with an acquisition termination redemption will be rounded to the nearest cent.

(g) Other than pursuant to the Acquisition Termination Redemption provisions set forth above, the Mandatory Convertible Preferred Stock shall not be subject to any redemption, sinking fund or other similar provisions.

Section 6. *Voting Rights*.

(a) *General*. Holders shall not have any voting rights except as set forth in this Section 6 and as otherwise from time to time specifically required by California law.

(b) *Right to Elect Two Directors Upon Nonpayment.*

(i) Whenever dividends on any shares of the Mandatory Convertible Preferred Stock (A) have not been declared and paid, or (B) have been declared but a sum of cash or number of shares of Common Stock sufficient for payment thereof has not been set aside for the benefit of the Holders on the applicable Record Date, for the equivalent of six or more Dividend Periods, whether or not for consecutive Dividend Periods (a "**Nonpayment**"), the authorized number of directors of the Board of Directors shall, at the next annual meeting of the shareholders or at a special meeting of shareholders as provided below, automatically be increased by two and Holders, voting together as a single class with holders of any and all other series of Voting Preferred Stock then outstanding, shall be entitled, at the Corporation's next annual meeting or at a special meeting of shareholders, if any, to fill such newly created directorships by electing two additional members of the Board of Directors (the "**Preferred Stock Directors**"); *provided, however*, that the election of any such directors will not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or any other exchange or automated quotation system on which the Corporation's securities may be listed or quoted) for listed or quoted companies to have a majority of independent directors; and *provided, further,* that the Board of Directors shall, at no time, include more than two Preferred Stock Directors. In the event of a Nonpayment, the holders of record of at least 25% of the shares of the Mandatory Convertible Preferred Stock and any other series of Voting Preferred Stock may request that a special meeting of shareholders be called to elect such Preferred Stock Directors

(*provided, however,* that if the next annual or a special meeting of shareholders is scheduled to be held within 90 days of the receipt of such request, the election of such Preferred Stock Directors, to the extent otherwise permitted by the By-laws, shall, instead, be included in the agenda for and shall be held at such scheduled annual or special meeting of shareholders). The Preferred Stock Directors will stand for reelection annually, and at each subsequent annual meeting of the shareholders, so long as the Holders continue to have such voting rights. At any meeting at which the Holders are entitled to elect Preferred Stock Directors, the holders of record of a majority of the then outstanding shares of the Mandatory Convertible Preferred Stock and all other series of Voting Preferred Stock, present in person or represented by proxy, shall constitute a quorum and the vote of the holders of a majority of such shares of the Mandatory Convertible Preferred Stock and other Voting Preferred Stock so present or represented by proxy at any such meeting at which there shall be a quorum shall be sufficient to elect the Preferred Stock Directors. Whether a plurality, majority or other portion in voting power of the Mandatory Convertible Preferred Stock and any other Voting Preferred Stock have been voted in favor of any matter shall be determined by reference to the respective liquidation preference amounts of the Mandatory Convertible Preferred Stock and such other Voting Preferred Stock voted.

(ii) Any request to call a special meeting for the initial election of the Preferred Stock Directors after a Nonpayment shall be made by written notice, signed by the requisite holders of the Mandatory Convertible Preferred Stock or other series of Voting Preferred Stock then outstanding, and delivered to the Corporation in such manner as provided for in Section 17 below, or as may otherwise be required by law.

(iii) If and when all accumulated and unpaid dividends on the Mandatory Convertible Preferred Stock have been paid in full (a "**Nonpayment Remedy**"), the Holders shall immediately and, without any further action by the Corporation, be divested of the foregoing voting rights, subject to the revesting of such rights in the event of each subsequent Nonpayment. If such voting rights for the Holders and all other holders of Voting Preferred Stock shall have terminated, the term of office of each Preferred Stock Director so elected shall terminate at such time and the authorized number of directors on the Board of Directors shall automatically decrease by two.

(iv) Any Preferred Stock Director may be removed at any time, with cause as provided by law or without cause by the holders of record of a majority in voting power of the outstanding shares of the Mandatory Convertible Preferred Stock and any other series of Voting Preferred Stock (voting together as a single class), when they have the voting rights set forth above. In the event that a Nonpayment shall have occurred and there shall not have been a Nonpayment Remedy, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred Stock Directors after a Nonpayment) may be filled by the written consent of the Preferred Stock Director remaining in office or, if none remains in office, by a vote of the holders of record of a majority in voting power of the outstanding shares of the Mandatory Convertible Preferred Stock and any other series of Voting Preferred Stock then outstanding (voting together as a single class) when they have the voting rights set forth above; *provided, however,* that the filling of each vacancy will not cause the Corporation to violate the

corporate governance requirements of the New York Stock Exchange (or any other exchange or automated quotation system on which the Corporation's securities may be listed or quoted) for listed or quoted companies to have a majority of independent directors. Any such vote of shareholders to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting of such shareholders, called as provided above for an initial election of Preferred Stock Directors after a Nonpayment (*provided*, that such request is received at least 90 days before the date fixed for the next annual or special meeting of shareholders, failing which such election shall be included in the agenda for and shall be held at the next scheduled annual or special meeting of shareholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Each Preferred Stock Director elected at any special meeting of shareholders or by written consent of the other Preferred Stock Director shall hold office until the next annual meeting of the shareholders if such office shall not have previously terminated and such Preferred Stock Director shall not have been removed from such office, in each case as above provided.

(c) *Other Voting Rights*. So long as any shares of the Mandatory Convertible Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Charter, the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Mandatory Convertible Preferred Stock and all other series of Voting Preferred Stock (subject to the last paragraph of this Section 6(c)) at the time outstanding and entitled to vote thereon, voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at an annual or special meeting of such shareholders, shall be necessary for effecting or validating:

(i) *Authorization of Senior Stock*. Any amendment or alteration of the Charter or this Certificate of Determination so as to authorize or create, or increase the authorized amount of, any class or series of Senior Stock;

(ii) *Amendment of the Mandatory Convertible Preferred Stock*. Any amendment, alteration or repeal of any provision of the Charter or this Certificate of Determination so as to adversely affect the special rights, preferences, privileges or voting powers of the Mandatory Convertible Preferred Stock; or

(iii) *Share Exchanges, Reclassifications, Mergers and Consolidations*. Any consummation of a binding share exchange or reclassification involving the shares of the Mandatory Convertible Preferred Stock, or of a merger or consolidation of the Corporation with or into another entity, unless in each case (x) the shares of the Mandatory Convertible Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity (or the Mandatory Convertible Preferred Stock is otherwise exchanged or reclassified), are converted or reclassified into or exchanged for preferred stock of the surviving or resulting entity or its ultimate parent, and (y) the shares of the Mandatory Convertible Preferred Stock that remain outstanding or such shares of preferred stock, as the case may be, have rights, preferences, privileges and voting powers that, taken as a whole, are not materially less favorable to the holders thereof than the rights, preferences,

privileges and voting powers, taken as a whole, of the Mandatory Convertible Preferred Stock immediately prior to the consummation of such transaction;

provided, *however*, that for all purposes of this Section 6(c), (1) any increase in the amount of the Corporation's authorized but unissued shares of Preferred Stock, (2) any increase in the amount of the Corporation's authorized Mandatory Convertible Preferred Stock or the issuance of any additional shares of the Mandatory Convertible Preferred Stock or (3) the authorization or creation of any class or series of Parity Stock or Junior Stock, any increase in the amount of authorized but unissued shares of such class or series of Parity Stock or Junior Stock or the issuance of any shares of such class or series of Parity Stock or Junior Stock shall be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges or voting powers of the Mandatory Convertible Preferred Stock, and shall not require the affirmative vote of the Holders.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 6(c) would adversely affect one or more but not all series of Voting Preferred Stock, then only the series of Voting Preferred Stock adversely affected and entitled to vote shall vote as a class in lieu of all other series of Voting Preferred Stock.

Without the consent of the Holders, to the fullest extent permitted by applicable law and so long as such action does not adversely affect the special rights, preferences, privileges or voting powers of the Mandatory Convertible Preferred Stock, and limitations and restrictions thereof, the Corporation may amend, alter, supplement, or repeal any terms of the Mandatory Convertible Preferred Stock, including by way of amendment to this Certificate of Determination, for the following purposes:

(i) to cure any ambiguity or mistake, or to correct or supplement any provision contained in this Certificate of Determination establishing the terms of the Mandatory Convertible Preferred Stock that may be defective or inconsistent with any other provision contained in such Certificate of Determination;

(ii) to make any provision with respect to matters or questions relating to the Mandatory Convertible Preferred Stock that is not inconsistent with the provisions of the Charter or this Certificate of Determination; or

(iii) to waive any of the Corporation's rights with respect thereto.

In addition, without the consent of the Holders of the Mandatory Convertible Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Mandatory Convertible Preferred Stock in order to conform the terms thereof to the description of the terms of the Mandatory Convertible Preferred Stock set forth under "Description of Mandatory Convertible Preferred Stock" in the Prospectus Supplement.

(d) *Procedures for Voting and Consents*. The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from

time to time, which rules and procedures shall conform to the requirements of the Charter, the By-laws, applicable law and the rules of any national securities exchange or other trading facility on which the Mandatory Convertible Preferred Stock is listed or traded at the time.

Section 7. *Mandatory Conversion on the Mandatory Conversion Date.*

(a) Each share of the Mandatory Convertible Preferred Stock shall automatically convert (unless previously converted at the option of the Holder in accordance with Section 8 or Section 9 or previously redeemed in accordance with Section 5) on the Mandatory Conversion Date ("**Mandatory Conversion**"), into a number of shares of Common Stock equal to the Mandatory Conversion Rate.

(b) The "**Mandatory Conversion Rate**" shall, subject to adjustment in accordance with Section 7(c), be as follows:

(i) if the Applicable Market Value is greater than the Threshold Appreciation Price, then the Mandatory Conversion Rate shall be equal to the Minimum Conversion Rate;

(ii) if the Applicable Market Value is less than or equal to the Threshold Appreciation Price but greater than or equal to the Initial Price, then the Mandatory Conversion Rate per share of the Mandatory Convertible Preferred Stock shall be equal to the Liquidation Preference divided by the Applicable Market Value; or

(iii) if the Applicable Market Value is less than the Initial Price, then the Mandatory Conversion Rate shall be equal to the Maximum Conversion Rate (for the avoidance of doubt, the Mandatory Conversion Rate will not in any event exceed the Maximum Conversion Rate, subject to adjustment in accordance with Section 13).

For the avoidance of doubt, the Fixed Conversion Rates, the Threshold Appreciation Price, the Initial Price and the Applicable Market Value are each subject to adjustment in accordance with Section 13.

(c) If, on or prior to January 1, 2021, the Corporation has not declared all or any portion of the accumulated dividends on the Mandatory Convertible Preferred Stock, the Mandatory Conversion Rate shall be increased by an additional number of shares of Common Stock equal to the amount of such undeclared, accumulated and unpaid dividends per share of Mandatory Convertible Preferred Stock (such amount, the "**Mandatory Conversion Additional Conversion Amount**") divided by the greater of the Floor Price and 97% of the Average Price. To the extent that the Mandatory Conversion Additional Conversion Amount per share of Mandatory Convertible Preferred Stock exceeds the product of such number of additional shares and 97% of the Average Price, the Corporation shall, if the Corporation is legally able to do so, declare and pay such excess amount in cash pro rata per share to the Holders.

(d) If the Corporation declares a dividend for the Dividend Period ending on the January 15, 2021, the Corporation shall pay such dividend to the Record Holders as of the immediately preceding Record Date in accordance with Section 3.

Section 8. *Early Conversion at the Option of the Holder.*

(a) Other than during a Fundamental Change Conversion Period, the Holders shall have the right to convert their Mandatory Convertible Preferred Stock, in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock), at any time prior to January 15, 2021 ("**Early Conversion**"), into shares of Common Stock at the Minimum Conversion Rate, subject to satisfaction of the conversion procedures set forth in Section 10.

(b) If, as of any Early Conversion Date, the Corporation has not declared all or any portion of the accumulated and unpaid dividends for all full Dividend Periods ending on a Dividend Payment Date prior to such Early Conversion Date, the Minimum Conversion Rate shall be increased by a number of shares of Common Stock equal to the amount of such undeclared, accumulated and unpaid dividends per share of Mandatory Convertible Preferred Stock (such amount of undeclared, accumulated and unpaid dividends, the "**Early Conversion Additional Amount**") for such prior Dividend Periods, *divided by* the greater of the Floor Price and the Average VWAP per share of the Common Stock over the 20 consecutive Trading Day period (such period, the "**Early Conversion Settlement Period**") commencing on, and including, the 21st Scheduled Trading Day immediately preceding the Early Conversion Date (such Average VWAP, the "**Early Conversion Average Price**"). Notwithstanding anything to the contrary in this Certificate of Determination, to the extent that the Early Conversion Additional Amount exceeds the product of such number of additional shares and the Early Conversion Average Price, the Corporation shall not have any obligation to pay the shortfall in cash. Except as provided in the first sentence of this Section 8(b), upon any Early Conversion of any shares of the Mandatory Convertible Preferred Stock, the Corporation shall make no payment or allowance for unpaid dividends on such shares of the Mandatory Convertible Preferred Stock, unless the applicable Early Conversion Date occurs after the Record Date for a declared dividend and on or prior to the immediately succeeding Dividend Payment Date, in which case the Corporation shall pay such dividend on such Dividend Payment Date to the Record Holder of the converted shares of the Mandatory Convertible Preferred Stock as of such Record Date, in accordance with Section 3.

Section 9. *Fundamental Change Conversion.*

(a) If a Fundamental Change occurs on or prior to January 15, 2021, the Holders shall have the right to (i) convert their shares of the Mandatory Convertible Preferred Stock, in whole or in part (but in no event less than one share of the Mandatory Convertible Preferred Stock) (any such conversion pursuant to this Section 9(a) being a "**Fundamental Change Conversion**") at any time during the period (the "**Fundamental Change Conversion Period**") that begins on the effective date of such Fundamental Change (the "**Effective Date**") and ends at the close of business on the date that is 20 calendar days after the Effective Date (or, if earlier, January 15, 2021) into a number of shares of Common Stock equal to the Fundamental Change Conversion Rate per share of the Mandatory Convertible Preferred Stock, (ii) with respect to such converted shares, receive an amount equal to the present value, calculated using a discount rate of 6% per annum, of all scheduled dividend payments (excluding any Accumulated Dividend Amount) on the Mandatory Convertible Preferred Stock for all the remaining Dividend Periods (including any partial Dividend Period) from, and including, such Effective Date to but excluding the Mandatory Conversion Date (the "**Fundamental Change Dividend Make-Whole**

Amount"); and (iii) with respect to such converted shares, receive the Accumulated Dividend Amount, subject, in the case of clauses (ii) and (iii), to the Corporation's right to deliver shares of Common Stock in lieu of all or part of such amounts as set forth in Section 9(d) below and subject to the limitations with respect to the number of shares of Common Stock set forth in Section 9(d) below; *provided*, *however*, that, notwithstanding clauses (ii) and (iii) above, if such Effective Date falls during a Dividend Period for which the Corporation has declared a dividend, then the Corporation shall pay such dividend on the relevant Dividend Payment Date to Record Holders as of the immediately preceding Record Date, in accordance with Section 3, and the amount of such dividend shall not be included in the Accumulated Dividend Amount, and the Fundamental Change Dividend Make-Whole Amount shall not include the present value of such dividend. Holders who do not submit their shares of Mandatory Convertible Preferred Stock for conversion during the Fundamental Change Conversion Period shall not be entitled to convert their Mandatory Convertible Preferred Stock at the relevant Fundamental Change Conversion Rate or to receive the relevant Fundamental Change Dividend Make-Whole Amount or the relevant Accumulated Dividend Amount.

(b) No later than the second Business Day following the Effective Date of a Fundamental Change, a written notice (the "**Fundamental Change Notice**") shall be sent by or on behalf of the Corporation to the Holders. Such notice shall state:

(i) the event causing the Fundamental Change;

(ii) the anticipated Effective Date or actual Effective Date, as the case may be;

(iii) that Holders shall have the right to effect a Fundamental Change Conversion in connection with such Fundamental Change during the Fundamental Change Conversion Period;

(iv) the Fundamental Change Conversion Period; and

(v) the instructions a Holder must follow to effect a Fundamental Change Conversion in connection with such Fundamental Change.

If the Corporation notifies Holders of a Fundamental Change later than the second Business Day following the Effective Date, the Fundamental Change Conversion Period shall be extended by a number of days equal to the number of days from, and including, such Effective Date to, but excluding, the date of such notice; *provided* that the Fundamental Change Conversion Period shall not be extended beyond January 15, 2021.

(c) Not later than the second Business Day following the Effective Date, the Corporation shall notify Holders of:

(i) the Fundamental Change Conversion Rate;

(ii) the Fundamental Change Dividend Make-Whole Amount and whether the Corporation will pay such amount in cash, shares of Common Stock or a combination thereof, specifying the combination, if applicable; and

(iii) the Accumulated Dividend Amount as of the Effective Date and whether the Corporation will pay such amount in cash, shares of Common Stock or a combination thereof, specifying the combination, if applicable.

(d) (i) For any shares of the Mandatory Convertible Preferred Stock that are converted during the Fundamental Change Conversion Period, in addition to the Common Stock issued upon conversion at the Fundamental Change Conversion Rate, the Corporation shall at its option:

(A) pay the Fundamental Change Dividend Make-Whole Amount in cash, to the extent the Corporation is legally permitted to do so;

(B) increase the number of shares of Common Stock to be issued upon conversion by a number equal to (x) the Fundamental Change Dividend Make-Whole Amount divided by (y) the greater of the Floor Price and 97% of the Share Price; or

(C) pay the Fundamental Change Dividend Make-Whole Amount through any combination of cash and shares of Common Stock in accordance with the provisions of clauses (A) and (B) above.

(ii) In addition, to the extent that the Accumulated Dividend Amount exists as of the Effective Date of the Fundamental Change, the Corporation shall, at its option, pay the Accumulated Dividend Amount:

(A) in cash, to the extent the Corporation is legally permitted to do so;

(B) in an additional number of shares of Common Stock equal to (x) the Accumulated Dividend Amount divided by (y) the greater of the Floor Price and 97% of the Share Price; or

(C) in a combination of cash and shares of Common Stock in accordance with the provisions of clauses (A) and (B) above.

(iii) The Corporation shall pay the Fundamental Change Dividend Make-Whole Amount and the Accumulated Dividend Amount in cash, except to the extent the Corporation elects on or prior to the second Business Day following the relevant Effective Date to make all or any portion of such payments in Common Stock. In addition, if the Corporation elects to deliver Common Stock in respect of all or any portion of the Fundamental Change Dividend Make-Whole Amount or the Accumulated Dividend Amount, to the extent that the portion of the Fundamental Change Dividend Make-Whole Amount or the Accumulated Dividend Amount paid in Common Stock exceeds the product of the number of additional shares the Corporation delivers in respect thereof and 97% of the Share Price, the Corporation shall, if it is legally able to do so, pay such excess amount in cash.

(iv) No fractional shares of Common Stock shall be delivered by the Corporation to converting Holders in respect of the Fundamental Change Dividend

Make-Whole Amount or the Accumulated Dividend Amount. Cash shall instead be paid by the Corporation to each converting Holder that would otherwise be entitled to receive a fraction of a share of Common Stock based on the Average VWAP per share of Common Stock over the five consecutive Trading Day period ending on, and including, the sixth Scheduled Trading Day immediately preceding the relevant Fundamental Change Conversion Date.

Section 10. *Conversion Procedures.*

(a) Pursuant to Section 7, on the Mandatory Conversion Date, any outstanding shares of the Mandatory Convertible Preferred Stock shall automatically convert into shares of Common Stock. The Person or Persons entitled to receive the shares of Common Stock issuable upon mandatory conversion of the Mandatory Convertible Preferred Stock shall be treated as the record holder(s) of such shares of Common Stock as of the close of business on the Mandatory Conversion Date. Except as provided under Section 13(c)(iii), prior to the close of business on the Mandatory Conversion Date, the Common Stock issuable upon conversion of the Mandatory Convertible Preferred Stock shall not be outstanding for any purpose and Holders shall have no rights with respect to such Common Stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on the Common Stock, by virtue of holding the Mandatory Convertible Preferred Stock.

(b) To effect an Early Conversion pursuant to Section 8, a Holder who

(i) holds a beneficial ownership interest in a Global Preferred Share must deliver to the Depositary the appropriate instruction form for conversion pursuant to the Depositary's conversion program and, if required, pay all transfer or similar taxes or duties, if any; or

(ii) holds shares of the Mandatory Convertible Preferred Stock in definitive, certificated form must:

(A) complete and manually sign the conversion notice on the back of the Mandatory Convertible Preferred Stock certificate or a facsimile of such conversion notice;

(B) deliver the completed conversion notice and the certificated shares of the Mandatory Convertible Preferred Stock to be converted to the Conversion and Dividend Disbursing Agent;

(C) if required, furnish appropriate endorsements and transfer documents; and

(D) if required, pay all transfer or similar taxes or duties, if any.

The Early Conversion shall be effective on the date on which a Holder has satisfied the foregoing requirements, to the extent applicable ("**Early Conversion Date**"). A Holder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of Common Stock if such Holder exercises its conversion rights, but such Holder shall be required

to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of Common Stock in a name other than the name of such Holder. A certificate representing the shares of Common Stock issuable upon conversion shall be issued and delivered to the converting Holder or, if the Mandatory Convertible Preferred Stock being converted is in the form of Global Preferred Shares, the shares of Common Stock issuable upon conversion shall be delivered to the converting Holder through book-entry transfer through the facilities of the Depositary, in each case together with delivery by the Corporation to the converting Holder of any cash to which the converting Holder is entitled, on the latest of (i) the second Business Day immediately succeeding the Early Conversion Date, (ii) if applicable, the second Business Day immediately succeeding the last day of the Early Conversion Settlement Period, and (iii) the Business Day after the Holder has paid in full all applicable taxes and duties, if any.

The Person or Persons entitled to receive the shares of Common Stock issuable upon Early Conversion shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the applicable Early Conversion Date. Except as set forth in Section 13(c)(iii), prior to the close of business on such applicable Early Conversion Date, the shares of Common Stock issuable upon conversion of any shares of the Mandatory Convertible Preferred Stock shall not be deemed to be outstanding for any purpose, and Holders shall have no rights with respect to such shares of Common Stock, including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock, by virtue of holding shares of the Mandatory Convertible Preferred Stock.

In the event that an Early Conversion is effected with respect to shares of the Mandatory Convertible Preferred Stock representing less than all the shares of the Mandatory Convertible Preferred Stock held by a Holder, upon such Early Conversion the Corporation shall execute and instruct the Registrar and Transfer Agent to countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of the Mandatory Convertible Preferred Stock as to which Early Conversion was not effected, or, if the Mandatory Convertible Preferred Stock is held in book-entry form, the Corporation shall cause the Transfer Agent and Registrar to reduce the number of shares of the Mandatory Convertible Preferred Stock represented by the global certificate by making a notation on Schedule I attached to the global certificate or otherwise notate such reduction in the register maintained by such Transfer Agent and Registrar.

(c) To effect a Fundamental Change Conversion pursuant to Section 9, a Holder who:

(i) holds a beneficial ownership interest in a Global Preferred Share must deliver to the Depositary the appropriate instruction form for conversion pursuant to the Depositary’s conversion program and, if required, pay all transfer or similar taxes or duties, if any; or

(ii) holds shares of the Mandatory Convertible Preferred Stock in definitive, certificated form must:

(A) complete and manually sign the conversion notice on the back of

the Mandatory Convertible Preferred Stock certificate or a facsimile of such conversion notice;

(B) deliver the completed conversion notice and the certificated shares of the Mandatory Convertible Preferred Stock to be converted to the Conversion and Dividend Disbursing Agent;

(C) if required, furnish appropriate endorsements and transfer documents; and

(D) if required, pay all transfer or similar taxes or duties, if any.

The Fundamental Change Conversion shall be effective on the date on which a Holder has satisfied the foregoing requirements, to the extent applicable (the "**Fundamental Change Conversion Date**"). A Holder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of Common Stock if such Holder exercises its conversion rights, but such Holder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of Common Stock in a name other than the name of such Holder. A certificate representing the shares of Common Stock issuable upon conversion shall be issued and delivered to the converting Holder or, if the Mandatory Convertible Preferred Stock being converted is in book-entry form, the shares of Common Stock issuable upon conversion shall be delivered to the converting Holder through book-entry transfer through the facilities of the Depositary, in each case together with delivery by the Corporation to the converting Holder of any cash to which the converting Holder is entitled, on the later of (i) the second Business Day immediately succeeding the Fundamental Change Conversion Date and (ii) the Business Day after the Holder has paid in full all applicable taxes and duties, if any.

The Person or Persons entitled to receive the shares of Common Stock issuable upon such Fundamental Change Conversion shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the applicable Fundamental Change Conversion Date. Except as set forth in Section 13(c)(iii), prior to the close of business on such applicable Fundamental Change Conversion Date, the shares of Common Stock issuable upon conversion of any shares of the Mandatory Convertible Preferred Stock shall not be outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock, including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock, by virtue of holding shares of the Mandatory Convertible Preferred Stock.

In the event that a Fundamental Change Conversion is effected with respect to shares of the Mandatory Convertible Preferred Stock representing less than all the shares of the Mandatory Convertible Preferred Stock held by a Holder, upon such Fundamental Change Conversion the Corporation shall execute and instruct the Registrar and Transfer Agent to countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of the Mandatory Convertible Preferred Stock as to which Fundamental Change Conversion was not effected, or, if the Mandatory Convertible Preferred Stock is held in book-entry form, the Corporation shall cause the Transfer Agent and Registrar to reduce the number of

shares of the Mandatory Convertible Preferred Stock represented by the global certificate by making a notation on Schedule I attached to the global certificate or otherwise notate such reduction in the register maintained by such Transfer Agent and Registrar.

(d) In the event that a Holder shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such Mandatory Convertible Preferred Stock should be registered or, if applicable, the address to which the certificate or certificates representing such shares of Common Stock should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the Holder as shown on the records of the Corporation and, if applicable, to send the certificate or certificates representing such shares of Common Stock to the address of such Holder shown on the records of the Corporation.

(e) Shares of the Mandatory Convertible Preferred Stock shall cease to be outstanding on the applicable Conversion/Redemption Date, subject to the right of Holders of such shares to receive shares of Common Stock issuable upon conversion of such shares of the Mandatory Convertible Preferred Stock and other amounts and shares of Common Stock, if any, to which they are entitled pursuant to Sections 7, 8 or 9, as applicable and, if the applicable Conversion/Redemption Date occurs after the Record Date for a declared dividend and prior to the immediately succeeding Dividend Payment Date, subject to the right of the Record Holders of such shares of the Mandatory Convertible Preferred on such Record Date to receive payment of such declared dividend on such Dividend Payment Date pursuant to Section 3.

Section 11. *Reservation of Common Stock.*

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of the Mandatory Convertible Preferred Stock as herein provided, free from any preemptive or other similar rights, a number of shares of Common Stock equal to the product of the Maximum Conversion Rate then in effect and the number of shares of the Mandatory Convertible Preferred Stock then outstanding. For purposes of this Section 11(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of the Mandatory Convertible Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon conversion of shares of the Mandatory Convertible Preferred Stock, as herein provided, shares of Common Stock reacquired and held in the treasury of the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon conversion of the Mandatory Convertible Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(d) The Corporation hereby covenants and agrees that, if at any time the Common

Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation shall, if permitted by the rules of such exchange or automated quotation system, use commercially reasonable efforts to list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of, or issuable in respect of the payment of dividends, the Accumulated Dividend Amount or the Fundamental Change Dividend Make-Whole Amount on, the Mandatory Convertible Preferred Stock; *provided*, *however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of the Mandatory Convertible Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to use its commercially reasonable efforts to list such Common Stock issuable upon the first conversion of the Mandatory Convertible Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Section 12. *Fractional Shares.*

(a) No fractional shares of Common Stock shall be issued to Holders as a result of any conversion of shares of the Mandatory Convertible Preferred Stock or otherwise.

(b) In lieu of any fractional shares of Common Stock otherwise issuable in respect of any Acquisition Termination Redemption pursuant to Section 5, any mandatory conversion pursuant to Section 7 or a conversion at the option of the Holder pursuant to Section 8 or Section 9, the Corporation shall pay an amount in cash (computed to the nearest cent) as provided in this Certificate of Determination. If the Acquisition Termination Redemption Date, Mandatory Conversion Date, Early Conversion Date or Fundamental Change Conversion Date, as applicable, occurs on or prior to the first date as of which the amount of such cash can be determined as provided in this Certificate of Determination, then, notwithstanding anything in this Certificate of Determination to the contrary, payment of the cash payable in lieu of delivery of fractional shares of Common Stock shall be deferred until the second Business Day immediately following such first date.

(c) Subject to any applicable rules and procedures of the Depositary, if more than one share of the Mandatory Convertible Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Mandatory Convertible Preferred Stock so surrendered.

Section 13. *Anti-Dilution Adjustments to the Fixed Conversion Rates.*

(a) Each Fixed Conversion Rate shall be adjusted only upon the occurrence of the following enumerated events:

(i) *Stock Dividends and Distributions*. If the Corporation issues shares of Common Stock to all holders of Common Stock as a dividend or other distribution, each Fixed Conversion Rate in effect at the close of business on the date fixed for determination of the holders of Common Stock entitled to receive such dividend or other distribution shall be divided by a fraction:

(A) the numerator of which is the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination, without giving effect to such dividend, distribution, stock split or stock combination; and

(B) the denominator of which is the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the total number of shares of Common Stock constituting such dividend or other distribution.

Any adjustment made pursuant to this clause (i) shall become effective immediately after the close of business on the date fixed for such determination. If any dividend or distribution described in this clause (i) is declared but not so paid or made, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors (or an authorized committee thereof) publicly announces its decision not to pay or make such dividend or distribution, to such Fixed Conversion Rate that would be in effect if such dividend or distribution had not been declared. For the purposes of this clause (i), the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination shall not include shares held in treasury by the Corporation but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not pay any dividend or make any distribution on shares of Common Stock held in treasury by the Corporation.

(ii) *Issuance of Stock Purchase Rights*. If the Corporation issues to all holders of shares of Common Stock rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans or pursuant to a rights plan) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights or warrants, to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price, each Fixed Conversion Rate in effect at the close of business on the date fixed for determination of the holders of Common Stock entitled to receive such rights or warrants shall be increased by multiplying such Fixed Conversion Rate by a fraction:

(A) the numerator of which is the sum of (x) the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and (y) the number of shares of Common Stock issuable pursuant to such rights or warrants; and

(B) the denominator of which is the sum of (x) the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and (y) the number of shares of Common Stock equal to the quotient of the aggregate offering price payable to exercise such rights or warrants divided by the Current Market Price.

Any adjustment made pursuant to this clause (ii) shall become effective immediately after the close of business on the date fixed for such determination. In the event that such rights or warrants described in this clause (ii) are not so issued, each Fixed Conversion

Rate shall be readjusted, effective as of the date the Board of Directors (or an authorized committee thereof) publicly announces its decision not to issue such rights or warrants, to such Fixed Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, each Fixed Conversion Rate shall be readjusted to such Fixed Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In determining whether any rights or warrants entitle the holders thereof to subscribe for or purchase shares of Common Stock at less than the Current Market Price, and in determining the aggregate offering price payable to exercise such rights or warrants, there shall be taken into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined in good faith by the Board of Directors or an authorized committee thereof, which determination shall be final, conclusive and binding). For the purposes of this clause (ii), the number of shares of Common Stock at the time outstanding shall not include shares held in treasury by the Corporation but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not issue any such rights or warrants in respect of shares of Common Stock held in treasury by the Corporation.

(iii) *Subdivisions and Combinations of the Common Stock*. If outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a lesser number of shares of Common Stock, each Fixed Conversion Rate in effect at the close of business on the effective date of such subdivision or combination shall be multiplied by a fraction:

(A) the numerator of which is the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such subdivision or combination; and

(B) the denominator of which is the number of shares of Common Stock outstanding immediately prior to such subdivision or combination.

Any adjustment made pursuant to this clause (iii) shall become effective immediately after the close of business on the effective date of such subdivision or combination.

(iv) *Debt or Asset Distribution*.

(A) If the Corporation distributes to all holders of Common Stock evidences of its indebtedness, shares of capital stock, securities, rights to acquire shares of the Corporation's capital stock, cash or other assets (excluding (1) any dividend or distribution of shares of Common Stock described in Section 13(a)(i), (2) any rights or warrants described in Section 13(a)(ii), (3) any dividend or distribution described in Section 13(a)(v) and (4) any Spin-Off, as to which the provisions set forth in Section 13(a)(iv)(B) apply), each Fixed Conversion Rate in

effect at the close of business on the date fixed for the determination of holders of Common Stock entitled to receive such distribution shall be multiplied by a fraction:

(1) the numerator of which is the Current Market Price; and

(2) the denominator of which is the Current Market Price minus the Fair Market Value, on such date fixed for determination, of the portion of the evidences of indebtedness, shares of capital stock, securities, rights to acquire shares of the Corporation's capital stock, cash or other assets so distributed applicable to one share of Common Stock.

To the extent such distribution is not so paid or made, each Fixed Conversion Rate will be readjusted to the Fixed Conversion Rate that would then be in effect had the adjustment been made on the basis of only the distribution, if any, actually made or paid.

(B) In the case of a Spin-Off, each Fixed Conversion Rate in effect at the close of business on the date fixed for the determination of holders of Common Stock entitled to receive such distribution shall be multiplied by a fraction:

(1) the numerator of which is the sum of the Current Market Price of the Common Stock and the Fair Market Value of the portion of those shares of capital stock or similar equity interests so distributed that is applicable to one share of Common Stock (or, if such shares of capital stock or equity interests are listed on a U.S. national or regional securities exchange, the Current Market Price of such capital stock or equity interests); and

(2) the denominator of which is the Current Market Price of the Common Stock.

Any adjustment made pursuant to this clause (iv) shall become effective immediately after the close of business on the date fixed for the determination of the holders of Common Stock entitled to receive such distribution. In the event that such distribution described in this clause (iv) is not so made, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors (or an authorized committee thereof) publicly announces its decision not to make such distribution, to such Fixed Conversion Rate that would then be in effect if such distribution had not been declared. If (x) an adjustment to each Fixed Conversion Rate is required under this clause (iv) during the Settlement Period, or (y) a holder submits shares of Mandatory Convertible Preferred Stock for early conversion during the period commencing after the close of business on the determination date described above and prior to the time that the Current Market Price is determined for purposes of this clause (iv), then in either case delivery of the shares of Common Stock issuable upon conversion shall be

delayed until the second Business Day immediately after the first date as of which the calculations provided for in this clause (iv) can be completed.

(v) *Cash Distributions*. If the Corporation pays or makes a dividend or other distribution consisting exclusively of cash to all holders of Common Stock other than a regular, quarterly cash dividend that does not exceed $0.8225 per share (the "**Dividend Threshold**," subject to adjustment as set forth below) (excluding (x) any cash that is distributed in a Reorganization Event to which Section 14 applies, (y) any dividend or other distribution in connection with the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation and (z) any consideration payable as part of a tender or exchange offer by the Corporation or any subsidiary of the Corporation covered by Section 13(a)(vi)), each Fixed Conversion Rate in effect at the close of business on the date fixed for determination of the holders of Common Stock entitled to receive such dividend or other distribution shall be multiplied by a fraction:

(A) the numerator of which is the Current Market Price minus the Dividend Threshold (*provided* that if the distribution is not a regular quarterly cash dividend, the Dividend Threshold will, for purposes of such distribution, be deemed to be zero); and

(B) the denominator of which is the Current Market Price minus the amount per share of Common Stock of such dividend or other distribution.

The Dividend Threshold is subject to adjustment in a manner inversely proportional to adjustments to the Fixed Conversion Rates pursuant to the provisions set forth in this Section 13; *provided, however,* that no adjustment will be made to the Dividend Threshold for any adjustment to the Fixed Conversion Rates under this clause (v).

Any adjustment made pursuant to this clause (v) shall become effective immediately after the close of business on the date fixed for the determination of the holders of Common Stock entitled to receive such dividend or other distribution. In the event that any dividend or other distribution described in this clause (v) is not so paid or made, each Fixed Conversion Rate shall be readjusted, effective as of the date the Board of Directors (or an authorized committee thereof) publicly announces its decision not to pay such dividend or make such other distribution, to such Fixed Conversion Rate which would then be in effect if such dividend or other distribution had not been declared.

(vi) *Self Tender Offers and Exchange Offers*. If the Corporation or any subsidiary of the Corporation successfully completes a tender or exchange offer pursuant to a Schedule TO or registration statement on Form S-4 for outstanding Common Stock (excluding any securities convertible or exchangeable for Common Stock), where the cash and the value of any other consideration included in the payment per share of Common Stock exceeds the Current Market Price, each Fixed Conversion Rate in effect at the close of business on the date of expiration of the tender or exchange offer (the "**Expiration Date**") shall be multiplied by a fraction:

(A) the numerator of which shall be equal to the sum of:

(1) the aggregate cash and Fair Market Value, on the Expiration Date, of any other consideration paid or payable for shares of Common Stock purchased in such tender or exchange offer; and

(2) the product of (x) the Current Market Price and (y) the number of shares of Common Stock outstanding at the time such tender or exchange offer expires, less any purchased shares; and

(B) the denominator of which shall be equal to the product of:

(1) the Current Market Price; and

(2) the number of shares of Common Stock outstanding at the time such tender or exchange offer expires, including any purchased shares.

Any adjustment made pursuant to this clause (vi) shall become effective immediately after the close of business on the 10th Trading Day immediately following the Expiration Date but will be given effect as of the open of business on the Expiration Date. In the event that the Corporation or one of its subsidiaries is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then each Fixed Conversation Rate shall be readjusted to be such Fixed Conversion Rate that would then be in effect if such tender offer or exchange offer had not been made. Except as set forth in the preceding sentence, if the application of this clause (vi) to any tender offer or exchange offer would result in a decrease in each Fixed Conversation Rate, no adjustment shall be made for such tender offer or exchange offer under this clause (vi). If (x) an adjustment to each Fixed Conversion Rate is required pursuant to this clause (vi) during the Settlement Period or (y) a holder submits shares of Mandatory Convertible Preferred Stock for early conversion during the period commencing after the open of business on the Expiration Date described above and prior to the time that the Current Market Price is determined for purposes of this clause (vi), then in either case, delivery of the related conversion consideration shall be delayed to the second Business Day immediately after the first date as of which the calculations provided for in this clause (vi) can be completed.

(vii) *Fair Market Value in Excess of Current Market Price*. Except with respect to a Spin-Off, in cases where the Fair Market Value of the evidences of the Corporation's indebtedness, shares of capital stock, securities, rights to acquire shares of the Corporation's capital stock, cash or other assets as to which Section 13(a)(iv) or Section 13(a)(v) apply, applicable to one share of Common Stock, distributed to holders of Common Stock equals or exceeds the Current Market Price (as determined for purposes of calculating the conversion rate adjustment pursuant to such Section 13(a)(iv) or Section 13(a)(v)), rather than being entitled to an adjustment in each Fixed Conversion Rate, Holders shall be entitled to receive upon conversion, in addition to a number of

shares of Common Stock otherwise deliverable on the applicable Conversion/Redemption Date, the kind and amount of the evidences of the Corporation's indebtedness, shares of the Corporation's capital stock, securities, rights to acquire shares of the Corporation's capital stock, cash or other assets comprising the distribution that such Holder would have received if such Holder had owned, immediately prior to the record date for determining the holders of Common Stock entitled to receive the distribution, for each share of the Mandatory Convertible Preferred Stock, a number of shares of Common Stock equal to the Maximum Conversion Rate in effect on the date of such distribution.

(viii) *Rights Plans*. To the extent that the Corporation has a rights plan in effect with respect to the Common Stock on any Conversion/Redemption Date, upon conversion of any shares of the Mandatory Convertible Preferred Stock, converting Holders shall receive, in addition to the Common Stock, the rights under such rights plan, unless, prior to such Conversion/Redemption Date, the rights have separated from the Common Stock, in which case, and only in such case, each Fixed Conversion Rate shall be adjusted at the time of separation of such rights as if the Corporation made a distribution to all holders of the Common Stock as described in Section 13(a)(iv), subject to readjustment in the event of the expiration, termination or redemption of such rights. Notwithstanding anything to the contrary in this Section 13, the Fixed Conversion Rates will not be adjusted on account of any rights issued pursuant to a rights plan, except to the extent provided in the preceding sentence. Any distribution of rights or warrants pursuant to a rights plan that would allow Holders to receive upon conversion, in addition to any shares of Common Stock, the rights described therein (unless such rights or warrants have separated from Common Stock) shall not constitute a distribution of rights or warrants that would entitle Holders to an adjustment to the Fixed Conversion Rates.

(b) *Adjustment for Tax Reasons*. The Corporation may make such increases in each Fixed Conversion Rate, in addition to any other increases required by this Section 13, as the Corporation deems advisable to avoid or diminish any income tax to holders of the Common Stock resulting from any dividend or distribution of shares of Common Stock (or issuance of rights or warrants to acquire shares of Common Stock) or from any event treated as such for income tax purposes or for any other reason, *provided* that the same proportionate adjustment must be made to each Fixed Conversion Rate.

(c) *Calculation of Adjustments; Adjustments to Threshold Appreciation Price, Initial Price and Share Price*.

(i) All adjustments to each Fixed Conversion Rate shall be calculated to the nearest 1/10,000th of a share of Common Stock. Prior to the first Trading Day of the Settlement Period, no adjustment in a Fixed Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent therein. If, by reason of this Section 13(c)(i), any adjustment is not required to be made, such adjustment shall be carried forward and taken into account in any subsequent adjustment; *provided, however*, that on (x) the earlier of any Early Conversion Date and the Effective Date of any Fundamental Change, (y) each Trading Day of the Settlement Period, and (z) the date, if any, on which the Corporation shall provide notice of Acquisition

Termination Redemption and the Acquisition Termination Redemption Date, adjustments to each Fixed Conversion Rate shall be made with respect to any such adjustment carried forward that has not been taken into account before such date.

(ii) If an adjustment is made to the Fixed Conversion Rates pursuant to Section 13(a) or 13(b), (x) an inversely proportional adjustment shall also be made to the Threshold Appreciation Price and the Initial Price and (y) an inversely proportional adjustment will also be made to the Floor Price. Such adjustments shall be made by dividing each of the Threshold Appreciation Price, the Initial Price and the Floor Price by a fraction, the numerator of which shall be either Fixed Conversion Rate immediately after such adjustment pursuant to Section 13(a) or 13(b) and the denominator of which shall be such Fixed Conversion Rate immediately before such adjustment. Whenever any provision of this Certificate of Determination requires the Corporation to calculate the VWAP per share of the Common Stock over a span of multiple days, the Corporation shall make appropriate adjustments (including, without limitation, to the Applicable Market Value, the Early Conversion Average Price, the Current Market Price and the Average Price (as the case may be)) to account for any adjustments, pursuant to Section 13(a), 13(b) or 13(c)(ii), to the Initial Price, the Threshold Appreciation Price, the Floor Price and the Fixed Conversion Rates (as the case may be) that become effective, or any event that would require such an adjustment if the Ex-Date, effective date or Expiration Date (as the case may be) of such event occurs, during the relevant period used to calculate such prices or values (as the case may be).

(iii) If:

(A) the record date for a dividend or distribution on shares of the Common Stock occurs after the end of the Settlement Period and before the Mandatory Conversion Date; and

(B) such dividend or distribution would have resulted in an adjustment of the number of shares of Common Stock issuable to the Holders had such record date occurred on or before the last Trading Day of the Settlement Period,

then the Corporation shall deem the Holders to be holders of record, for each share of their Mandatory Convertible Preferred Stock, of a number of shares of Common Stock equal to the Mandatory Conversion Rate for purposes of that dividend or distribution.

(iv) If an adjustment is made to the Fixed Conversion Rates pursuant to Section 13(a) or 13(b), a proportional adjustment shall be made to each Share Price column heading set forth in the table included in the definition of “Fundamental Change Conversion Rate” as of the day on which the Fixed Conversion Rates are so adjusted. Such adjustment shall be made by multiplying each Share Price included in such table, applicable immediately prior to such adjustment, by a fraction, the numerator of which is the Minimum Conversion Rate immediately prior to the adjustment giving rise to such Share Price adjustment, and the denominator of which is the Minimum Conversion Rate as so adjusted.

(v) Notwithstanding anything herein to the contrary, no adjustment to the Fixed Conversion Rates shall be made if Holders may participate, at the same time, upon the same terms and otherwise on the same basis as holders of Common Stock and solely as a result of holding Mandatory Convertible Preferred Stock, in the transaction that would otherwise give rise to such adjustment as if they held, for each share of the Mandatory Convertible Preferred Stock, a number of shares of Common Stock equal to the Maximum Conversion Rate then in effect. The Corporation shall notify Holders, in the event they may so participate, at the same time it notifies holders of Common Stock of their participation in such transaction.

The Corporation shall not be required to adjust the Fixed Conversion Rates except to the extent required by this Certificate of Determination. Notwithstanding anything to the contrary set forth herein, and without limiting the prior sentence, the Fixed Conversion Rates shall not be adjusted:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(B) upon the issuance of any shares of Common Stock or rights, warrants, options, units or other securities exercisable for the purchase of those shares pursuant to any present or future benefit or other incentive plan or program of or assumed by the Corporation or any of its subsidiaries;

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Initial Issue Date;

(D) for a change in the par value of the Common Stock;

(E) for stock repurchases that are not tender offers, including structured or derivative transactions;

(F) as a result of a tender offer solely to holders of fewer than 100 shares of Common Stock;

(G) as a result of a tender or exchange offer by a person other than the Corporation or one or more of its subsidiaries; or

(H) for accumulated dividends on the Mandatory Convertible Preferred Stock, except as provided under Sections 5, 7, 8 and 9.

(d) *Notice of Adjustment*. Whenever the Fixed Conversion Rates and the Fundamental Change Conversion Rates set forth in the table in the definition of "Fundamental Change Conversion Rate" are to be adjusted, the Corporation shall, within 10 Business Days following the effectiveness of such adjustment:

(i) compute such adjusted Fixed Conversion Rates and Fundamental Change Conversion Rates and prepare and transmit to the Transfer Agent an Officer's Certificate setting forth such adjusted Fixed Conversion Rates and Fundamental Change Conversion Rates, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide, or cause to be provided, a written notice to the Holders of the occurrence of such adjustment together with a statement setting forth in reasonable detail the method by which the adjustments to each of the Fixed Conversion Rates and Fundamental Change Conversion Rates were determined and setting forth such adjusted Fixed Conversion Rates and Fundamental Change Conversion Rates.

Section 14. *Recapitalizations, Reclassifications and Changes of Common Stock*. If there occurs:

(a) any consolidation or merger of the Corporation with or into another Person (other than a merger or consolidation in which the Corporation is the surviving corporation and in which the Common Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of the Corporation or another Person);

(b) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Corporation;

(c) any reclassification of Common Stock into securities including securities other than Common Stock; or

(d) any statutory exchange of securities of the Corporation with another Person (other than in connection with a merger or acquisition),

in each case, as a result of which the Common Stock would be converted into, or exchanged for, securities, cash or property (each such event, a "**Reorganization Event**," and such securities, cash or property, the "**Reference Property**," and the amount and kind of Reference Property that a holder of one share of Common Stock would be entitled to receive on account of such Reorganization Event (without giving effect to any arrangement not to issue or deliver a fractional portion of any security or other property), a "**Reference Property Unit**"), then, notwithstanding anything to the contrary set forth in this Certificate of Determination,

(i) from and after the effective time of such Reorganization Event, (A) the consideration due upon conversion or redemption of any Mandatory Convertible Preferred Stock will be determined in the same manner as if each reference to any number of shares of Common Stock in this Certificate of Determination were instead a reference to the same number of Reference Property Units, and (B) for purposes of the definition of "Fundamental Change," the terms "Common Stock" and "capital stock" will be deemed to mean the common equity (including depositary receipts representing common equity), if any, forming part of such Reference Property;

(ii) for these purposes, the VWAP of any Reference Property Unit or portion thereof that does not consist of a class of securities will be the fair value of such

Reference Property Unit or portion thereof, as applicable, determined in good faith by the Corporation (or, in the case of cash denominated in U.S. dollars, the face amount thereof); and

(iii) at the effective time of such Reorganization Event, the Corporation may amend this Certificate of Determination without the consent of the Holders of the Mandatory Convertible Preferred Stock to give effect to the provisions set forth in the foregoing clauses (i) and (ii).

For purposes of the foregoing, the type and amount of Reference Property in the case of any Reorganization Event that causes the Common Stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election (or of all holders of Common Stock if none makes an election). The Corporation shall notify Holders of the weighted average as soon as practicable after such determination is made.

The above provisions of this Section 14 shall similarly apply to successive Reorganization Events, and the provisions of Section 13 shall apply to any securities forming part of the relevant Reference Property.

The Corporation (or any successor thereto) shall, as soon as reasonably practicable (but in any event within 20 calendar days) after the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence and of the kind and amount of the cash, securities or other property that constitute the Reference Property and a Reference Property Unit. Failure to deliver such notice shall not affect the operation of this Section 14.

In connection with any adjustment to the Fixed Conversion Rates described in this Section 14, the Corporation shall also adjust the Dividend Threshold based on the number of shares of common stock or other equity interests comprising the Reference Property and (if applicable) the value of any non-stock consideration comprising the Reference Property.

Section 15. *Transfer Agent, Registrar, and Conversion and Dividend Disbursing Agent.* The duly appointed Transfer Agent, Registrar and Conversion and Dividend Disbursing Agent for the Mandatory Convertible Preferred Stock shall be American Stock Transfer & Trust Company, LLC. The Corporation may, in its sole discretion, remove the Transfer Agent, Registrar or Conversion and Dividend Disbursing Agent in accordance with the agreement between the Corporation and the Transfer Agent, Registrar or Conversion and Dividend Disbursing Agent, as the case may be; *provided*, *however*, that if the Corporation removes American Stock Transfer & Trust Company, LLC, the Corporation shall appoint a successor transfer agent, registrar or conversion and dividend disbursing agent, as the case may be, who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the Holders.

Section 16. *Record Holders.* To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Holder of any shares of the Mandatory Convertible Preferred Stock as the true and lawful owner thereof for all purposes.

Section 17. *Notices.* The Corporation shall send all notices or communications to Holders of the Mandatory Convertible Preferred Stock pursuant to this Certificate of Determination in writing by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery, to the Holders' respective addresses shown on the register for the Mandatory Convertible Preferred Stock. However, in the case of Mandatory Convertible Preferred Stock in the form of Global Preferred Shares, the Corporation shall be permitted to send notices or communications to holders pursuant to the procedures of the Depositary, and notices and communications that the Corporation sends in this manner will be deemed to have been properly sent to such Holders in writing.

Section 18. *No Preemptive Rights.* The Holders shall have no preemptive or preferential rights to purchase or subscribe for any stock, obligations, warrants or other securities of the Corporation of any class.

Section 19. *Other Rights.* The shares of the Mandatory Convertible Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

Section 20. *Stock Certificates*.

(a) Shares of the Mandatory Convertible Preferred Stock shall initially be represented by stock certificates substantially in the form set forth as Exhibit A hereto.

(b) Stock certificates representing shares of the Mandatory Convertible Preferred Stock shall be signed by the Chairman, the Chief Executive Officer, the President or a Vice President, and by the Secretary or an Assistant Secretary, in accordance with the By-laws and applicable California law, by manual or facsimile signature.

(c) A stock certificate representing shares of the Mandatory Convertible Preferred Stock shall not be valid until manually countersigned by an authorized signatory of the Transfer Agent and Registrar. Each stock certificate representing shares of the Mandatory Convertible Preferred Stock shall be dated the date of its countersignature.

(d) If any Officer of the Corporation who has signed a stock certificate no longer holds that office at the time the Transfer Agent and Registrar countersigns the stock certificate, the stock certificate shall be valid nonetheless.

Section 21. *Replacement Certificates*.

(a) If physical certificates are issued, and any of the Mandatory Convertible Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Mandatory Convertible Preferred Stock certificate, or in lieu of and substitution for the Mandatory Convertible Preferred Stock certificate lost, stolen or destroyed, a new Mandatory Convertible Preferred Stock certificate of like tenor and representing an equivalent Liquidation Preference of shares of the Mandatory Convertible Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Mandatory Convertible Preferred Stock

certificate and indemnity, if requested, reasonably satisfactory to the Corporation and the Transfer Agent.

(b) The Corporation is not required to issue any certificate representing the Mandatory Convertible Preferred Stock on or after the Mandatory Conversion Date. In lieu of the delivery of a replacement certificate following the Mandatory Conversion Date, the Transfer Agent, upon delivery of the evidence and indemnity described above, shall deliver the shares of Common Stock issuable and any cash deliverable pursuant to the terms of the Mandatory Convertible Preferred Stock formerly evidenced by the certificate.

Section 22. *Book Entry Form*.

(a) Subject to Section 22(d), the shares of Mandatory Convertible Preferred Stock offered and sold pursuant to the Prospectus Supplement, and, except as otherwise directed by the Board of Directors (or an authorized committee thereof), all other shares of Mandatory Convertible Preferred Stock shall be issued in global form ("**Global Preferred Shares**") eligible for book-entry settlement with the Depositary, represented by one or more stock certificates in global form registered in the name of the Depositary or a nominee of the Depositary bearing the form of global securities legend set forth in Exhibit A. The aggregate number of shares of the Mandatory Convertible Preferred Stock represented by each stock certificate representing Global Preferred Shares may from time to time be increased or decreased by a notation by the Registrar and Transfer Agent on Schedule I attached to the stock certificate.

(b) Members of, or participants in, the Depositary ("**Agent Members**") shall have no rights under this Certificate of Determination, with respect to any Global Preferred Shares, and the Depositary shall be treated by the Corporation, the Registrar and any agent of the Corporation or the Registrar as the absolute owner of the Mandatory Convertible Preferred Stock. Notwithstanding the foregoing, nothing herein shall prevent the Corporation, the Registrar or any agent of the Corporation or the Registrar from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of the Depositary governing the exercise of the rights of a holder of a beneficial ownership interest in any shares of the Mandatory Convertible Preferred Stock. The Holders may grant proxies or otherwise authorize any Person to take any action that a Holder is entitled to take pursuant to the Mandatory Convertible Preferred Stock, this Certificate of Determination or the Amended and Restated Certificate of Incorporation.

(c) Transfers of a Global Preferred Share shall be limited to transfers of such Global Preferred Share in whole, but not in part, to nominees of the Depositary or to a successor of the Depositary or such successor's nominee.

(d) If DTC is at any time unwilling or unable to continue as Depositary for the Global Preferred Shares or DTC ceases to be registered as a "clearing agency" under the Exchange Act, and in either case a successor Depositary is not appointed by the Corporation within 90 days, the Corporation shall issue certificated shares in exchange for the Global Preferred Shares. In any such case, the Global Preferred Shares shall be exchanged in whole for definitive stock certificates, in substantially the form attached hereto as Exhibit A, representing an equal

aggregate Liquidation Preference. Such definitive stock certificates shall be registered in the name or names of the Person or Persons specified by DTC in a written instrument to the Registrar.

Section 23. *Miscellaneous.*

(a) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of the Mandatory Convertible Preferred Stock or shares of Common Stock or other securities issued on account of the Mandatory Convertible Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock or other securities in a name other than that in which the shares of the Mandatory Convertible Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, and shall not be required to make any such issuance or delivery unless and until the Person otherwise entitled to such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) The Liquidation Preference and the Dividend Rate each shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Mandatory Convertible Preferred Stock. Such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

Section 24. *Withholding Taxes*. Notwithstanding anything to the contrary, if the Corporation or other applicable withholding agent pays withholding taxes or backup withholding on behalf of the Holder or beneficial owner as a result of an adjustment to the Mandatory Conversion Rate or otherwise, the Corporation or other applicable withholding agent may, at its option, set off such payments against payments of cash and shares of Common Stock on the Mandatory Convertible Preferred Stock.

Exhibit A

[FORM OF FACE OF
MANDATORY CONVERTIBLE PREFERRED STOCK, SERIES A CERTIFICATE]

[INCLUDE FOR GLOBAL PREFERRED SHARES]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE CORPORATION OR THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.

THE CORPORATION SHALL FURNISH A FULL STATEMENT ABOUT CERTAIN RESTRICTIONS ON OWNERSHIP AND TRANSFERABILITY TO A STOCKHOLDER UPON REQUEST AND WITHOUT CHARGE.

Certificate Number [__]

[Initial] Number of Shares of
Mandatory Convertible Preferred Stock: [__]
[CUSIP: [816851406]]
[ISIN: [US8168514060]]

SEMPRA ENERGY

6% Mandatory Convertible Preferred Stock, Series A
(Liquidation Preference as specified below)

Sempra Energy, a California corporation (the "**Corporation**"), hereby certifies that [__] (the "**Holder**"), is the registered owner of [__] [the number shown on Schedule I hereto of] fully paid and non-assessable shares of the Corporation's designated 6% Mandatory Convertible Preferred Stock, Series A, and a Liquidation Preference of $100.00 per share (the "**Mandatory Convertible Preferred Stock**"). The shares of the Mandatory Convertible Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Mandatory Convertible Preferred Stock represented hereby are and shall in all respects be subject to the provisions of the Certificate of Determination of 6% Mandatory Convertible Preferred Stock, Series A of Sempra Energy dated January 5, 2018, as the same may be amended from time to time (the "**Certificate of Determination**"). Capitalized terms used herein but not defined shall

have the meaning given them in the Certificate of Determination. The Corporation will provide a copy of the Certificate of Determination to the Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to the provisions of the Mandatory Convertible Preferred Stock set forth on the reverse hereof and in the Certificate of Determination, which provisions shall for all purposes have the same effect as if set forth at this place. If the terms of this certificate conflict with the terms of the Certificate of Determination, then the terms of the Certificate of Determination will control to the extent of such conflict.

Upon receipt of this executed certificate, the Holder is bound by the Certificate of Determination and is entitled to the benefits thereunder.

Unless the Transfer Agent and Registrar have properly countersigned, these shares of the Mandatory Convertible Preferred Stock shall not be entitled to any benefit under the Certificate of Determination or be valid or obligatory for any purpose.

* * *

IN WITNESS WHEREOF, this certificate has been executed on behalf of the Corporation by two Officers of the Corporation this [__] of [__], 20[__].

SEMPRA ENERGY

By: _____
Name:
Title:

By: _____
Name:
Title:

COUNTERSIGNATURE

These are shares of the Mandatory Convertible Preferred Stock referred to in the within-mentioned Certificate of Determination.

Dated: [__], [__]

American Stock Transfer & Trust Company, LLC,
as Registrar and Transfer Agent

By: _____
Name:
Title:

Cumulative dividends on each share of the Mandatory Convertible Preferred Stock shall be payable at the applicable rate provided in the Certificate of Determination.

The shares of the Mandatory Convertible Preferred Stock shall be convertible in the manner and accordance with the terms set forth in the Certificate of Determination.

The Corporation shall furnish without charge to each Holder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class or series of stock of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights.

NOTICE OF CONVERSION

(To be Executed by the Holder
in order to Convert the Mandatory Convertible Preferred Stock)

The undersigned hereby irrevocably elects to convert (the "**Conversion**") 6% Mandatory Convertible Preferred Stock, Series A (the "**Mandatory Convertible Preferred Stock**"), of Sempra Energy (hereinafter called the "**Corporation**"), represented by stock certificate No(s). _____ (the "**Mandatory Convertible Preferred Stock Certificates**"), into common stock, no par value, of the Corporation (the "**Common Stock**") according to the conditions of the Certificate of Determination of the Mandatory Convertible Preferred Stock (the "**Certificate of Determination**"), as of the date written below. If Common Stock is to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto, if any. Each Mandatory Convertible Preferred Stock Certificate (or evidence of loss, theft or destruction thereof) is attached hereto.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Certificate of Determination.

Date of Conversion: _____
Applicable Conversion Rate: _____
Shares of the Mandatory Convertible _____
Preferred Stock to be Converted: _____
Shares of Common Stock to be Issued:* _____
Signature: _____
Name: _____
Address:** _____
_____
_____
Fax No.: _____

* The Corporation is not required to issue Common Stock until the original Mandatory Convertible Preferred Stock Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the Corporation or the Conversion and Dividend Disbursing Agent.

** Address where Common Stock and any other payments or certificates shall be sent by the Corporation.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of the Mandatory Convertible Preferred Stock evidenced hereby to:

_____

(Insert assignee's social security or taxpayer identification number, if any)

_____

_____

_____

(Insert address and zip code of assignee)

and irrevocably appoints: _____
as agent to transfer the shares of the Mandatory Convertible Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

Signature: _____

(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee: _____

(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

Sempra Energy

Global Preferred Share
6% Mandatory Convertible Preferred Stock, Series A

Certificate Number:

The number of shares of the Mandatory Convertible Preferred Stock initially represented by this Global Preferred Share shall be [__]. Thereafter the Transfer Agent and Registrar shall note changes in the number of shares of the Mandatory Convertible Preferred Stock evidenced by this Global Preferred Share in the table set forth below:

Amount of Decrease in Number of Shares Represented by this Global Preferred Share	Amount of Increase in Number of Shares Represented by this Global Preferred Share	Number of Shares Represented by this Global Preferred Share following Decrease or Increase	Signature of Authorized Officer of Transfer Agent and Registrar

1 Attach Schedule I only to Global Preferred Shares.

Exhibit 5.1

12670 High Bluff Drive
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LATHAM & WATKINS LLP

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Milan	

January 9, 2018

Sempra Energy
488 8th Avenue
San Diego, California 92101

Re: Registration Statement No. 333-220257 – Issuance of 26,869,158 Shares of Common Stock

Ladies and Gentlemen:

We have acted as special counsel to Sempra Energy, a California corporation (the "***Company***"), in connection with the proposed issuance of 26,869,158 shares of the Company's common stock, no par value ("***Common Stock***"). Pursuant to the underwriting agreement, dated January 4, 2018 (the "***Underwriting Agreement***"), by and among the Company and Morgan Stanley & Co. LLC ("***Morgan Stanley***"), RBC Capital Markets, LLC and Barclays Capital Inc. ("***Barclays***"), as representatives of the several underwriters named in Schedule I to the Underwriting Agreement (collectively, the "***Underwriters***"), and Morgan Stanley, Royal Bank of Canada ("***RBC***") and Barclays (collectively, in their capacities as sellers of Firm Shares (as defined below), the "***Forward Sellers***"), the Forward Sellers will borrow from third parties and sell to the Underwriters 23,364,486 shares of Common Stock and the Company will issue and sell to the Underwriters 3,504,672 shares of Common Stock (the "***Option Shares***"), and pursuant to those certain letter agreements (collectively, the "***Forward Sale Agreements***"), dated January 4, 2018, by and between the Company and each of Morgan Stanley, RBC and Barclays Bank PLC (in their capacities thereunder, the "***Forward Purchasers***"), the Company has agreed to issue and sell, and the Forward Purchasers have agreed to purchase (subject to the Company's right to elect cash settlement or net share settlement in accordance with the terms of the Forward Sale Agreements), 23,364,486 shares of Common Stock in the aggregate, subject to adjustment as set forth therein (the "***Forward Shares***"). The Option Shares and the Forward Shares are collectively referred to herein as the "***Shares***." The Shares are included in a registration statement on Form S-3 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on August 30, 2017 (Registration No. 333-220257), as amended by post-effective Amendment No. 1 filed with the Commission on January 2, 2018 (as so filed and amended, the "***Registration Statement***").

This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to the general corporation law of the State of California, and we express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or as to any matters of municipal law or the laws of any local agencies within any state.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, (i) the issue and sale of the Option Shares have been duly authorized by all necessary corporate action of the Company and when the Option Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor in the circumstances contemplated by the Underwriting Agreement, the Option Shares will be validly issued, fully paid and nonassessable and (ii) the issue and sale of the Forward Shares have been duly authorized by all necessary corporate action of the Company and when and to the extent the Forward Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor in the circumstances contemplated by the Forward Sale Agreements, the Forward Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinions, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the Corporations Code of the State of California.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Company’s Form 8-K dated January 9, 2018 and to the reference to our firm contained in the prospectus for the offering of the Shares under the heading “Legal Matters.” In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

Exhibit 5.2

LATHAM & WATKINS LLP

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Madrid	Washington, D.C.
Milan	

January 9, 2018

Sempra Energy
488 8th Avenue
San Diego, California 92101

Re: Registration Statement No. 333-220257 – Issuance of 17,250,000 Shares of 6% Mandatory Convertible Preferred Stock, Series A

Ladies and Gentlemen:

We have acted as special counsel to Sempra Energy, a California corporation (the "***Company***"), in connection with the proposed issuance of 17,250,000 shares of the Company's 6% Mandatory Convertible Preferred Stock, Series A (the "***Shares***"). The Shares are included in a registration statement on Form S-3 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on August 30, 2017 (Registration No. 333-220257), as amended by post-effective Amendment No. 1 filed with the Commission on January 2, 2018 (as so filed and amended, the "***Registration Statement***"). The Shares are being sold pursuant to an underwriting agreement dated January 4, 2018 (the "***Underwriting Agreement***"), by and among the Company and Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Barclays Capital Inc., as representatives of the several underwriters named in Schedule I to the Underwriting Agreement.

This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to the general corporation law of the State of California, and we express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or as to any matters of municipal law or the laws of any local agencies within any state.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, the issue and sale of the Shares have been duly authorized by all necessary corporate action of the Company and when certificates representing the Shares (in the form of the specimen certificate filed as an exhibit to the Company's Form 8-K dated January 9, 2018) have been manually signed by an authorized officer of the transfer agent and registrar therefor and have been issued by the Company against payment therefor in the circumstances contemplated by the Underwriting Agreement, the Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the Corporations Code of the State of California.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Company's Form 8-K dated January 9, 2018 and to the reference to our firm contained in the prospectus for the offering of the Shares under the heading "Legal Matters." In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP