

# SEMPRA ENERGY

Table A

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(unaudited)			
<b>REVENUES</b>				
Utilities	\$ 2,370	\$ 2,332	\$ 4,855	\$ 4,666
Energy-related businesses	308	319	618	635
Total revenues	2,678	2,651	5,473	5,301
<b>EXPENSES AND OTHER INCOME</b>				
Utilities:				
Cost of natural gas	(395)	(365)	(1,015)	(921)
Cost of electric fuel and purchased power	(571)	(477)	(1,081)	(924)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(126)	(94)	(264)	(205)
Other cost of sales	(42)	(49)	(80)	(97)
Operation and maintenance	(729)	(740)	(1,405)	(1,464)
Depreciation and amortization	(288)	(247)	(574)	(542)
Franchise fees and other taxes	(92)	(81)	(197)	(187)
Plant closure (loss) adjustment	-	(200)	13	(200)
Gain on sale of equity interest and assets	2	-	29	74
Equity earnings, before income tax	23	8	40	18
Other income, net	49	26	89	63
Interest income	5	4	9	10
Interest expense	(138)	(138)	(274)	(276)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	376	298	763	650
Income tax expense	(93)	(32)	(220)	(210)
Equity earnings, net of income tax	9	1	15	5
Net income	292	267	558	445
Earnings attributable to noncontrolling interests	(22)	(21)	(41)	(19)
Preferred dividends of subsidiaries	(1)	(1)	(1)	(3)
Earnings	\$ 269	\$ 245	\$ 516	\$ 423
Basic earnings per common share	\$ 1.10	\$ 1.00	\$ 2.10	\$ 1.74
Weighted-average number of shares outstanding, basic (thousands)	245,688	243,603	245,484	243,449
Diluted earnings per common share	\$ 1.08	\$ 0.98	\$ 2.07	\$ 1.70
Weighted-average number of shares outstanding, diluted (thousands)	250,061	248,515	249,816	248,279
Dividends declared per share of common stock	\$ 0.66	\$ 0.63	\$ 1.32	\$ 1.26

**SEMPRA ENERGY**  
Table A (Continued)

**Sempra Energy Consolidated**

*RECONCILIATION OF SEMPra ENERGY GAAP EARNINGS TO SEMPra ENERGY ADJUSTED EARNINGS EXCLUDING PLANT CLOSURE LOSS IN 2013 AND 2014 AND RETROACTIVE IMPACTS OF 2012 GENERAL RATE CASE (GRC) IN 2013 (Unaudited)*

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share exclude 1) in the three months ended June 30, 2013, a \$119 million loss from plant closure resulting from the early retirement of the San Onofre Nuclear Generating Station (SONGS) and \$77 million and \$29 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; 2) in the six months ended June 30, 2014, a \$9 million charge to adjust the total loss from plant closure (in addition to the amount recorded in the second quarter of 2013) based upon a proposed settlement agreement filed with the California Public Utilities Commission (CPUC) in April 2014; and 3) in the six months ended June 30, 2013, the \$119 million loss from plant closure and \$77 million retroactive impact of the 2012 GRC for the full-year 2012. These are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2014 to 2013 and to future periods, and also as a base for projection of future compounded annual growth rate. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

(Dollars in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Sempra Energy GAAP Earnings	\$ 269	\$ 245	\$ 516	\$ 423
Add: Plant closure loss	-	119	9	119
Less: Retroactive impact of 2012 GRC for full-year 2012	-	(77)	-	(77)
Less: Retroactive impact of 2012 GRC for first quarter of 2013	-	(29)	-	-
Sempra Energy Adjusted Earnings	<u>\$ 269</u>	<u>\$ 258</u>	<u>\$ 525</u>	<u>\$ 465</u>
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	<u>\$ 1.08</u>	<u>\$ 0.98</u>	<u>\$ 2.07</u>	<u>\$ 1.70</u>
Sempra Energy Adjusted Earnings	<u>\$ 1.08</u>	<u>\$ 1.04</u>	<u>\$ 2.11</u>	<u>\$ 1.87</u>
Weighted-average number of shares outstanding, diluted (thousands)	250,061	248,515	249,816	248,279

**San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas)**

*RECONCILIATION OF SDG&E AND SOCALGAS GAAP EARNINGS TO ADJUSTED EARNINGS EXCLUDING PLANT CLOSURE LOSS AT SDG&E IN 2013 AND 2014 AND RETROACTIVE IMPACTS OF 2012 GRC AT BOTH SDG&E AND SOCALGAS IN 2013 (Unaudited)*

SDG&E Adjusted Earnings exclude 1) in the three months ended June 30, 2013, a \$119 million loss from plant closure resulting from the early retirement of SONGS and \$52 million and \$17 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; 2) in the six months ended June 30, 2014, a \$9 million charge to adjust the total loss from plant closure (in addition to the amount recorded in the second quarter of 2013) based upon a proposed settlement agreement filed with the CPUC in April 2014; and 3) in the six months ended June 30, 2013, the \$119 million loss from plant closure and \$52 million retroactive impact of the 2012 GRC for the full-year 2012. These are non-GAAP financial measures. SoCalGas Adjusted Earnings exclude 1) in the three months ended June 30, 2013, \$25 million and \$12 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; and 2) in the six months ended June 30, 2013, \$25 million retroactive impact of the 2012 GRC for the full-year 2012. These are non-GAAP financial measures. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of SDG&E's and SoCalGas' business operations from 2014 to 2013 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to SDG&E Earnings and SoCalGas Earnings, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
SDG&E GAAP Earnings	\$ 123	\$ 65	\$ 222	\$ 156
Add: Plant closure loss	-	119	9	119
Less: Retroactive impact of 2012 GRC for full-year 2012	-	(52)	-	(52)
Less: Retroactive impact of 2012 GRC for first quarter of 2013	-	(17)	-	-
SDG&E Adjusted Earnings	<u>\$ 123</u>	<u>\$ 115</u>	<u>\$ 231</u>	<u>\$ 223</u>
SoCalGas GAAP Earnings	\$ 80	\$ 118	\$ 158	\$ 164
Less: Retroactive impact of 2012 GRC for full-year 2012	-	(25)	-	(25)
Less: Retroactive impact of 2012 GRC for first quarter of 2013	-	(12)	-	-
SoCalGas Adjusted Earnings	<u>\$ 80</u>	<u>\$ 81</u>	<u>\$ 158</u>	<u>\$ 139</u>

# SEMPRA ENERGY

## Table B

### CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	June 30, 2014 (unaudited)	December 31, 2013(1)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 789	\$ 904
Restricted cash	20	24
Accounts receivable, net	1,239	1,522
Due from unconsolidated affiliates	4	4
Income taxes receivable	122	85
Deferred income taxes	390	301
Inventories	267	287
Regulatory balancing accounts – undercollected	780	556
Other regulatory assets	40	38
Fixed-price contracts and other derivatives	101	106
Asset held for sale, power plant	293	-
Other	150	170
Total current assets	4,195	3,997
Investments and other assets:		
Restricted cash	29	25
Due from unconsolidated affiliate	38	14
Regulatory assets arising from pension and other postretirement benefit obligations	449	435
Other regulatory assets	2,101	2,113
Nuclear decommissioning trusts	1,096	1,034
Investments	1,769	1,575
Goodwill	1,000	1,024
Other intangible assets	421	426
Sundry	1,197	1,141
Total investments and other assets	8,100	7,787
Property, plant and equipment, net	26,012	25,460
Total assets	\$ 38,307	\$ 37,244
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt	\$ 1,238	\$ 545
Accounts payable	1,154	1,215
Dividends and interest payable	277	271
Accrued compensation and benefits	271	376
Regulatory balancing accounts – overcollected	-	91
Current portion of long-term debt	195	1,147
Fixed-price contracts and other derivatives	50	55
Customer deposits	149	154
Other	548	515
Total current liabilities	3,882	4,369
Long-term debt	12,323	11,253
Deferred credits and other liabilities:		
Customer advances for construction	150	155
Pension and other postretirement benefit obligations, net of plan assets	675	667
Deferred income taxes	3,010	2,804
Deferred investment tax credits	40	42
Regulatory liabilities arising from removal obligations	2,746	2,623
Asset retirement obligations	2,018	2,084
Fixed-price contracts and other derivatives	223	228
Deferred credits and other	1,189	1,169
Total deferred credits and other liabilities	10,051	9,772
Equity:		
Total Sempra Energy shareholders' equity	11,194	11,008
Preferred stock of subsidiary	20	20
Other noncontrolling interests	837	822
Total equity	12,051	11,850
Total liabilities and equity	\$ 38,307	\$ 37,244

(1) Derived from audited financial statements.

# SEMPRA ENERGY

## Table C

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Six months ended June 30,	
	2014	2013
	(unaudited)	
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 558	\$ 445
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	574	542
Deferred income taxes and investment tax credits	105	251
Gain on sale of equity interest and assets	(29)	(74)
Plant closure (adjustment) loss	(13)	200
Equity earnings	(55)	(23)
Fixed-price contracts and other derivatives	(17)	(28)
Other	(6)	1
Net change in other working capital components	(125)	20
Changes in other assets	21	(237)
Changes in other liabilities	21	8
Net cash provided by operating activities	<u>1,034</u>	<u>1,105</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(1,513)	(1,130)
Expenditures for investments	(160)	(5)
Proceeds from sale of equity interest and assets, net of cash sold	66	384
Proceeds from U.S. Treasury grants	—	74
Distributions from investments	6	95
Purchases of nuclear decommissioning and other trust assets	(356)	(330)
Proceeds from sales by nuclear decommissioning and other trusts	350	326
Decrease in restricted cash	87	143
Increase in restricted cash	(87)	(186)
Advances to unconsolidated affiliates	(24)	—
Other	10	2
Net cash used in investing activities	<u>(1,621)</u>	<u>(627)</u>
<b>Cash Flows from Financing Activities</b>		
Common dividends paid	(301)	(299)
Preferred dividends paid by subsidiaries	(1)	(3)
Issuances of common stock	28	22
Repurchases of common stock	(37)	(45)
Issuances of debt (maturities greater than 90 days)	2,345	894
Payments on debt (maturities greater than 90 days)	(1,475)	(1,134)
Proceeds from sale of noncontrolling interests, net of \$25 in offering costs	—	574
Decrease in short-term debt, net	(54)	(10)
Distributions to noncontrolling interests	(23)	(13)
Other	(10)	18
Net cash provided by financing activities	<u>472</u>	<u>4</u>
Effect of exchange rate changes on cash and cash equivalents	—	(3)
(Decrease) increase in cash and cash equivalents	(115)	479
Cash and cash equivalents, January 1	904	475
Cash and cash equivalents, June 30	<u>\$ 789</u>	<u>\$ 954</u>

# SEMPRA ENERGY

Table D

## SEGMENT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(unaudited)			
<b>Earnings (Losses)</b>				
California Utilities:				
San Diego Gas & Electric	\$ 123	\$ 65	\$ 222	\$ 156
Southern California Gas	80	118	158	164
Sempra International:				
Sempra South American Utilities	42	34	77	71
Sempra Mexico	34	26	76	57
Sempra U.S. Gas & Power:				
Sempra Renewables	18	15	46	19
Sempra Natural Gas	4	9	13	62
Parent and other	(32)	(22)	(76)	(106)
Earnings	<u>\$ 269</u>	<u>\$ 245</u>	<u>\$ 516</u>	<u>\$ 423</u>

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(unaudited)			
<b>Capital Expenditures and Investments</b>				
California Utilities:				
San Diego Gas & Electric	\$ 249	\$ 209	\$ 543	\$ 446
Southern California Gas	240	161	500	340
Sempra International:				
Sempra South American Utilities	58	44	90	66
Sempra Mexico	114	100	189	161
Sempra U.S. Gas & Power:				
Sempra Renewables	165	55	276	66
Sempra Natural Gas	27	29	67	55
Parent and other	7	1	8	1
Consolidated Capital Expenditures and Investments	<u>\$ 860</u>	<u>\$ 599</u>	<u>\$ 1,673</u>	<u>\$ 1,135</u>

# SEMPRA ENERGY

Table E

## OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
<b>California Utilities - SDG&amp;E and SoCalGas</b>				
Gas Sales (bcf) <sup>(1)</sup>	68	74	180	214
Transportation (bcf) <sup>(1)</sup>	158	162	320	330
Total Deliveries (bcf) <sup>(1)</sup>	226	236	500	544
Total Gas Customers (Thousands)			6,720	6,692
Electric Sales (Millions of kWhs) <sup>(1)</sup>	3,827	3,792	7,724	7,816
Direct Access (Millions of kWhs)	816	759	1,704	1,594
Total Deliveries (Millions of kWhs) <sup>(1)</sup>	4,643	4,551	9,428	9,410
Total Electric Customers (Thousands)			1,413	1,405
<b>Other Utilities</b>				
Natural Gas Sales (bcf)				
Mexico	5	6	11	12
Mobile Gas <sup>(2)</sup>	9	10	20	21
Willmut Gas	1	1	2	2
Natural Gas Customers (Thousands)				
Mexico			102	95
Mobile Gas			86	87
Willmut Gas			19	19
Electric Sales (Millions of kWhs)				
Peru	1,817	1,742	3,668	3,488
Chile	708	689	1,496	1,450
Electric Customers (Thousands)				
Peru			1,013	977
Chile			648	633
<b>ENERGY-RELATED BUSINESSES</b>				
<b>Sempra International</b>				
Power Sold (Millions of kWhs)				
Sempra Mexico	830	736	1,932	1,835
<b>Sempra U.S. Gas &amp; Power</b>				
Power Sold (Millions of kWhs)				
Sempra Renewables <sup>(3)</sup>	641	683	1,279	1,381
Sempra Natural Gas <sup>(4)</sup>	1,183	795	2,435	1,927

(1) Includes intercompany sales.

(2) Includes transportation.

(3) Includes 50% of total power sold related to wind projects in which Sempra Energy has a 50% ownership. These subsidiaries are not consolidated within Sempra Energy and the related investments are accounted for under the equity method.

(4) Sempra Natural Gas sold one 625-megawatt (MW) block of its 1,250-MW Mesquite Power natural gas-fired power plant in February 2013.

# SEMPRA ENERGY

## Table F (Unaudited)

### Statement of Operations Data by Segment

#### Three Months Ended June 30, 2014

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,063	\$ 917	\$ 390	\$ 186	\$ 9	\$ 236	\$ (123)	\$ 2,678
Cost of sales and other expenses	(690)	(688)	(310)	(134)	(11)	(225)	103	(1,955)
Depreciation and amortization	(131)	(107)	(13)	(15)	(2)	(16)	(4)	(288)
Gain on sale of asset	-	-	2	-	-	-	-	2
Equity earnings, before income tax	-	-	-	-	9	14	-	23
Other income, net	7	3	4	12	1	-	22	49
Income (loss) before interest and tax <sup>(1)</sup>	249	125	73	49	6	9	(2)	509
Net interest expense <sup>(2)</sup>	(51)	(17)	(6)	(3)	(1)	(1)	(55)	(134)
Income tax (expense) benefit	(69)	(28)	(18)	(12)	13	(3)	24	(93)
Equity earnings, net of income tax	-	-	-	9	-	-	-	9
(Earnings) losses attributable to noncontrolling interests	(6)	-	(7)	(9)	-	(1)	1	(22)
Earnings (losses)	\$ 123	\$ 80	\$ 42	\$ 34	\$ 18	\$ 4	\$ (32)	\$ 269

#### Three Months Ended June 30, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,064	\$ 904	\$ 371	\$ 163	\$ 30	\$ 218	\$ (99)	\$ 2,651
Cost of sales and other expenses	(632)	(645)	(290)	(112)	(14)	(192)	79	(1,806)
Depreciation and amortization	(107)	(80)	(15)	(15)	(7)	(20)	(3)	(247)
Plant closure loss	(200)	-	-	-	-	-	-	(200)
Equity (losses) earnings, before income tax	-	-	-	-	(3)	11	-	8
Other income (expense), net	9	3	-	(5)	5	2	12	26
Income (loss) before interest and tax <sup>(1)</sup>	134	182	66	31	11	19	(11)	432
Net interest expense <sup>(2)</sup>	(50)	(19)	(2)	(3)	(5)	(3)	(53)	(135)
Income tax (expense) benefit	(12)	(45)	(17)	(2)	9	(6)	41	(32)
Equity (losses) earnings, net of income tax	-	-	(7)	8	-	-	-	1
(Earnings) losses attributable to noncontrolling interests	(7)	-	(6)	(8)	-	(1)	1	(21)
Earnings (losses)	\$ 65	\$ 118	\$ 34	\$ 26	\$ 15	\$ 9	\$ (22)	\$ 245

<sup>(1)</sup> Management believes Income (Loss) Before Interest and Tax is a useful measurement of our segments' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

<sup>(2)</sup> Net Interest Expense includes interest income, interest expense and preferred dividends of subsidiaries.

# SEMPRA ENERGY

Table F (Unaudited)

## Statement of Operations Data by Segment

### Six Months Ended June 30, 2014

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,050	\$ 2,002	\$ 768	\$ 387	\$ 15	\$ 496	\$ (245)	\$ 5,473
Cost of sales and other expenses	(1,339)	(1,539)	(611)	(269)	(23)	(468)	207	(4,042)
Depreciation and amortization	(261)	(212)	(27)	(31)	(3)	(33)	(7)	(574)
Plant closure adjustment	13 <sup>(1)</sup>	-	-	-	-	-	-	13
Gain on sale of equity interest and asset	-	-	2	-	27	-	-	29
Equity earnings, before income tax	-	-	-	-	11	29	-	40
Other income, net	20	7	5	22	1	1	33	89
Income (loss) before interest and tax <sup>(2)</sup>	483	258	137	109	28	25	(12)	1,028
Net interest expense <sup>(3)</sup>	(101)	(34)	(11)	(7)	(1)	(2)	(110)	(266)
Income tax (expense) benefit	(152)	(66)	(33)	(24)	19	(9)	45	(220)
Equity (losses) earnings, net of income tax	-	-	(2)	17	-	-	-	15
(Earnings) losses attributable to noncontrolling interests	(8)	-	(14)	(19)	-	(1)	1	(41)
Earnings (losses)	\$ 222	\$ 158	\$ 77	\$ 76	\$ 46	\$ 13	\$ (76)	\$ 516

### Six Months Ended June 30, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,003	\$ 1,887	\$ 755	\$ 331	\$ 51	\$ 471	\$ (197)	\$ 5,301
Cost of sales and other expenses	(1,269)	(1,445)	(591)	(225)	(27)	(412)	171	(3,798)
Depreciation and amortization	(241)	(180)	(30)	(31)	(15)	(40)	(5)	(542)
Plant closure loss	(200)	-	-	-	-	-	-	(200)
Gain on sale of asset	-	-	-	-	-	74	-	74
Equity (losses) earnings, before income tax	-	-	-	-	(2)	20	-	18
Other income, net	20	7	3	4	5	4	20	63
Income (loss) before interest and tax <sup>(2)</sup>	313	269	137	79	12	117	(11)	916
Net interest expense <sup>(3)</sup>	(98)	(36)	(4)	(4)	(10)	(15)	(102)	(269)
Income tax (expense) benefit	(63)	(69)	(34)	(28)	17	(39)	6	(210)
Equity (losses) earnings, net of income tax	-	-	(14)	19	-	-	-	5
Losses (earnings) attributable to noncontrolling interests	4	-	(14)	(9)	-	(1)	1	(19)
Earnings (losses)	\$ 156	\$ 164	\$ 71	\$ 57	\$ 19	\$ 62	\$ (106)	\$ 423

<sup>(1)</sup> After taxes, including a \$17 million charge to reduce certain tax regulatory assets attributed to SONGS, the adjustment to loss from plant closure is a \$9 million charge to earnings.

<sup>(2)</sup> Management believes Income (Loss) Before Interest and Tax is a useful measurement of our segments' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

<sup>(3)</sup> Net Interest Expense includes interest income, interest expense and preferred dividends of subsidiaries.