

SEMPRA ENERGY

Table A

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2012	2011(1)	2012	2011(1)
	(unaudited)			
REVENUES				
Utilities	\$ 2,170	\$ 2,065	\$ 6,099	\$ 5,933
Energy-related businesses	337	511	880	1,499
Total revenues	2,507	2,576	6,979	7,432
EXPENSES AND OTHER INCOME				
Utilities:				
Cost of natural gas	(212)	(322)	(864)	(1,367)
Cost of electric fuel and purchased power	(515)	(408)	(1,252)	(976)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(136)	(252)	(346)	(694)
Other cost of sales	(43)	(68)	(117)	(123)
Operation and maintenance	(732)	(691)	(2,123)	(2,003)
Depreciation and amortization	(280)	(251)	(803)	(729)
Franchise fees and other taxes	(89)	(84)	(264)	(259)
Equity (losses) earnings, before income tax:				
Rockies Express Pipeline LLC	(87)	10	(366)	29
Other	(7)	(22)	(9)	(33)
Remeasurement of equity method investments	-	-	-	277
Other income, net	44	12	137	86
Interest income	5	6	14	21
Interest expense	(126)	(118)	(352)	(344)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	329	388	634	1,317
Income tax expense	(49)	(75)	(48)	(289)
Equity earnings, net of income tax	10	6	29	45
Net income	290	319	615	1,073
Earnings attributable to noncontrolling interests	(20)	(29)	(44)	(21)
Preferred dividends of subsidiaries	(2)	(1)	(5)	(6)
Earnings	\$ 268	\$ 289	\$ 566	\$ 1,046
Basic earnings per common share	\$ 1.11	\$ 1.21	\$ 2.35	\$ 4.36
Weighted-average number of shares outstanding, basic (thousands)	241,689	239,545	241,133	239,693
Diluted earnings per common share	\$ 1.09	\$ 1.20	\$ 2.31	\$ 4.32
Weighted-average number of shares outstanding, diluted (thousands)	245,802	241,880	245,013	241,955
Dividends declared per share of common stock	\$ 0.60	\$ 0.48	\$ 1.80	\$ 1.44

(1) As adjusted for the retrospective effect of a change in accounting principle.

SEMPRA ENERGY

Table A (Continued)

RECONCILIATION OF SEMPRA ENERGY GAAP EARNINGS TO SEMPRA ENERGY ADJUSTED EARNINGS EXCLUDING IMPAIRMENT CHARGES AND GAIN FROM REMEASUREMENT OF EQUITY METHOD INVESTMENTS (Unaudited)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding a \$60 million impairment charge and a \$239 million impairment charge on our investment in Rockies Express LLC in the third quarter and first nine months of 2012, respectively, and a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). 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 2012 to 2011 and to future periods. Also, 2012 guidance of \$4 to \$4.30 per diluted share excludes the \$239 million impairment charges, or \$0.98 per diluted share, as well as a \$47 million tax benefit from a change in the expected holding period of life insurance contracts, or \$0.19 per diluted share, for the nine months ended September 30, 2012, based on shares outstanding through September 30, 2012. Management believes that excluding the impact of the impairment charges and tax benefit from current guidance provides a more meaningful measure of Sempra Energy's expected financial performance in 2012 in comparison to previously issued guidance. 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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Sempra Energy GAAP Earnings	\$ 268	\$ 289	\$ 566	\$ 1,046
Add: Impairment Charges in 2012	60	-	239	-
Less: Remeasurement Gain in 2011	-	-	-	(277)
Sempra Energy Adjusted Earnings	<u>\$ 328</u>	<u>\$ 289</u>	<u>\$ 805</u>	<u>\$ 769</u>
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	<u>\$ 1.09</u>	<u>\$ 1.20</u>	<u>\$ 2.31</u>	<u>\$ 4.32</u>
Sempra Energy Adjusted Earnings	<u>\$ 1.33</u>	<u>\$ 1.20</u>	<u>\$ 3.29</u>	<u>\$ 3.18</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>245,802</u>	<u>241,880</u>	<u>245,013</u>	<u>241,955</u>

SEMPRA ENERGY

Table B

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	September 30, 2012 (unaudited)	December 31, 2011(1)(2)
Assets		
Current assets:		
Cash and cash equivalents	\$ 530	\$ 252
Restricted cash	42	24
Accounts receivable	1,074	1,345
Income taxes receivable	18	-
Inventories	398	346
Regulatory balancing accounts – undercollected	301	38
Regulatory assets	88	89
Fixed-price contracts and other derivatives	74	85
U.S. Treasury grants receivable	181	-
Settlements receivable related to wildfire litigation	180	10
Other	192	143
Total current assets	3,078	2,332
Investments and other assets:		
Restricted cash	20	22
Regulatory assets arising from pension and other postretirement benefit obligations	1,027	1,126
Regulatory assets arising from wildfire litigation costs	326	594
Other regulatory assets	1,155	1,060
Nuclear decommissioning trusts	892	804
Investments	1,585	1,671
Goodwill	1,109	1,036
Other intangible assets	441	448
Sundry	767	691
Total investments and other assets	7,322	7,452
Property, plant and equipment, net	24,990	23,465
Total assets	\$ 35,390	\$ 33,249
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 584	\$ 449
Accounts payable	1,096	1,107
Income taxes payable	-	5
Deferred income taxes	155	173
Dividends and interest payable	309	219
Accrued compensation and benefits	273	323
Regulatory balancing accounts – overcollected	117	105
Current portion of long-term debt	709	336
Fixed-price contracts and other derivatives	82	92
Customer deposits	150	142
Reserve for wildfire litigation	284	586
Other	590	615
Total current liabilities	4,349	4,152
Long-term debt	11,193	10,078
Deferred credits and other liabilities:		
Customer advances for construction	146	142
Pension and other postretirement benefit obligations, net of plan assets	1,337	1,423
Deferred income taxes	1,609	1,520
Deferred investment tax credits	47	49
Regulatory liabilities arising from removal obligations	2,673	2,551
Asset retirement obligations	1,981	1,905
Other regulatory liabilities	55	87
Fixed-price contracts and other derivatives	270	301
Reserve for wildfire litigation	127	10
Deferred credits and other	1,028	774
Total deferred credits and other liabilities	9,273	8,762
Contingently redeemable preferred stock of subsidiary	79	79
Equity:		
Total Sempra Energy shareholders' equity	10,082	9,775
Preferred stock of subsidiary	20	20
Other noncontrolling interests	394	383
Total equity	10,496	10,178
Total liabilities and equity	\$ 35,390	\$ 33,249

(1) As adjusted for the retrospective effect of a change in accounting principle.

(2) Derived from audited financial statements.

SEMPRA ENERGY

Table C

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Nine months ended	
	2012	2011(1)
	September 30,	
	(unaudited)	
Cash Flows from Operating Activities		
Net income	\$ 615	\$ 1,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	803	729
Deferred income taxes and investment tax credits	(45)	211
Equity losses (earnings)	346	(41)
Remeasurement of equity method investments	-	(277)
Fixed-price contracts and other derivatives	1	(7)
Other	(8)	(43)
Net change in other working capital components	(373)	(75)
Distributions from RBS Sempra Commodities LLP	-	53
Changes in other assets	202	31
Changes in other liabilities	147	(11)
Net cash provided by operating activities	<u>1,688</u>	<u>1,643</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(2,241)	(2,031)
Expenditures for investments and acquisition of businesses, net of cash acquired	(359)	(696)
Proceeds from sale of joint venture interest	9	-
Distributions from RBS Sempra Commodities LLP	-	374
Distributions from other investments	43	47
Purchases of nuclear decommissioning and other trust assets	(534)	(399)
Proceeds from sales by nuclear decommissioning and other trusts	534	398
Decrease in restricted cash	89	473
Increase in restricted cash	(105)	(450)
Other	(12)	(20)
Net cash used in investing activities	<u>(2,576)</u>	<u>(2,304)</u>
Cash Flows from Financing Activities		
Common dividends paid	(405)	(325)
Redemption of subsidiary preferred stock	-	(80)
Preferred dividends paid by subsidiaries	(5)	(6)
Issuances of common stock	50	22
Repurchases of common stock	(16)	(18)
Issuances of debt (maturities greater than 90 days)	2,294	1,525
Payments on debt (maturities greater than 90 days)	(563)	(366)
Decrease in short-term debt, net	(142)	(300)
Purchase of noncontrolling interests	-	(43)
Distributions to noncontrolling interests	(36)	(10)
Other	(20)	5
Net cash provided by financing activities	<u>1,157</u>	<u>404</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9</u>	<u>2</u>
Increase (decrease) in cash and cash equivalents	278	(255)
Cash and cash equivalents, January 1	252	912
Cash and cash equivalents, September 30	<u>\$ 530</u>	<u>\$ 657</u>

(1) As adjusted for the retrospective effect of a change in accounting principle.

SEMPRA ENERGY

Table D

SEGMENT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	(unaudited)			
Earnings (Losses)				
California Utilities:				
San Diego Gas & Electric	\$ 174	\$ 113	\$ 374	\$ 273
Southern California Gas	71	81	190	208
Sempra International:				
Sempra South American Utilities	40	50	118	386
Sempra Mexico	54	47	134	121
Sempra U.S. Gas & Power:				
Sempra Renewables	13	1	47	9
Sempra Natural Gas	(68)	41	(260)	151
Parent and other	(16)	(44)	(37)	(102)
Earnings	<u>\$ 268</u>	<u>\$ 289</u>	<u>\$ 566</u>	<u>\$ 1,046</u>

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	(unaudited)			
Capital Expenditures and Investments				
California Utilities:				
San Diego Gas & Electric	\$ 269	\$ 448	\$ 998	\$ 1,162
Southern California Gas	146	174	462	499
Sempra International:				
Sempra South American Utilities	58	35	117	(179) ⁽¹⁾
Sempra Mexico	4	4	13	11
Sempra U.S. Gas & Power:				
Sempra Renewables	267	69	861	124
Sempra Natural Gas	32	89	144	256
Parent and other	4	1	5	854 ⁽¹⁾
Consolidated Capital Expenditures and Investments	<u>\$ 780</u>	<u>\$ 820</u>	<u>\$ 2,600</u>	<u>\$ 2,727</u>

(1) The \$611 million of net cash used to fund the purchase of controlling interests in our investments in Chile and Peru in the second quarter of 2011 is recorded as a net expenditure of \$852 million at Parent and Other, partially offset by \$241 million of cash acquired in the purchase, which is recorded at Sempra South American Utilities.

SEMPRA ENERGY

Table E

OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended		Nine months ended	
	September 30,		September 30,	
	2012	2011	2012	2011
California Utilities - SDG&E and SoCalGas				
Gas Sales (bcf) ⁽¹⁾	61	62	278	285
Transportation (bcf) ⁽¹⁾	210	171	555	465
Total Deliveries (bcf) ⁽¹⁾	271	233	833	750
Total Gas Customers (Thousands)			6,672	6,649
Electric Sales (Millions of kWhs) ⁽¹⁾	4,490	4,246	12,406	12,221
Direct Access (Millions of kWhs)	901	859	2,473	2,427
Total Deliveries (Millions of kWhs) ⁽¹⁾	5,391	5,105	14,879	14,648
Total Electric Customers (Thousands)			1,399	1,393
Other Utilities⁽²⁾				
Natural Gas Sales (bcf)				
Argentina	114	110	274	267
Mexico	5	5	17	16
Mobile Gas	7	10	30	29
Willmut Gas ⁽³⁾	4	-	8	-
Natural Gas Customers (Thousands)				
Argentina			1,848	1,799
Mexico			92	89
Mobile Gas			88	90
Willmut Gas ⁽³⁾			19	-
Electric Sales (Millions of kWhs)				
Peru	1,637	1,549	4,996	4,713
Chile	632	597	2,015	1,862
Electric Customers (Thousands)				
Peru			949	917
Chile			620	606
ENERGY-RELATED BUSINESSES				
Sempra International				
Power Sold (Millions of kWhs)				
Sempra Mexico ⁽⁴⁾	1,139	450	3,111	1,978
Sempra U.S. Gas & Power				
Power Sold (Millions of kWhs)				
Sempra Renewables ⁽⁵⁾	241	131	767	408
Sempra Natural Gas	2,002	3,526	5,401	9,570

⁽¹⁾ Includes intercompany sales

⁽²⁾ Represents 100% of the distribution operations of the subsidiary, although the subsidiary in Argentina is not consolidated within Sempra Energy and the related investments are accounted for under the equity method. The subsidiaries in Peru and Chile were also accounted for under the equity method until April 6, 2011, when they became consolidated entities upon our acquisition of additional ownership interests.

⁽³⁾ Acquired in May 2012.

⁽⁴⁾ Sales to Sempra Natural Gas.

⁽⁵⁾ 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.

SEMPRA ENERGY

Table F (Unaudited)

Statement of Operations Data by Segment

Three Months Ended September 30, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,092	\$ 728	\$ 356	\$ 181	\$ 27	\$ 294	\$ (171)	\$ 2,507
Cost of Sales and Other Expenses	(694)	(518)	(269)	(107)	(11)	(288)	160	(1,727)
Depreciation & Amortization	(128)	(91)	(15)	(15)	(4)	(24)	(3)	(280)
Equity Losses Recorded Before Income Tax	-	-	-	-	(6)	(87) ⁽¹⁾	(1)	(94)
Other Income (Expense), Net	5	6	5	6	(1)	3	20	44
Income (Loss) Before Interest & Tax ⁽²⁾	275	125	77	65	5	(102)	5	450
Net Interest Expense ⁽³⁾	(51)	(17)	(3)	-	(4)	(11)	(37)	(123)
Income Tax (Expense) Benefit	(38)	(37)	(27)	(21)	12	45	17	(49)
Equity Earnings Recorded Net of Income Tax	-	-	-	10	-	-	-	10
Earnings Attributable to Noncontrolling Interests	(12)	-	(7)	-	-	-	(1)	(20)
Earnings (Losses)	\$ 174	\$ 71	\$ 40	\$ 54	\$ 13	\$ (68)	\$ (16)	\$ 268

Three Months Ended September 30, 2011

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 868	\$ 844	\$ 345	\$ 183	\$ 7	\$ 455	\$ (126)	\$ 2,576
Cost of Sales and Other Expenses	(550)	(626)	(276)	(125)	(4)	(359)	115	(1,825)
Depreciation & Amortization	(108)	(83)	(14)	(15)	(1)	(26)	(4)	(251)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	-	-	(6)	10	(16)	(12)
Other Income (Expense), Net	26	3	24	(8)	-	2	(35)	12
Income (Loss) Before Interest & Tax ⁽²⁾	236	138	79	35	(4)	82	(66)	500
Net Interest Expense ⁽³⁾	(39)	(16)	(3)	(1)	(4)	(14)	(36)	(113)
Income Tax (Expense) Benefit	(63)	(41)	(18)	7	9	(27)	58	(75)
Equity Earnings Recorded Net of Income Tax	-	-	-	6	-	-	-	6
Earnings Attributable to Noncontrolling Interests	(21)	-	(8)	-	-	-	-	(29)
Earnings (Losses)	\$ 113	\$ 81	\$ 50	\$ 47	\$ 1	\$ 41	\$ (44)	\$ 289

⁽¹⁾ Includes impairment charge of \$100 million related to our investment in Rockies Express Pipeline LLC.

⁽²⁾ Management believes "Income (Loss) before Interest & 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.

⁽³⁾ Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

SEMPRA ENERGY

Table F (Unaudited)

Statement of Operations Data by Segment

Nine Months Ended September 30, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,706	\$ 2,328	\$ 1,061	\$ 434	\$ 49	\$ 761	\$ (360)	\$ 6,979
Cost of Sales and Other Expenses	(1,730)	(1,727)	(820)	(247)	(21)	(729)	308	(4,966)
Depreciation & Amortization	(359)	(268)	(42)	(46)	(10)	(69)	(9)	(803)
Equity Losses Recorded Before Income Tax	-	-	-	-	(7)	(366) ⁽¹⁾	(2)	(375)
Other Income (Expense), Net	59	14	7	8	(1)	3	47	137
Income (Loss) Before Interest & Tax ⁽²⁾	676	347	206	149	10	(400)	(16)	972
Net Interest Expense ⁽³⁾	(128)	(52)	(11)	-	(10)	(31)	(111)	(343)
Income Tax (Expense) Benefit	(151)	(105)	(57)	(44)	47	171	91	(48)
Equity Earnings Recorded Net of Income Tax	-	-	-	29	-	-	-	29
Earnings Attributable to Noncontrolling Interests	(23)	-	(20)	-	-	-	(1)	(44)
Earnings (Losses)	\$ 374	\$ 190	\$ 118	\$ 134	\$ 47	\$ (260)	\$ (37)	\$ 566

Nine Months Ended September 30, 2011

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,405	\$ 2,776	\$ 706	\$ 561	\$ 17	\$ 1,340	\$ (373)	\$ 7,432
Cost of Sales and Other Expenses	(1,603)	(2,173)	(565)	(382)	(11)	(1,007)	319	(5,422)
Depreciation & Amortization	(316)	(246)	(27)	(46)	(4)	(79)	(11)	(729)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	-	-	(6)	29	(27)	(4)
Other Income (Expense), Net	55	9	300 ⁽⁴⁾	(2)	-	2	(1)	363
Income (Loss) Before Interest & Tax ⁽²⁾	541	366	414	131	(4)	285	(93)	1,640
Net Interest Expense ⁽³⁾	(108)	(52)	(5)	(8)	(9)	(37)	(110)	(329)
Income Tax (Expense) Benefit	(154)	(106)	(30)	(24)	22	(97)	100	(289)
Equity Earnings Recorded Net of Income Tax	-	-	23	22	-	-	-	45
(Earnings) Losses Attributable to Noncontrolling Interests	(6)	-	(16)	-	-	-	1	(21)
Earnings (Losses)	\$ 273	\$ 208	\$ 386	\$ 121	\$ 9	\$ 151	\$ (102)	\$ 1,046

⁽¹⁾ Includes impairment charge of \$400 million related to our investment in Rockies Express Pipeline LLC.

⁽²⁾ Management believes "Income (Loss) before Interest & 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

⁽³⁾ Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

⁽⁴⁾ Includes gain of \$277 million related to remeasurement of equity method investments.