



# 2010

---

# Statistical Report

Unaudited Supplement to the Financial Report



# 2010 Statistical Report

(unaudited)

*Supplement to the 2010 Annual Report*

Sempra Energy® is a San Diego-based energy services holding company with 2010 revenues of \$9 billion and 13,500 employees. The company operates utilities, develops new energy infrastructure and provides energy-related services to customers around the world. Sempra Energy common shares trade on the New York Stock Exchange (NYSE) under the symbol "SRE." Additional information is available on the Web at [www.sempra.com](http://www.sempra.com).

## **Shareholder Services**

Investors with general questions regarding Sempra Energy, San Diego Gas & Electric Company, Southern California Gas Company or Pacific Enterprises securities should contact the company at:

Sempra Energy  
Shareholder Services  
101 Ash Street  
San Diego, CA 92101-3017  
Telephone: (877) 736-7727  
Fax: (619) 696-1868  
E-mail: [investor@sempra.com](mailto:investor@sempra.com)  
Internet: [www.sempra.com](http://www.sempra.com)

## **Investor Relations**

Security analysts, portfolio managers and other members of the financial community should contact:

Scott Tomayko / Victor Vilaplana  
Managers - Investor Relations  
Telephone: 619-696-2901  
Fax: 619-696-1868

Sempra Energy Common Stock:  
Ticker Symbol: SRE  
New York Stock Exchange

## Table of Contents

### **Sempra Energy**

Selected Financial Data 2006 - 2010 .....	1
Comparative Statistics 2006 - 2010: Sempra Utilities .....	2
Consolidated Statements of Operations.....	3
Consolidated Balance Sheets .....	4
Statements of Consolidated Cash Flows .....	6
Statements of Consolidated Comprehensive Income and Changes in Equity .....	8
Business Unit Earnings and Capital Expenditures & Investments.....	10
Schedule of Capitalization.....	11
Schedule of Coverage Ratios and Common Stock .....	12
Schedule of Long-Term Debt.....	13

### **San Diego Gas & Electric Company (SDG&E<sup>®</sup>)**

Selected Financial Data and Comparative Statistics 2006 - 2010.....	15
Consolidated Statements of Operations.....	17
Consolidated Balance Sheets .....	18
Statements of Consolidated Cash Flows .....	20

### **Southern California Gas Company (SoCalGas<sup>®</sup>)**

Selected Financial Data and Comparative Statistics 2006 - 2010.....	21
Consolidated Statements of Operations.....	23
Consolidated Balance Sheets .....	24
Statements of Consolidated Cash Flows .....	26

### **Sempra Generation**

Consolidated Statements of Operations.....	27
Consolidated Balance Sheets .....	28
Statements of Consolidated Cash Flows.....	29

### **Sempra Pipelines & Storage**

Selected Financial Data and Comparative Statistics 2006 - 2010 .....	30
Consolidated Statements of Operations.....	31
Consolidated Balance Sheets .....	32
Statements of Consolidated Cash Flows.....	33

### **Sempra LNG**

Consolidated Statements of Operations.....	34
Consolidated Balance Sheets .....	35
Statements of Consolidated Cash Flows.....	36

### **Sempra Commodities**

Consolidated Statements of Operations.....	37
Consolidated Balance Sheets .....	38
Statements of Consolidated Cash Flows.....	39

### **Reconciliation of Sempra Energy Earnings to Sempra Energy Earnings Excluding Sempra Commodities .....**

40

### **Shareholder Information and Research Coverage.....**

41

## Selected Financial Data 2006 - 2010



(In millions, except per share amounts)	At December 31 or for the years then ended				
	2010	2009	2008	2007	2006
Revenues					
Semptra Utilities:					
Natural gas	\$ 4,291	\$ 3,801	\$ 5,419	\$ 4,869	\$ 4,763
Electric	2,528	2,419	2,553	2,184	2,136
Semptra Global and parent	2,184	1,886	2,786	4,385	4,862
Total revenues	<u>\$ 9,003</u>	<u>\$ 8,106</u>	<u>\$ 10,758</u>	<u>\$ 11,438</u>	<u>\$ 11,761</u>
Income from continuing operations	\$ 733	\$ 1,122	\$ 1,068	\$ 1,118	\$ 1,101
Losses from continuing operations attributable to noncontrolling interests	16	7	55	17	-
Preferred dividends of subsidiaries	(10)	(10)	(10)	(10)	(10)
Income from continuing operations attributable to common shares	<u>\$ 739</u>	<u>\$ 1,119</u>	<u>\$ 1,113</u>	<u>\$ 1,125</u>	<u>\$ 1,091</u>
Net income	\$ 733	\$ 1,122	\$ 1,068	\$ 1,092	\$ 1,416
Earnings attributable to common shares	\$ 739	\$ 1,119	\$ 1,113	\$ 1,099	\$ 1,406
Attributable to common shares:					
Income from continuing operations:					
Basic	\$ 3.02	\$ 4.60	\$ 4.50	\$ 4.34	\$ 4.25
Diluted	\$ 2.98	\$ 4.52	\$ 4.43	\$ 4.26	\$ 4.17
Earnings:					
Basic	\$ 3.02	\$ 4.60	\$ 4.50	\$ 4.24	\$ 5.48
Diluted	\$ 2.98	\$ 4.52	\$ 4.43	\$ 4.16	\$ 5.38
Earnings excluding Semptra Commodities*	\$ 894	\$ 781	\$ 766	\$ 600	\$ 902
Earnings per share, diluted, excluding Semptra Commodities*	\$ 3.61	\$ 3.16	\$ 3.05	\$ 2.27	\$ 3.45
Weighted-average number of common shares outstanding (diluted, in millions)	247.9	247.4	251.2	264.0	261.4
Dividends declared per common share	\$ 1.56	\$ 1.56	\$ 1.37	\$ 1.24	\$ 1.20
Return on common equity	8.2%	13.2%	13.6%	13.9%	20.6%
Effective income tax rate	13%	29%	30%	34%	33%
Price range of common shares	\$ 56.61-43.91	\$ 57.18-36.43	\$ 63.00-34.29	\$ 66.38-50.95	\$ 57.35-42.90
At December 31,					
Total assets	\$ 30,283	\$ 28,512	\$ 26,400	\$ 28,717	\$ 27,699
Long-term debt (excludes current portion)	\$ 8,980	\$ 7,460	\$ 6,544	\$ 4,553	\$ 4,525
Short-term debt**	\$ 507	\$ 1,191	\$ 913	\$ 1,071	\$ 933
Semptra Energy shareholders' equity	\$ 9,027	\$ 9,007	\$ 7,969	\$ 8,339	\$ 7,511
Common shares outstanding	240.4	246.5	243.3	261.2	262.0
Book value per common share	\$ 37.54	\$ 36.54	\$ 32.75	\$ 31.93	\$ 28.67

\* Please refer to page 40 for an explanation of these non-GAAP measures.

\*\* Includes long-term debt due within one year.

## Comparative Statistics 2006 - 2010: Sempra Utilities

(Dollars in millions, except average cost of natural gas)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Natural gas operations</b>					
Revenues					
Residential	\$ 2,646	\$ 2,339	\$ 3,389	\$ 3,070	\$ 3,129
Commercial and industrial	1,108	1,001	1,516	1,374	1,380
Electric generation plants	51	67	106	113	120
Wholesale	4	4	6	8	8
Natural gas revenues in rates	3,809	3,411	5,017	4,565	4,637
Other revenues	95	105	146	90	75
Balancing accounts	387	285	256	214	51
Total natural gas revenues	<u>\$ 4,291</u>	<u>\$ 3,801</u>	<u>\$ 5,419</u>	<u>\$ 4,869</u>	<u>\$ 4,763</u>
Volumes delivered (billion cubic feet)					
Residential	277	265	272	278	279
Commercial and industrial	392	387	402	409	400
Electric generation plants	215	265	300	264	248
Wholesale	25	17	18	19	21
Total	<u>909</u>	<u>934</u>	<u>992</u>	<u>970</u>	<u>948</u>
Core	405	390	399	405	399
Noncore	504	544	593	565	549
Total	<u>909</u>	<u>934</u>	<u>992</u>	<u>970</u>	<u>948</u>
At December 31,					
Customers					
Residential	6,331,405	6,303,622	6,273,147	6,230,700	6,169,879
Commercial	274,132	273,661	272,917	271,638	269,877
Industrial	27,752	27,968	28,056	28,086	28,039
Off-system sales and transportation	1,528	1,320	1,130	939	675
Electric generation plants and wholesale	51	50	51	50	29
Total	<u>6,634,868</u>	<u>6,606,621</u>	<u>6,575,301</u>	<u>6,531,413</u>	<u>6,468,499</u>
Average cost of natural gas (per thousand cubic feet)	<u>\$ 4.88</u>	<u>\$ 4.07</u>	<u>\$ 8.33</u>	<u>\$ 6.96</u>	<u>\$ 6.95</u>

**Electric operations (provided on page 15)**

## Consolidated Statements of Operations



(Dollars in millions, except per share amounts)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>REVENUES</b>					
Sempra Utilities	\$ 6,819	\$ 6,220	\$ 7,972	\$ 7,053	\$ 6,899
Sempra Global and parent	2,184	1,886	2,786	4,385	4,862
Total revenues	<u>9,003</u>	<u>8,106</u>	<u>10,758</u>	<u>11,438</u>	<u>11,761</u>
<b>EXPENSES AND OTHER INCOME</b>					
Sempra Utilities:					
Cost of natural gas	(1,900)	(1,530)	(3,244)	(2,763)	(2,756)
Cost of electric fuel and purchased power	(637)	(672)	(900)	(699)	(721)
Sempra Global and parent:					
Cost of natural gas, electric fuel and purchased power	(1,155)	(976)	(1,671)	(1,302)	(1,221)
Other cost of sales	(91)	(80)	(182)	(988)	(1,468)
Litigation expense	(169)	(4)	(117)	(73)	(56)
Other operation and maintenance	(2,499)	(2,470)	(2,419)	(2,959)	(2,823)
Depreciation and amortization	(867)	(775)	(687)	(686)	(657)
Franchise fees and other taxes	(327)	(296)	(312)	(295)	(275)
Gains on sale of assets	-	3	114	6	1
Write-off of long-lived assets	-	(132)	-	-	-
Equity earnings (losses):					
RBS Sempra Commodities LLP	(314)	463	383	-	-
Other	22	36	37	(9)	338
Other income (expense), net	140	149	(109)	73	43
Interest income	16	21	45	72	109
Interest expense	(436)	(367)	(253)	(272)	(351)
Income from continuing operations before income taxes and equity earnings of certain unconsolidated subsidiaries	786	1,476	1,443	1,543	1,924
Income tax expense	(102)	(422)	(438)	(524)	(641)
Equity earnings (losses), net of income tax	49	68	63	99	(182)
Income from continuing operations	<u>733</u>	<u>1,122</u>	<u>1,068</u>	<u>1,118</u>	<u>1,101</u>
Discontinued operations, net of income tax	-	-	-	(26)	315
Net income	<u>733</u>	<u>1,122</u>	<u>1,068</u>	<u>1,092</u>	<u>1,416</u>
Losses attributable to noncontrolling interests	16	7	55	17	-
Preferred dividends of subsidiaries	(10)	(10)	(10)	(10)	(10)
Earnings	<u>\$ 739</u>	<u>\$ 1,119</u>	<u>\$ 1,113</u>	<u>\$ 1,099</u>	<u>\$ 1,406</u>
Basic earnings per share:					
Continuing operations attributable to common shares	\$ 3.02	\$ 4.60	\$ 4.50	\$ 4.34	\$ 4.25
Discontinued operations, net of income tax	-	-	-	(0.10)	1.23
Basic earnings per common share	<u>\$ 3.02</u>	<u>\$ 4.60</u>	<u>\$ 4.50</u>	<u>\$ 4.24</u>	<u>\$ 5.48</u>
Weighted-average number of shares outstanding (thousands)	<u>244,736</u>	<u>243,339</u>	<u>247,387</u>	<u>259,269</u>	<u>256,477</u>
Diluted earnings per share:					
Continuing operations attributable to common shares	\$ 2.98	\$ 4.52	\$ 4.43	\$ 4.26	\$ 4.17
Discontinued operations, net of income tax	-	-	-	(0.10)	1.21
Diluted earnings per common share	<u>\$ 2.98</u>	<u>\$ 4.52</u>	<u>\$ 4.43</u>	<u>\$ 4.16</u>	<u>\$ 5.38</u>
Weighted-average number of shares outstanding (thousands)	<u>247,942</u>	<u>247,384</u>	<u>251,159</u>	<u>264,004</u>	<u>261,368</u>
Dividends declared per share of common stock	<u>\$ 1.56</u>	<u>\$ 1.56</u>	<u>\$ 1.37</u>	<u>\$ 1.24</u>	<u>\$ 1.20</u>

## Consolidated Balance Sheets



(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 912	\$ 110	\$ 331	\$ 668	\$ 920
Short-term investments	-	-	176	-	-
Restricted cash	131	35	27	1	4
Trade accounts receivable	891	971	903	960	938
Other accounts and notes receivable	141	159	78	114	97
Due from unconsolidated affiliates	34	41	4	-	-
Income taxes receivable	248	221	195	99	-
Deferred income taxes	75	10	31	247	270
Trading assets	-	-	-	7,120	7,710
Inventories	258	197	320	224	215
Regulatory assets	90	54	121	106	193
Fixed-price contracts and other derivatives	81	77	160	28	41
Insurance receivable related to wildfire litigation	-	273	-	-	-
Settlement receivable related to wildfire litigation	300	-	-	-	-
Other	192	147	130	397	316
Current assets of continuing operations	3,353	2,295	2,476	9,964	10,704
Current assets of discontinued operations	-	-	-	-	62
Total current assets	3,353	2,295	2,476	9,964	10,766
Investments and other assets:					
Restricted cash	27	-	-	-	-
Regulatory assets arising from pension and other postretirement benefit obligations	869	959	1,188	162	356
Regulatory assets arising from wildfire litigation costs	364	-	-	-	-
Regulatory assets arising from fixed-price contracts and other derivatives	233	241	264	309	353
Other regulatory assets	701	603	534	460	472
Nuclear decommissioning trusts	769	678	577	739	702
Investment in RBS Sempra Commodities LLP	787	2,172	2,082	-	-
Other investments	2,164	2,151	1,166	1,243	1,086
Goodwill and other intangible assets	540	524	539	179	174
Sundry	600	608	709	777	615
Total investments and other assets	7,054	7,936	7,059	3,869	3,758
Property, plant and equipment:					
Property, plant and equipment	27,087	25,034	23,153	20,917	18,916
Less accumulated depreciation and amortization	(7,211)	(6,753)	(6,288)	(6,033)	(5,741)
Property, plant and equipment, net	19,876	18,281	16,865	14,884	13,175
Total assets	\$ 30,283	\$ 28,512	\$ 26,400	\$ 28,717	\$ 27,699

## Consolidated Balance Sheets



	December 31,				
(Dollars in millions)	2010	2009	2008	2007	2006
<b>Liabilities and Equity</b>					
Current liabilities:					
Short-term debt	\$ 158	\$ 618	\$ 503	\$ 1,064	\$ 252
Accounts payable - trade	755	522	606	1,374	1,432
Accounts payable - other	109	171	250	189	155
Due to unconsolidated affiliates	36	29	38	60	7
Income taxes payable	-	-	-	-	9
Trading liabilities	-	-	-	4,437	4,802
Dividends and interest payable	188	190	156	145	145
Accrued compensation and benefits	311	264	280	265	235
Regulatory balancing accounts, net	241	382	335	481	332
Current portion of long-term debt	349	573	410	7	681
Fixed-price contracts and other derivatives	106	95	180	53	87
Customer deposits	129	145	170	143	134
Reserve for wildfire litigation	639	270	-	-	-
Other	765	629	684	802	821
Current liabilities of continuing operations	3,786	3,888	3,612	9,020	9,092
Current liabilities of discontinued operations	-	-	-	-	7
Total current liabilities	3,786	3,888	3,612	9,020	9,099
Long-term debt	8,980	7,460	6,544	4,553	4,525
Deferred credits and other liabilities:					
Due to unconsolidated affiliates	-	2	102	102	162
Customer advances for construction	154	146	155	153	126
Pension and other postretirement benefit obligations, net of plan assets	1,105	1,252	1,487	434	609
Deferred income taxes	1,561	1,318	946	531	412
Deferred investment tax credits	50	54	57	61	67
Regulatory liabilities arising from removal obligations	2,630	2,557	2,430	2,522	2,330
Asset retirement obligations	1,449	1,277	1,159	1,129	1,128
Other regulatory liabilities	138	181	219	265	221
Fixed-price contracts and other derivatives	290	312	392	332	358
Deferred credits and other	823	735	909	949	961
Total deferred credits and other liabilities	8,200	7,834	7,856	6,478	6,374
Contingently redeemable preferred stock of subsidiary	79	79	79	79	79
Equity:					
Preferred stock	-	-	-	-	-
Common stock	2,036	2,418	2,265	3,198	3,245
Retained earnings	7,329	6,971	6,235	5,464	4,681
Deferred compensation	(8)	(13)	(18)	(22)	(25)
Accumulated other comprehensive income (loss)	(330)	(369)	(513)	(301)	(390)
Total Sempra Energy shareholders' equity	9,027	9,007	7,969	8,339	7,511
Preferred stock of subsidiaries	100	100	100	100	100
Other noncontrolling interests	111	144	240	148	11
Total equity	9,238	9,251	8,309	8,587	7,622
Total liabilities and equity	\$ 30,283	\$ 28,512	\$ 26,400	\$ 28,717	\$ 27,699



## Statements of Consolidated Cash Flows



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net income	\$ 733	\$ 1,122	\$ 1,068	\$ 1,092	\$ 1,416
Adjustments to reconcile net income to net cash provided by operating activities:					
Discontinued operations	-	-	-	26	(315)
Depreciation and amortization	867	775	687	686	657
Gains on sale of assets	-	(3)	(114)	(6)	(1)
Deferred income taxes and investment tax credits	48	295	324	149	77
Noncash rate-reduction bond expense	-	-	-	55	60
Equity losses (earnings)	243	(567)	(483)	(90)	(156)
Write-off of long-lived assets	-	132	-	-	-
Fixed-price contracts and other derivatives	13	(30)	46	8	(3)
Other	(55)	(45)	150	55	50
Quasi-reorganization resolution	-	-	-	-	12
Net change in other working capital components	58	(256)	(483)	25	(183)
Distributions from RBS Sempra Commodities LLP	198	407	85	-	-
Changes in other assets	54	139	(15)	22	20
Changes in other liabilities	(5)	(94)	(74)	79	42
Net cash provided by continuing operations	2,154	1,875	1,191	2,101	1,676
Net cash used in discontinued operations	-	-	-	(3)	(37)
Net cash provided by operating activities	2,154	1,875	1,191	2,098	1,639
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	(2,062)	(1,912)	(2,061)	(2,011)	(1,907)
Proceeds from sale of assets from continuing operations, net of cash sold	303	179	2,295	103	40
Expenditures for investments and acquisition of businesses, net of cash acquired	(611)	(939)	(2,675)	(121)	(257)
Distributions from RBS Sempra Commodities LLP	849	-	-	-	-
Distributions from other investments	371	23	34	18	104
Purchases of nuclear decommissioning and other trust assets	(371)	(267)	(485)	(646)	(546)
Proceeds from sales by nuclear decommissioning and other trusts	372	230	469	613	503
Dividends received from equity method investments	-	-	-	-	431
Decrease in restricted cash	195	37	1	3	8
Increase in restricted cash	(318)	(45)	-	-	-
Decrease in notes receivable from unconsolidated affiliate	-	100	60	-	-
Purchase of bonds issued by unconsolidated affiliate	-	(50)	-	-	-
Other	(11)	(28)	(24)	(32)	(35)
Net cash used in continuing operations	(1,283)	(2,672)	(2,386)	(2,073)	(1,659)
Net cash provided by discontinued operations	-	-	-	-	793
Net cash used in investing activities	(1,283)	(2,672)	(2,386)	(2,073)	(866)
<b>Cash Flows from Financing Activities</b>					
Common dividends paid	(364)	(341)	(339)	(316)	(283)
Preferred dividends paid by subsidiaries	(10)	(10)	(10)	(10)	(10)
Issuances of common stock	40	73	18	40	97
Repurchases of common stock	(502)	(22)	(1,018)	(185)	(37)
Issuances of debt (maturities greater than 90 days)	1,125	2,151	1,706	404	552
Payments on debt (maturities greater than 90 days)	(905)	(435)	(19)	(1,072)	(263)
Increase (decrease) in short-term debt, net	568	(659)	564	812	(791)
Payments on notes payable to unconsolidated affiliate	-	(100)	(60)	-	-
Purchase of noncontrolling interest	-	(94)	-	-	-
Financing transaction related to Sempra Financial	-	-	-	-	83
Other	(21)	13	16	21	28
Net cash (used in) provided by continuing operations	(69)	576	858	(306)	(624)
Net cash provided by discontinued operations	-	-	-	-	2
Net cash (used in) provided by financing activities	(69)	576	858	(306)	(622)
Increase (decrease) in cash and cash equivalents	802	(221)	(337)	(281)	151
Cash and cash equivalents, January 1	110	331	668	920	769
Cash assumed in connection with initial consolidation of variable interest entity	-	-	-	29	-
Cash and cash equivalents, December 31	\$ 912	\$ 110	\$ 331	\$ 668	\$ 920

## Statements of Consolidated Cash Flows



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Changes in Other Working Capital Components</b>					
(Excluding cash and cash equivalents, and debt due within one year)					
Accounts and notes receivable	\$ 89	\$ (190)	\$ 110	\$ (63)	\$ 94
Net trading assets	-	-	(4)	303	(543)
Income taxes, net	(30)	(17)	13	(73)	(51)
Inventories	(62)	124	(75)	(9)	(3)
Regulatory balancing accounts	(155)	42	(138)	120	170
Regulatory assets and liabilities	6	(1)	1	-	4
Other current assets	310	685	71	(109)	(2)
Accounts and notes payable	79	(109)	(526)	(82)	227
Other current liabilities	(179)	(790)	65	(62)	(79)
Net change in other working capital components	<u>\$ 58</u>	<u>\$ (256)</u>	<u>\$ (483)</u>	<u>\$ 25</u>	<u>\$ (183)</u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Interest payments, net of amounts capitalized	\$ 415	\$ 326	\$ 233	\$ 380	\$ 337
Income tax payments, net of refunds	\$ 68	\$ 112	\$ 114	\$ 443	\$ 601

# Statements of Consolidated Comprehensive Income and Changes in Equity



	Years ended December 31, 2010, 2009, 2008 and 2007						
(Dollars in millions)	Common Stock	Retained Earnings	Deferred Compensation Relating to ESOP	Accumulated Other Comprehensive Income (Loss)	Sempra Energy Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2006	\$ 3,245	\$ 4,681	\$ (25)	\$ (390)	\$ 7,511	\$ 111	\$ 7,622
<b>Net income (loss)</b>		1,109			1,109	(17)	1,092
Comprehensive income adjustments:							
Foreign currency translation adjustments				38	38		38
Available-for-sale securities				10	10		10
Pension and other postretirement benefits				15	15		15
Financial instruments				26	26		26
<b>Comprehensive income (loss)</b>				89	1,198	(17)	1,181
Adoption of new accounting principles		10			10		10
Share-based compensation expense	43				43		43
Common stock dividends declared		(326)			(326)		(326)
Preferred dividends of subsidiaries		(10)			(10)		(10)
Quasi-reorganization adjustment	(2)				(2)		(2)
Issuance of common stock	62				62		62
Tax benefit related to share-based compensation	26				26		26
Repurchases of common stock	(185)				(185)		(185)
Common stock released from ESOP	9		3		12		12
Equity contributed by noncontrolling interests						2	2
Initial consolidation of Otay Mesa VIE						152	152
Balance at December 31, 2007	3,198	5,464	(22)	(301)	8,339	248	8,587
<b>Net income (loss)</b>		1,123			1,123	(55)	1,068
Comprehensive income adjustments:							
Foreign currency translation adjustments				(140)	(140)		(140)
Available-for-sale securities				(26)	(26)		(26)
Pension and other postretirement benefits				(30)	(30)		(30)
Financial instruments				(16)	(16)	(14)	(30)
<b>Comprehensive income (loss)</b>				(212)	911	(69)	842
Share-based compensation expense	49				49		49
Common stock dividends declared		(342)			(342)		(342)
Preferred dividends of subsidiaries		(10)			(10)		(10)
Issuance of common stock	18				18		18
Tax benefit related to share-based compensation	6				6		6
Repurchases of common stock	(1,018)				(1,018)		(1,018)
Common stock released from ESOP	12		4		16		16
Equity contributed by noncontrolling interests						75	75
EnergySouth acquisition						86	86
Balance at December 31, 2008	\$ 2,265	\$ 6,235	\$ (18)	\$ (513)	\$ 7,969	\$ 340	\$ 8,309

# Statements of Consolidated Comprehensive Income and Changes in Equity



	Years ended December 31, 2010, 2009, 2008 and 2007						
(Dollars in millions)	Common Stock	Retained Earnings	Deferred Compensation Relating to ESOP	Accumulated Other Comprehensive Income (Loss)	Sempra Energy Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2008	\$ 2,265	\$ 6,235	\$ (18)	\$ (513)	\$ 7,969	\$ 340	\$ 8,309
<b>Net income (loss)</b>		1,129			1,129	(7)	1,122
Comprehensive income adjustments:							
Foreign currency translation adjustments				102	102		102
Available-for-sale securities				7	7		7
Pension and other postretirement benefits				(3)	(3)		(3)
Financial instruments				38	38	(3)	35
<b>Comprehensive income (loss)</b>				144	1,273	(10)	1,263
Share-based compensation expense	38				38		38
Common stock dividends declared		(383)			(383)		(383)
Preferred dividends of subsidiaries		(10)			(10)		(10)
Issuance of common stock	114				114		114
Tax benefit related to share-based compensation	23				23		23
Repurchases of common stock	(22)				(22)		(22)
Common stock released from ESOP	10		5		15		15
Equity contributed by noncontrolling interests						7	7
Distributions to noncontrolling interests						(9)	(9)
Purchase of noncontrolling interest in subsidiary	(10)				(10)	(84)	(94)
Balance at December 31, 2009	2,418	6,971	(13)	(369)	9,007	244	9,251
<b>Net income (loss)</b>		749			749	(16)	733
Comprehensive income adjustments:							
Foreign currency translation adjustments				47	47		47
Available-for-sale securities				(8)	(8)		(8)
Pension and other postretirement benefits				13	13		13
Financial instruments				(13)	(13)	7	(6)
<b>Comprehensive income (loss)</b>				39	788	(9)	779
Share-based compensation expense	38				38		38
Common stock dividends declared		(381)			(381)		(381)
Preferred dividends of subsidiaries		(10)			(10)		(10)
Issuance of common stock	64				64		64
Tax benefit related to share-based compensation	5				5		5
Repurchases of common stock	(502)				(502)		(502)
Common stock released from ESOP	13		5		18		18
Distributions to noncontrolling interests						(24)	(24)
Balance at December 31, 2010	\$ 2,036	\$ 7,329	\$ (8)	\$ (330)	\$ 9,027	\$ 211	\$ 9,238

## Business Unit Earnings and Capital Expenditures & Investments



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Earnings (Losses)</b>					
San Diego Gas & Electric*	\$ 369	\$ 344	\$ 339	\$ 283	\$ 237
Southern California Gas*	286	273	244	230	223
Sempra Generation	103	169	220	162	375
Sempra Pipelines & Storage	159	101	106	64	(165)
Sempra LNG	68	16	(46)	(46)	(42)
Parent & Other	(91)	(122)	(97)	(67)	(41)
Continuing operations before Sempra Commodities	894	781	766	626	587
Sempra Commodities	(155)	338	347	499	504
Continuing operations	739	1,119	1,113	1,125	1,091
Discontinued operations, net of income tax	-	-	-	(26)	315
Earnings	<u>\$ 739</u>	<u>\$ 1,119</u>	<u>\$ 1,113</u>	<u>\$ 1,099</u>	<u>\$ 1,406</u>
* After preferred dividends.					
<b>Capital Expenditures and Investments*</b>					
San Diego Gas & Electric	\$ 1,210	\$ 1,107	\$ 1,372	\$ 714	\$ 1,070
Southern California Gas	503	480	454	457	413
Sempra Generation	346	276	59	13	40
Sempra Pipelines & Storage	590	950	909	367	414
Sempra LNG	18	235	365	498	619
Sempra Commodities	-	-	37	64	53
Parent & Other	6	5	655	19	24
Eliminations**	-	(152)	(715)	-	(469)
Consolidated Capital Expenditures & Investments	<u>\$ 2,673</u>	<u>\$ 2,901</u>	<u>\$ 3,136</u>	<u>\$ 2,132</u>	<u>\$ 2,164</u>

\* Investments do not include the \$1.6 billion contribution to RBS Sempra Commodities in the second quarter of 2008.

\*\* In the second quarter of 2009, SDG&E purchased \$152 of industrial development bonds from Parent & Other. In 2008, SDG&E and Parent & Other purchased \$488 and \$640, respectively, of SDG&E's industrial development bonds, including purchases and sales between the entities. The 2006 amount reflects the transfer of the Palomar plant to SDG&E from Sempra Generation.

## Schedule of Capitalization



(Dollars in millions)	December 31,									
	2010		2009		2008		2007		2006	
<b>Capitalization</b>										
Short-term debt	\$ 158	0.8 %	\$ 618	3.4 %	\$ 503	3.2 %	\$ 1,064	7.4 %	\$ 252	1.9 %
Current portion of long-term debt	349	1.9	573	3.2	410	2.6	7	-	681	5.2
Long-term debt	8,980	47.8	7,460	41.5	6,544	41.3	4,553	31.9	4,525	34.4
Total debt	9,487	50.5	8,651	48.1	7,457	47.1	5,624	39.3	5,458	41.5
Contingently redeemable preferred stock of subsidiary	79	0.4	79	0.4	79	0.5	79	0.6	79	0.6
Equity:										
Common stock	2,036	10.8	2,418	13.4	2,265	14.3	3,198	22.4	3,245	24.7
Retained earnings	7,329	39.0	6,971	38.8	6,235	39.3	5,464	38.2	4,681	35.5
Deferred compensation	(8)	-	(13)	(0.1)	(18)	(0.1)	(22)	(0.1)	(25)	(0.2)
Accumulated other comprehensive income (loss)	(330)	(1.8)	(369)	(2.0)	(513)	(3.2)	(301)	(2.1)	(390)	(3.0)
Total Semptra Energy shareholders' equity	9,027	48.0	9,007	50.1	7,969	50.3	8,339	58.4	7,511	57.0
Preferred stock of subsidiaries	100	0.5	100	0.6	100	0.6	100	0.7	100	0.8
Other noncontrolling interests	111	0.6	144	0.8	240	1.5	148	1.0	11	0.1
Total equity	9,238	49.1	9,251	51.5	8,309	52.4	8,587	60.1	7,622	57.9
Total capitalization	\$ 18,804	100.0 %	\$ 17,981	100.0 %	\$ 15,845	100.0 %	\$ 14,290	100.0 %	\$ 13,159	100.0 %

## Schedule of Coverage Ratios and Common Stock



	Years ended December 31,				
	2010	2009	2008	2007	2006
Interest coverage ratios *					
Before income taxes	2.92	5.21	6.95	7.04	5.96
After income taxes	2.68	4.06	5.22	5.11	4.14
Market price of common stock					
High	\$ 56.61	\$ 57.18	\$ 63.00	\$ 66.38	\$ 57.35
Low	\$ 43.91	\$ 36.43	\$ 34.29	\$ 50.95	\$ 42.90
Close	\$ 52.48	\$ 55.98	\$ 42.63	\$ 61.88	\$ 56.04
Dividends declared per common share	\$ 1.56	\$ 1.56	\$ 1.37	\$ 1.24	\$ 1.20
Dividend yield on common stock (at December 31)	3.0%	2.8%	3.3%	2.0%	2.1%
Dividend payout ratio (diluted)	52.3%	34.5%	30.9%	29.8%	22.3%
Book value at December 31	\$ 37.54	\$ 36.54	\$ 32.75	\$ 31.93	\$ 28.67
Return on common equity	8.2%	13.2%	13.6%	13.9%	20.6%
Ratio of market price to book value per share at December 31	1.40	1.53	1.30	1.94	1.95
Common shares outstanding at December 31 (millions)	240.4	246.5	243.3	261.2	262.0
Weighted average number of shares outstanding (diluted, in millions)	247.9	247.4	251.2	264.0	261.4
Average daily trading volume (shares)	1,885,189	1,618,985	2,176,854	1,537,247	1,023,821
Common shareholders at December 31 (estimate)	185,000	220,000	256,000	300,000	260,000

\* Excludes interest expense and discontinued operations.

## Schedule of Long-Term Debt



(Dollars in millions)	Original issue		Outstanding at	Redemption prices (at 12/31/10 unless otherwise noted)
	Date	Amount	12/31/10	
First mortgage bonds:				
4.375% January 15, 2011	12/15/03	\$ 100	\$ 100	
Variable rates after fixed-to-floating rate swaps (0.26% at December 31, 2010) January 15, 2011	12/15/03	150	150	
4.8% October 1, 2012	10/7/02	250	250	
5.5% March 15, 2014	11/21/08	250	250	
6.8% June 1, 2015	12/10/91	14	14	
5.3% November 15, 2015	11/17/05	250	250	
6.9% payable 2011 through 2017	8/20/02	8	7	
5.45% April 15, 2018	10/17/03	250	250	
Variable rate (0.33% at December 31, 2010) July 1, 2018	9/21/06	161	161	100.00%
5.85% June 1, 2021	6/29/93	60	60	100.00%
8.75% payable 2011 through 2022	7/1/92	9	8	
7.48% payable 2011 through 2023	7/1/93	7	5	
6% June 1, 2026	6/8/06	250	250	
5% to 5.25% December 1, 2027	Various	150	150	\$45 on 12/02/13 at 102.00%; \$105 on 12/01/15 at 102.00%
5.875% January and February 2034	Various	176	176	100% at 06/01/19
5.35% May 15, 2035	5/19/05	250	250	
5.75% November 15, 2035	11/15/05	250	250	
6.125% September 15, 2037	9/20/07	250	250	
Variable rate (0.32% at December 31, 2010) May 1, 2039	6/17/04	75	75	100% at 06/01/19
6% June 1, 2039	5/14/09	300	300	
5.35% May 15, 2040	5/13/10	250	250	
4.5% August 15, 2040	8/26/10	500	500	
5.125% November 14, 2040	11/18/10	300	300	
Total first mortgage bonds			<u>4,256</u>	
Other long-term debt (unsecured unless otherwise noted):				
Commercial paper borrowings at variable rates, classified as long-term debt (0.46% weighted average at December 31, 2010)				
	Various	800	800	
6.5% June 1, 2016	5/15/09	750	750	
6% October 15, 2039	10/8/09	750	750	
9.8% February 15, 2019	11/20/08	500	500	
6.15% June 15, 2018	6/12/08	500	500	
6% February 1, 2013	1/31/03	400	400	
OMECC LLC loan at variable rates (5.2925% at December 31, 2010) payable 2011 through April 2019 (secured by project assets)				
	11/13/09	375	365	
8.9% November 15, 2013	11/20/08	250	250	
5.9% June 1, 2014	7/2/96	130	130	
4.5% July 1, 2024, secured	Various	117	117	100.00%
5.5% December 1, 2021	11/21/96	60	60	102.00% at 06/02/14
Industrial development bonds at variable rates (4.00% at December 31, 2010) August 1, 2037, secured	8/15/07	55	55	100.00%
Notes at 2.87% to 5.05% payable 2011 through 2013	Various	58	52	100.00%
5.3% July 1, 2021	8/2/96	39	39	102.00% at 06/02/14
Employee Stock Ownership Plan				
Bonds at variable rates (0.63% at December 31, 2010) November 1, 2014	7/1/10	40	32	100.00%
8.45% payable 2011 through 2017, secured	12/1/02	39	32	
4.9% March 1, 2023	10/1/97	25	25	102.00% at 03/01/14
4.75% May 14, 2016	5/14/96	75	8	100.00%* at 05/14/16
5.67% January 18, 2028	1/15/98	75	5	
Other debt	Various	2	1	
Capital lease obligations				
Purchased-power agreements			182	
Other			39	
Market value adjustments for interest rate swaps, net (expiring 2011)			<u>3</u>	
Total other long-term debt			<u>5,095</u>	
Total long-term debt outstanding			9,351	
Current portion of long-term debt			(349)	
Unamortized discount on long-term debt			(22)	
Total			<u>\$ 8,980</u>	

\* Denominated in Swiss Francs. Redemption price varies based on exchange rate.

At the option of Semptra Energy, SDG&E and SoCalGas, certain debt is callable subject to premiums at various dates: \$477 million in 2011, \$45 million in 2013, \$124 million in 2014, \$105 million in 2015 and \$259 million after 2015. In addition, \$6.8 billion of bonds are callable subject to make-whole provisions, and the OMECC LLC project financing loan may be prepaid at the borrowers' option.

Excluding capital lease obligations and market value adjustments for interest rate swaps, maturities of long-term debt are \$328 million in 2011, \$273 million in 2012, \$683 million in 2013, \$397 million in 2014, \$281 million in 2015 and \$7.2 billion thereafter.



[PAGE INTENTIONALLY LEFT BLANK]

## Selected Financial Data and Comparative Statistics 2006 - 2010



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
Net income (before preferred dividends and earnings/losses attributable to noncontrolling interests)	\$ 358	\$ 373	\$ 290	\$ 271	\$ 242
Earnings attributable to common shares	\$ 369	\$ 344	\$ 339	\$ 283	\$ 237
Common dividends to parent	\$ -	\$ 150	\$ -	\$ -	\$ -
Capital expenditures	\$ 1,210	\$ 955	\$ 884	\$ 714	\$ 1,070
Weighted average rate base	\$ 4,697	\$ 4,362	\$ 4,050	\$ 3,846	\$ 3,474
Authorized rate of return on:					
Rate base	8.40%	8.40%	8.40%	8.23%	8.23%
Common equity	11.10%	11.10%	11.10%	10.70%	10.70%
Achieved return on common equity	12.62%	13.03%	14.30%	13.75%	13.95%
Electric revenues					
Residential	\$ 1,039	\$ 1,041	\$ 976	\$ 980	\$ 910
Commercial	884	890	843	852	723
Industrial	229	238	215	229	181
Other	137	118	113	130	143
Electric revenues in rates	2,289	2,287	2,147	2,191	1,957
Other revenues	108	137	153	170	142
Balancing accounts	138	2	262	(167)	48
Total electric revenues	\$ 2,535	\$ 2,426	\$ 2,562	\$ 2,194	\$ 2,147
Electric volumes (millions of kWhs)					
Residential	7,304	7,536	7,698	7,520	7,501
Commercial	6,738	7,061	7,254	7,154	6,983
Industrial	2,131	2,285	2,351	2,275	2,261
Other	3,310	3,229	3,341	3,327	3,492
Total	19,483	20,111	20,644	20,276	20,237
Cooling degree days	667	1,035	1,193	985	1,209
Electric customers at December 31,					
Residential	1,231,724	1,225,514	1,217,156	1,210,636	1,202,383
Commercial	147,327	146,700	147,550	146,302	144,121
Industrial	502	507	517	512	505
Other	6,542	6,526	7,068	7,455	7,855
Total number of electric customers	1,386,095	1,379,247	1,372,291	1,364,905	1,354,864

## Selected Financial Data and Comparative Statistics 2006 - 2010 (continued)



	Years ended December 31,				
(Dollars in millions, except average cost of natural gas)	2010	2009	2008	2007	2006
Natural gas revenues					
Residential	\$ 340	\$ 304	\$ 428	\$ 405	\$ 397
Commercial and industrial	118	110	183	167	176
Electric generation plants	7	19	26	41	46
Natural gas revenues in rates	465	433	637	613	619
Other revenues	36	33	26	13	15
Balancing accounts	13	24	26	32	4
Total natural gas revenues	<u>\$ 514</u>	<u>\$ 490</u>	<u>\$ 689</u>	<u>\$ 658</u>	<u>\$ 638</u>
Natural gas volumes delivered (billion cubic feet)					
Residential	31	30	31	32	31
Commercial and industrial	22	22	23	21	22
Electric generation plants	28	65	68	60	65
Total	<u>81</u>	<u>117</u>	<u>122</u>	<u>113</u>	<u>118</u>
Core	49	47	49	50	49
Noncore	32	70	73	63	69
Total	<u>81</u>	<u>117</u>	<u>122</u>	<u>113</u>	<u>118</u>
Average cost of natural gas (per thousand cubic feet)	<u>\$ 4.79</u>	<u>\$ 4.61</u>	<u>\$ 8.88</u>	<u>\$ 8.06</u>	<u>\$ 7.92</u>
Heating degree days	<u>1,422</u>	<u>1,296</u>	<u>1,402</u>	<u>1,427</u>	<u>1,313</u>
Natural gas customers at December 31,					
Residential	818,742	814,631	810,364	807,228	802,140
Commercial	28,959	28,986	29,238	29,274	29,154
Industrial	-	-	-	7	13
Off-system sales and transportation	1,528	1,320	1,130	939	675
Total number of natural gas customers	<u>849,229</u>	<u>844,937</u>	<u>840,732</u>	<u>837,448</u>	<u>831,982</u>

## Consolidated Statements of Operations



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
Operating revenues					
Electric	\$ 2,535	\$ 2,426	\$ 2,562	\$ 2,194	\$ 2,147
Natural gas	514	490	689	658	638
Total operating revenues	<u>3,049</u>	<u>2,916</u>	<u>3,251</u>	<u>2,852</u>	<u>2,785</u>
Operating expenses					
Cost of electric fuel and purchased power	637	672	900	699	721
Cost of natural gas	217	206	415	392	380
Litigation expense	18	(5)	42	10	3
Other operation and maintenance	969	966	871	797	774
Depreciation and amortization	381	329	298	301	291
Franchise fees and other taxes	170	160	158	155	140
Gains on sale of assets	-	(1)	(3)	(2)	(1)
Total operating expenses	<u>2,392</u>	<u>2,327</u>	<u>2,681</u>	<u>2,352</u>	<u>2,308</u>
Operating income	<u>657</u>	<u>589</u>	<u>570</u>	<u>500</u>	<u>477</u>
Other income (expense), net					
Allowance for equity funds used during construction	43	29	27	17	10
Regulatory interest income (expense), net	-	5	(5)	(7)	(3)
(Losses) gains on interest rate instruments	(34)	27	(54)	(17)	-
Sundry, net	1	3	3	1	1
Total	<u>10</u>	<u>64</u>	<u>(29)</u>	<u>(6)</u>	<u>8</u>
Interest income	-	1	6	8	6
Interest expense	(136)	(104)	(96)	(96)	(97)
Income before income taxes	<u>531</u>	<u>550</u>	<u>451</u>	<u>406</u>	<u>394</u>
Income tax expense	<u>(173)</u>	<u>(177)</u>	<u>(161)</u>	<u>(135)</u>	<u>(152)</u>
Net income	<u>358</u>	<u>373</u>	<u>290</u>	<u>271</u>	<u>242</u>
Losses (earnings) attributable to noncontrolling interests	<u>16</u>	<u>(24)</u>	<u>54</u>	<u>17</u>	<u>-</u>
Earnings	<u>374</u>	<u>349</u>	<u>344</u>	<u>288</u>	<u>242</u>
Preferred dividend requirements	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>
Earnings attributable to common shares	<u>\$ 369</u>	<u>\$ 344</u>	<u>\$ 339</u>	<u>\$ 283</u>	<u>\$ 237</u>

## Consolidated Balance Sheets



(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 127	\$ 13	\$ 19	\$ 158	\$ 9
Short-term investments	-	-	24	-	-
Restricted cash	116	8	-	-	-
Accounts receivable - trade	248	229	225	207	206
Accounts receivable - other	59	85	30	49	26
Due from unconsolidated affiliates	12	8	29	22	24
Income taxes receivable	37	59	22	56	25
Deferred income taxes	129	41	17	67	41
Inventories	71	61	62	113	97
Regulatory assets arising from fixed-price contracts and other derivatives	66	30	94	52	83
Other regulatory assets	5	4	8	14	69
Fixed-price contracts and other derivatives	28	40	39	18	31
Insurance receivable related to wildfire litigation	-	273	-	-	-
Settlement receivable related to wildfire litigation	300	-	-	-	-
Other	50	35	15	34	54
Total current assets	1,248	886	584	790	665
Other assets:					
Due from unconsolidated affiliate	-	2	4	5	5
Deferred taxes recoverable in rates	502	415	369	312	318
Regulatory assets arising from fixed-price contracts and other derivatives	233	241	264	309	353
Regulatory assets arising from pensions and other postretirement benefit obligations	279	342	393	162	220
Regulatory assets arising from wildfire litigation costs	364	-	-	-	-
Other regulatory assets	73	53	59	48	59
Nuclear decommissioning trusts	769	678	577	739	702
Sundry	56	43	154	123	72
Total other assets	2,276	1,774	1,820	1,698	1,729
Property, plant and equipment:					
Property, plant and equipment	11,247	10,156	9,095	8,282	7,495
Less accumulated depreciation and amortization	(2,694)	(2,587)	(2,420)	(2,271)	(2,095)
Property, plant and equipment, net	8,553	7,569	6,675	6,011	5,400
Total assets	\$ 12,077	\$ 10,229	\$ 9,079	\$ 8,499	\$ 7,794

## Consolidated Balance Sheets



(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Liabilities and Equity</b>					
Current liabilities:					
Short-term debt	\$ -	\$ 33	\$ -	\$ -	\$ 72
Accounts payable	292	249	261	290	273
Due to unconsolidated affiliates	16	-	1	10	5
Accrued compensation and benefits	115	104	105	98	91
Regulatory balancing accounts, net	61	159	114	298	165
Current portion of long-term debt	19	45	2	-	66
Fixed-price contracts and other derivatives	51	51	77	52	83
Customer deposits	54	56	53	52	47
Mandatorily redeemable preferred securities	-	-	-	14	3
Reserve for wildfire litigation	639	270	-	-	-
Other	136	157	163	161	196
Total current liabilities	1,383	1,124	776	975	1,001
Long-term debt	3,479	2,623	2,142	1,958	1,638
Deferred credits and other liabilities:					
Customer advances for construction	21	23	26	33	38
Pension and other postretirement benefit obligations, net of plan assets	309	370	419	190	249
Deferred income taxes	1,001	774	628	506	520
Deferred investment tax credits	25	26	26	29	31
Regulatory liabilities arising from removal obligations	1,409	1,330	1,212	1,335	1,311
Asset retirement obligations	619	585	550	554	462
Fixed-price contracts and other derivatives	248	265	347	329	352
Mandatorily redeemable preferred securities	-	-	-	-	14
Deferred credits and other	283	145	204	176	184
Total deferred credits and other liabilities	3,915	3,518	3,412	3,152	3,161
Contingently redeemable preferred stock	79	79	79	79	79
Equity:					
Common stock (255 million shares authorized, 117 million shares outstanding)	1,138	1,138	1,138	1,138	1,138
Retained earnings	1,980	1,611	1,417	1,078	796
Accumulated other comprehensive income (loss)	(10)	(10)	(13)	(16)	(19)
Total SDG&E shareholders' equity	3,108	2,739	2,542	2,200	1,915
Noncontrolling interests	113	146	128	135	-
Total equity	3,221	2,885	2,670	2,335	1,915
Total liabilities and equity	\$ 12,077	\$ 10,229	\$ 9,079	\$ 8,499	\$ 7,794

## Statements of Consolidated Cash Flows



(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net income	\$ 358	\$ 373	\$ 290	\$ 271	\$ 242
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	381	329	298	301	291
Deferred income taxes and investment tax credits	52	73	113	(40)	(130)
Noncash rate-reduction bond expense	-	-	-	55	60
Fixed-price contracts and other derivatives	22	(41)	55	3	1
Gains on sale of assets	-	(1)	(3)	(2)	(1)
Other	(32)	(20)	(1)	28	3
Changes in other assets	14	23	19	5	9
Changes in other liabilities	(3)	(53)	(23)	(5)	(16)
Changes in working capital components:					
Accounts receivable	-	(53)	1	(43)	39
Interest receivable	-	-	1	(1)	2
Due to/from affiliates, net	(2)	-	18	7	(12)
Inventories	(10)	1	51	(16)	(19)
Other current assets	343	660	(49)	6	(19)
Income taxes	12	(44)	44	(31)	(32)
Accounts payable	23	1	(70)	10	9
Regulatory balancing accounts	(99)	32	(184)	133	(14)
Other current liabilities	(330)	(639)	59	(21)	(16)
Net cash provided by operating activities	729	641	619	660	397
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	(1,210)	(955)	(884)	(714)	(1,070)
Expenditures for short-term investments	-	(152)	(488)	-	-
Proceeds from sale of short-term investments	-	176	464	-	-
Purchases of nuclear decommissioning trust assets	(362)	(237)	(468)	(587)	(481)
Proceeds from sales by nuclear decommissioning trusts	352	230	468	592	484
Decrease (increase) in loans to unconsolidated affiliates, net	14	20	(33)	-	(1)
Proceeds from sale of assets	-	1	1	2	1
Decrease in restricted cash	152	37	-	-	-
Increase in restricted cash	(260)	(45)	-	-	-
Net cash used in investing activities	(1,314)	(925)	(940)	(707)	(1,067)
<b>Cash Flows from Financing Activities</b>					
Capital contribution	-	-	-	-	200
Common dividends paid	-	(150)	-	-	-
Preferred dividends paid	(5)	(5)	(5)	(5)	(5)
Redemptions of preferred stock	-	-	(14)	(3)	(3)
Issuances of long-term debt	744	439	193	313	411
Payments on long-term debt	(10)	(2)	-	(66)	(227)
Increase (decrease) in short-term debt, net	-	4	-	(72)	72
Capital contribution received by Otay Mesa VIE	-	4	9	-	-
Capital distribution made by Otay Mesa VIE	(24)	(9)	-	-	-
Other	(6)	(3)	(1)	-	(5)
Net cash provided by financing activities	699	278	182	167	443
Increase (decrease) in cash and cash equivalents	114	(6)	(139)	120	(227)
Cash and cash equivalents, January 1	13	19	158	9	236
Cash assumed in connection with initial consolidation of variable interest entity	-	-	-	29	-
Cash and cash equivalents, December 31	\$ 127	\$ 13	\$ 19	\$ 158	\$ 9
<b>Supplemental Disclosure of Cash Flow Information</b>					
Interest payments, net of amounts capitalized	\$ 120	\$ 99	\$ 92	\$ 85	\$ 91
Income tax payments, net of refunds	\$ 108	\$ 148	\$ 3	\$ 206	\$ 313

## Selected Financial Data and Comparative Statistics 2006 - 2010



	Years ended December 31,				
(Dollars in millions, except average cost of natural gas)	2010	2009	2008	2007	2006
Net income (before preferred dividends)	\$ 287	\$ 274	\$ 245	\$ 231	\$ 224
Earnings attributable to common shares	\$ 286	\$ 273	\$ 244	\$ 230	\$ 223
Common dividends to parent	\$ 100	\$ -	\$ 200	\$ 250	\$ 150
Capital expenditures	\$ 503	\$ 480	\$ 454	\$ 457	\$ 413
Weighted average rate base	\$ 2,860	\$ 2,758	\$ 2,702	\$ 2,642	\$ 2,477
Authorized rate of return on:					
Rate base	8.68%	8.68%	8.68%	8.68%	8.68%
Common equity	10.82%	10.82%	10.82%	10.82%	10.82%
Achieved return on common equity	15.56%	17.00%	16.74%	15.78%	15.58%
Natural gas revenues					
Residential	\$ 2,306	\$ 2,035	\$ 2,961	\$ 2,665	\$ 2,732
Commercial and industrial	991	893	1,333	1,207	1,205
Electric generation plants	44	48	80	72	74
Wholesale	15	13	22	59	44
Natural gas revenues in rates	3,356	2,989	4,396	4,003	4,055
Other revenues	92	105	142	97	79
Balancing accounts	374	261	230	182	47
Total operating revenues	\$ 3,822	\$ 3,355	\$ 4,768	\$ 4,282	\$ 4,181
Natural gas volumes delivered (billion cubic feet)					
Residential	246	235	241	246	248
Commercial and industrial	370	365	379	388	379
Electric generation plants	187	200	232	204	183
Wholesale	149	141	146	142	136
Total	952	941	998	980	946
Core	356	343	350	355	350
Noncore	596	598	648	625	596
Total	952	941	998	980	946
Average cost of natural gas (per thousand cubic feet)	\$ 4.90	\$ 4.00	\$ 8.26	\$ 6.81	\$ 6.81
Heating degree days	1,449	1,291	1,402	1,404	1,422
Customers at December 31,					
Residential	5,512,663	5,488,991	5,462,783	5,423,472	5,367,739
Commercial	245,173	244,675	243,679	242,364	240,723
Industrial	27,752	27,968	28,056	28,079	28,026
Electric generation plants and wholesale	51	50	51	50	29
Total number of customers	5,785,639	5,761,684	5,734,569	5,693,965	5,636,517



[PAGE INTENTIONALLY LEFT BLANK]

# Consolidated Statements of Operations



	Years ended December 31,				
(Dollars in millions)	2010	2009	2008	2007	2006
Operating revenues	\$ 3,822	\$ 3,355	\$ 4,768	\$ 4,282	\$ 4,181
Operating expenses					
Cost of natural gas	1,699	1,343	2,841	2,420	2,410
Operation and maintenance	1,174	1,138	1,078	1,019	944
Depreciation	309	293	280	281	267
Franchise fees and other taxes	124	105	135	125	121
Total operating expenses	3,306	2,879	4,334	3,845	3,742
Operating income	516	476	434	437	439
Other income (expense), net					
Allowance for equity funds used during construction	14	10	8	5	6
Regulatory interest income (expense), net	1	(1)	(4)	(6)	(6)
Sundry, net	(3)	(2)	(2)	(2)	(1)
Total	12	7	2	(3)	(1)
Interest income	1	3	11	27	29
Interest expense	(66)	(68)	(62)	(70)	(70)
Income before income taxes	463	418	385	391	397
Income tax expense	(176)	(144)	(140)	(160)	(173)
Net income	287	274	245	231	224
Preferred dividend requirements	(1)	(1)	(1)	(1)	(1)
Earnings attributable to common shares	\$ 286	\$ 273	\$ 244	\$ 230	\$ 223

## Consolidated Balance Sheets



(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 417	\$ 49	\$ 206	\$ 59	\$ 211
Accounts receivable - trade	534	567	572	671	640
Accounts receivable - other	49	44	20	22	33
Due from unconsolidated affiliates	63	6	-	129	108
Income taxes receivable	28	35	41	-	-
Deferred income taxes	-	-	-	33	42
Inventories	105	93	167	98	106
Regulatory assets	12	9	18	40	41
Other	39	40	37	22	28
Total current assets	<u>1,247</u>	<u>843</u>	<u>1,061</u>	<u>1,074</u>	<u>1,209</u>
Other assets:					
Regulatory assets arising from pension and other postretirement benefit obligations	586	617	795	-	136
Other regulatory assets	123	131	105	100	95
Pension plan assets in excess of benefit obligations	-	-	-	62	8
Sundry	8	14	24	16	11
Total other assets	<u>717</u>	<u>762</u>	<u>924</u>	<u>178</u>	<u>250</u>
Property, plant and equipment:					
Property, plant and equipment	9,824	9,297	8,814	8,446	8,148
Less accumulated depreciation and amortization	<u>(3,802)</u>	<u>(3,615)</u>	<u>(3,448)</u>	<u>(3,292)</u>	<u>(3,248)</u>
Property, plant and equipment, net	<u>6,022</u>	<u>5,682</u>	<u>5,366</u>	<u>5,154</u>	<u>4,900</u>
Total assets	<u>\$ 7,986</u>	<u>\$ 7,287</u>	<u>\$ 7,351</u>	<u>\$ 6,406</u>	<u>\$ 6,359</u>

## Consolidated Balance Sheets



Southern  
California  
Gas Company



A Semptra Energy utility®

(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Liabilities and Shareholders' Equity</b>					
Current liabilities:					
Accounts payable - trade	\$ 327	\$ 207	\$ 257	\$ 300	\$ 416
Accounts payable - other	79	120	163	130	114
Due to unconsolidated affiliates	11	3	23	171	74
Income taxes payable	-	-	-	26	13
Deferred income taxes	17	6	6	-	-
Accrued compensation and benefits	98	86	92	87	82
Regulatory balancing accounts, net	180	223	221	183	167
Current portion of long-term debt	262	11	100	-	-
Customer deposits	73	87	114	90	88
Other	163	158	211	223	222
Total current liabilities	1,210	901	1,187	1,210	1,176
Long-term debt	1,320	1,283	1,270	1,113	1,107
Deferred credits and other liabilities:					
Customer advances for construction	133	123	131	123	91
Pension and other postretirement benefit obligations, net of plan assets	613	644	823	58	172
Deferred income taxes	418	280	167	117	124
Deferred investment tax credits	25	28	30	33	36
Regulatory liabilities arising from removal obligations	1,208	1,227	1,218	1,187	1,019
Regulatory liabilities arising from pension and other postretirement benefit obligations	-	-	-	34	-
Asset retirement obligations	788	662	581	562	655
Deferred taxes refundable in rates	138	175	214	231	221
Deferred credits and other	178	198	240	268	268
Total deferred credits and other liabilities	3,501	3,337	3,404	2,613	2,586
Shareholders' equity:					
Preferred stock	22	22	22	22	22
Common stock (100 million shares authorized; 91 million shares outstanding; no par value)	866	866	866	866	866
Retained earnings	1,089	903	630	586	607
Accumulated other comprehensive income (loss)	(22)	(25)	(28)	(4)	(5)
Total shareholders' equity	1,955	1,766	1,490	1,470	1,490
Total liabilities and shareholders' equity	\$ 7,986	\$ 7,287	\$ 7,351	\$ 6,406	\$ 6,359

# Statements of Consolidated Cash Flows



Southern  
California  
Gas Company



A Semptra Energy utility®

(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net income	\$ 287	\$ 274	\$ 245	\$ 231	\$ 224
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	309	293	280	281	267
Deferred income taxes and investment tax credits	107	70	87	8	(24)
Gains on sale of assets	-	-	-	(2)	(5)
Other	-	8	2	5	6
Changes in other assets	(7)	7	(33)	-	(5)
Changes in other liabilities	8	(68)	(51)	37	31
Changes in working capital components:					
Accounts receivable	18	(30)	102	(31)	51
Inventories	(12)	74	(69)	8	18
Other current assets	(2)	10	(23)	8	(7)
Accounts payable	52	(99)	7	(79)	83
Income taxes	5	(2)	(67)	38	98
Due to/from affiliates, net	11	(10)	(6)	1	(22)
Regulatory balancing accounts	(56)	10	46	(13)	185
Customer deposits	(13)	(28)	24	3	8
Other current liabilities	29	(69)	24	(17)	(35)
Net cash provided by operating activities	<u>736</u>	<u>440</u>	<u>568</u>	<u>478</u>	<u>873</u>
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	(503)	(480)	(454)	(457)	(413)
(Increase) decrease in loans to affiliates, net	(63)	(16)	136	(24)	(111)
Proceeds from sale of assets	-	-	-	2	11
Net cash used in investing activities	<u>(566)</u>	<u>(496)</u>	<u>(318)</u>	<u>(479)</u>	<u>(513)</u>
<b>Cash Flows from Financing Activities</b>					
Common dividends paid	(100)	-	(350)	(150)	(150)
Preferred dividends paid	(1)	(1)	(1)	(1)	(1)
Issuances of long-term debt	299	-	250	-	-
Payments on long-term debt	-	(100)	-	-	-
Decrease in short-term debt, net	-	-	-	-	(88)
Other	-	-	(2)	-	-
Net cash provided by (used in) financing activities	<u>198</u>	<u>(101)</u>	<u>(103)</u>	<u>(151)</u>	<u>(239)</u>
Increase (decrease) in cash and cash equivalents	368	(157)	147	(152)	121
Cash and cash equivalents, January 1	49	206	59	211	90
Cash and cash equivalents, December 31	<u>\$ 417</u>	<u>\$ 49</u>	<u>\$ 206</u>	<u>\$ 59</u>	<u>\$ 211</u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Interest payments, net of amounts capitalized	\$ 54	\$ 59	\$ 58	\$ 66	\$ 63
Income tax payments, net of refunds	\$ 64	\$ 76	\$ 120	\$ 114	\$ 99

## Consolidated Statements of Operations

(Dollars in millions)	Years ended December 31,				
	2010	2009*	2008*	2007	2006
Revenues	\$ 1,172	\$ 1,179	\$ 1,827	\$ 1,476	\$ 1,454
Expenses and other income					
Cost of sales	(734)	(730)	(1,350)	(1,059)	(1,019)
Litigation expense	(145)	(1)	(3)	(1)	(38)
Other operation and maintenance	(123)	(107)	(92)	(102)	(96)
Depreciation and amortization	(65)	(58)	(56)	(56)	(46)
Other taxes	(9)	(7)	(7)	(7)	(5)
Equity (losses) earnings	(12)	(2)	8	9	354 **
Other income (expense), net	9	3	(1)	-	1
Interest income	16	12	9	28	32
Interest expense	(13)	(12)	(16)	(15)	(19)
Income before income taxes	96	277	319	273	618
Income tax benefit (expense)	7	(108)	(99)	(111)	(243)
Earnings/net income	<u>\$ 103</u>	<u>\$ 169</u>	<u>\$ 220</u>	<u>\$ 162</u>	<u>\$ 375</u>
Earnings (losses)/net income (loss) by type of operation:					
Power generation	\$ 87	\$ 157	\$ 218	\$ 152	\$ 366
Oil and gas	4	5	4	10	8
Other	12	7	(2)	-	1
Earnings/net income	<u>\$ 103</u>	<u>\$ 169</u>	<u>\$ 220</u>	<u>\$ 162</u>	<u>\$ 375</u>

\* Restated to include the results of Sempra Rockies Marketing, whose operations were moved from Sempra Commodities due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

\*\* Includes a \$344 million gain on sale of the Topaz power plants.

*Sempra Generation is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Generation is not regulated by the California Public Utilities Commission.*

## Consolidated Balance Sheets

(Dollars in millions)	December 31,				
	2010	2009*	2008*	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 1	\$ 1	\$ -
Accounts receivable	34	52	46	58	67
Due from unconsolidated affiliates	566	175	175	13	647
Fixed-price contracts and other derivatives	32	3	46	95	89
Other	78	71	82	54	40
Total current assets	710	301	350	221	843
Investments in unconsolidated affiliates	185	434	198	205	212
Due from unconsolidated affiliates	48	11	24	25	-
Property, plant and equipment, net	1,410	1,252	1,250	1,242	1,224
Other	48	51	38	66	92
Total assets	<u>\$ 2,401</u>	<u>\$ 2,049</u>	<u>\$ 1,860</u>	<u>\$ 1,759</u>	<u>\$ 2,371</u>
<b>Liabilities and Shareholder's Equity</b>					
Current liabilities:					
Accounts payable	\$ 81	\$ 37	\$ 31	\$ 75	\$ 27
Due to unconsolidated affiliates	49	20	21	40	4
Fixed-price contracts and other derivatives	30	15	18	53	45
Other	173 **	25	15	20	96
Total current liabilities	333	97	85	188	172
Due to unconsolidated affiliates	230	225	219	206	207
Deferred income taxes	171	186	144	148	141
Other liabilities	40	20	27	18	18
Shareholder's equity	1,627	1,521	1,385	1,199	1,833
Total liabilities and shareholder's equity	<u>\$ 2,401</u>	<u>\$ 2,049</u>	<u>\$ 1,860</u>	<u>\$ 1,759</u>	<u>\$ 2,371</u>

\* Restated to include the results of Sempra Rockies Marketing, whose operations were moved from Sempra Commodities due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

\*\* Includes \$130 million reserve for energy crisis litigation settlement.

*Sempra Generation is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Generation is not regulated by the California Public Utilities Commission.*

## Statements of Consolidated Cash Flows

(Dollars in millions)	Years ended December 31,				
	2010	2009*	2008*	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net income	\$ 103	\$ 169	\$ 220	\$ 162	\$ 375
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	65	58	56	56	46
Deferred income taxes	(10)	44	9	29	20
Fixed-price contracts and other derivatives	10	5	(7)	2	9
Equity losses (earnings)	12	2	(8)	(9)	(354)
Other	2	1	4	(6)	-
Changes in other assets	(7)	10	-	-	5
Changes in other liabilities	-	1	(1)	3	6
Net change in working capital components	61	(77)	(40)	(13)	427
Net cash provided by operating activities	<u>236</u>	<u>213</u>	<u>233</u>	<u>224</u>	<u>534</u>
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	(135)	(38)	(59)	(13)	(40)
Expenditures for investments	(211)	(238)	-	-	-
Proceeds from sale of investment and assets	175	-	6	1	-
Dividends received from unconsolidated affiliate	-	-	-	-	411
(Increase) decrease in loans to unconsolidated affiliate, net	(328)	128	(146)	590	(582)
Distributions from investments	285	-	14	14	-
Other	(27)	(28)	(24)	(23)	(27)
Net cash (used in) provided by investing activities	<u>(241)</u>	<u>(176)</u>	<u>(209)</u>	<u>569</u>	<u>(238)</u>
<b>Cash Flows from Financing Activities</b>					
Increase (decrease) in loans from unconsolidated affiliates, net	5	(5)	5	18	(75)
Dividends paid	-	(33)	(29)	(810)	(225)
Net cash provided by (used in) financing activities	<u>5</u>	<u>(38)</u>	<u>(24)</u>	<u>(792)</u>	<u>(300)</u>
(Decrease) increase in cash and cash equivalents	-	(1)	-	1	(4)
Cash and cash equivalents, January 1	-	1	1	-	4
Cash and cash equivalents, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

\* Restated to include the results of Sempra Rockies Marketing, whose operations were moved from Sempra Commodities due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

Sempra Generation is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Generation is not regulated by the California Public Utilities Commission.



## Selected Financial Data and Comparative Statistics 2006 - 2010

(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Earnings (losses)</b>					
Peru	\$ 41	\$ 38	\$ 32	\$ 27	\$ 24
Argentina	(29) *	5	-	7	(215) *
Mexico	78	63	45	25	30
Chile	37	23	28	28	25
U.S. Midstream and other, net of other costs	32	(28)	1	(23)	(29)
Total	<u>\$ 159</u>	<u>\$ 101</u>	<u>\$ 106</u>	<u>\$ 64</u>	<u>\$ (165)</u>
<b>Natural gas distribution operations</b>					
Volumes delivered (billion cubic feet)					
Argentina**	331	330	332	320	278
Mexico	21	19	19	19	18
Mobile Gas	37	32	9	-	-
Total	<u>389</u>	<u>381</u>	<u>360</u>	<u>339</u>	<u>296</u>
Customers (in thousands, at December 31)					
Argentina**	1,756	1,710	1,670	1,603	1,542
Mexico	89	91	95	96	101
Mobile Gas	91	92	93	-	-
Total	<u>1,936</u>	<u>1,893</u>	<u>1,858</u>	<u>1,699</u>	<u>1,643</u>
<b>Electric distribution operations</b>					
Volumes (millions of kWhs)					
Peru**	5,958	5,560	5,415	5,078	5,108
Chile**	2,349	2,402	2,417	2,500	2,324
Total	<u>8,307</u>	<u>7,962</u>	<u>7,832</u>	<u>7,578</u>	<u>7,432</u>
Customers (in thousands, at December 31)					
Peru**	890	863	837	809	788
Chile**	593	576	562	549	534
Total	<u>1,483</u>	<u>1,439</u>	<u>1,399</u>	<u>1,358</u>	<u>1,322</u>

\* Includes impairment losses of \$44 (pretax), less a related income tax benefit of \$15, in 2010 and \$221 in 2006 associated with Sempra Pipelines & Storage's Argentine investments.

\*\* Represents 100 percent of the distribution operations in the countries noted, although these subsidiaries are not 100% owned by Sempra Energy. These subsidiaries are not consolidated within Sempra Energy and the related investments are accounted for under the equity method.

Sempra Pipelines & Storage is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

## Consolidated Statements of Operations

(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
Revenues	\$ 350	\$ 465	\$ 457	\$ 314	\$ 295
Expenses and other income					
Cost of natural gas	(125)	(245)	(348)	(255)	(233)
Operation and maintenance	(105)	(83)	(62)	(42)	(40)
Depreciation and amortization	(44)	(45)	(20)	(11)	(12)
Other taxes	(17)	(13)	(3)	-	(3)
Write-off of long-lived assets	-	(132)	-	-	-
Equity earnings (losses)	43	50	43	(4)	1
Other income, net	55	2	1	3	1
Interest income	15	17	18	14	18
Interest expense	(36)	(34)	(18)	(16)	(14)
Income (loss) before income taxes and equity earnings (losses) of certain unconsolidated subsidiaries	136	(18)	68	3	13
Income tax (expense) benefit	(26)	20	(23)	2	(12)
Equity earnings (losses), net of income tax	49	68	60	59	(166)
Net income (loss)	159	70	105	64	(165)
Losses attributable to noncontrolling interests	-	31	1	-	-
Earnings (losses)	\$ 159	\$ 101	\$ 106	\$ 64	\$ (165)

Sempra Pipelines & Storage is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

## Consolidated Balance Sheets

(Dollars in millions)	December 31,				
	2010	2009	2008	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 36	\$ 36	\$ 86	\$ 49	\$ 91
Restricted cash	-	27	27	-	-
Accounts receivable	64	90	68	42	40
Due from unconsolidated affiliates	96	25	10	12	8
Income taxes receivable	61	-	-	-	-
Deferred income taxes	105	90	78	84	87
Inventories	37	7	44	2	2
Fixed priced contracts and other derivatives	4	6	63	1	1
Other	13	20	12	85	8
Total current assets	416	301	388	275	237
Restricted cash	27	-	-	-	-
Investments	1,951	1,683	924	844	732
Goodwill and other intangible assets	520	511	525	-	10
Due from unconsolidated affiliates	489	395	653	415	695
Property, plant and equipment, net	1,760	1,586	1,556	728	448
Other	12	9	14	25	33
Total assets	\$ 5,175	\$ 4,485	\$ 4,060	\$ 2,287	\$ 2,155
<b>Liabilities and Equity</b>					
Current liabilities:					
Short-term debt	\$ -	\$ 125	\$ 50	\$ -	\$ -
Accounts payable	41	52	91	62	39
Due to unconsolidated affiliates	15	735	1,108	503	637
Current portion of long-term debt	35	10	6	-	-
Other *	279	257	260	206	217
Total current liabilities	370	1,179	1,515	771	893
Long-term debt	241	358	300	169	160
Other noncurrent liabilities:					
Due to unconsolidated affiliates	1,152	163	120	235	567
Deferred income taxes	413	249	286	48	29
Other	81	65	31	14	12
Total other noncurrent liabilities	1,646	477	437	297	608
Equity:					
Shareholder's equity	2,920	2,473	1,696	1,037	483
Noncontrolling interests	(2)	(2)	112	13	11
Total equity	2,918	2,471	1,808	1,050	494
Total liabilities and equity	\$ 5,175	\$ 4,485	\$ 4,060	\$ 2,287	\$ 2,155

\* Includes \$240 in 2010 and \$190 in 2009, 2008, 2007 and 2006 related to impairment of Sempra Pipelines & Storage's Argentine investments.

Sempra Pipelines & Storage is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

## Statements of Consolidated Cash Flows

(Dollars in millions)	Years ended December 31,				
	2010	2009	2008	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net income (loss)	\$ 159	\$ 70	\$ 105	\$ 64	\$ (165)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	44	45	20	11	12
Deferred income taxes	147	(45)	8	30	12
Equity (earnings) losses	(92)	(118)	(103)	(55)	165
Write-off of long-lived assets	-	132	-	-	-
Other	(2)	(9)	(1)	-	1
Distributions from investments	62	86	48	19	-
Changes in other assets	-	2	(4)	1	-
Changes in other liabilities	(1)	39	(10)	(1)	-
Net changes in working capital components	(145)	40	(37)	23	33
Net cash provided by operating activities	172	242	26	92	58
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	(192)	(200)	(264)	(267)	(181)
Proceeds from sale of investments	128	-	-	-	-
Expenditures for investments and acquisition of businesses, net of cash acquired	(398)	(750)	(645)	(100)	(233)
Distributions from investments	86	23	17	-	104
(Increase) decrease in loans to unconsolidated affiliates, net	(96)	358	(177)	186	(348)
Dividends received from equity method investments	-	-	-	-	18
Net cash used in investing activities	(472)	(569)	(1,069)	(181)	(640)
<b>Cash Flows from Financing Activities</b>					
Increase (decrease) in loans from unconsolidated affiliates, net	281	(172)	665	(65)	415
Capital contributions	373	625	660	101	-
Issuances of debt (maturities greater than 90 days)	42	150	16	9	141
Payments on debt (maturities greater than 90 days)	(259)	(116)	(60)	-	-
Decrease in short-term debt, net	-	-	(156)	-	-
Dividends paid	(137)	(116)	(59)	-	-
Other	-	(94)	14	2	4
Net cash provided by financing activities	300	277	1,080	47	560
(Decrease) increase in cash and cash equivalents	-	(50)	37	(42)	(22)
Cash and cash equivalents, January 1	36	86	49	91	113
Cash and cash equivalents, December 31	\$ 36	\$ 36	\$ 86	\$ 49	\$ 91

Semptra Pipelines & Storage is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Semptra Pipelines & Storage is not regulated by the California Public Utilities Commission.



## Consolidated Statements of Operations\*

(Dollars in millions)	Years ended December 31,	
	2010	2009
Revenues	\$ 711	\$ 278
Expenses and other income		
Cost of sales	(437)	(124)
Operation and maintenance	(83)	(94)
Depreciation and amortization	(51)	(35)
Other taxes	(3)	(2)
Other income, net	3	2
Interest income	1	-
Interest expense	(48)	(24)
Income before income taxes	93	1
Income tax (expense) benefit	(25)	15
Earnings/net income	\$ 68	\$ 16

\* The Cameron LNG receipt terminal began commercial operations during 2009, and 2010 was the first full year that both the Cameron LNG and Energía Costa Azul receipt terminals were operational.

*Semptra LNG is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Semptra LNG is not regulated by the California Public Utilities Commission.*



## Consolidated Balance Sheets\*

(Dollars in millions)	December 31,	
	2010	2009
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11	\$ 1
Accounts receivable	55	62
Due from unconsolidated affiliates	74	15
Income taxes receivable	-	37
Deferred income taxes	1	-
Inventories	26	19
Other	5	5
Total current assets	172	139
Due from unconsolidated affiliates	117	-
Property, plant and equipment, net	2,079	2,128
Other	11	10
Total assets	<u>\$ 2,379</u>	<u>\$ 2,277</u>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Accounts payable	\$ 24	\$ 6
Due to unconsolidated affiliates	47	51
Income taxes payable	5	-
Deferred income taxes	-	1
Accrued compensation and benefits	5	5
Fixed-price contracts and other derivatives	9	12
Other	19	9
Total current liabilities	109	84
Other noncurrent liabilities:		
Due to unconsolidated affiliates	822	855
Deferred income taxes	86	35
Asset retirement obligations	8	8
Fixed-price contracts and other derivatives	25	35
Other	2	1
Total other noncurrent liabilities	943	934
Shareholder's equity	1,327	1,259
Total liabilities and shareholder's equity	<u>\$ 2,379</u>	<u>\$ 2,277</u>

\* The Cameron LNG receipt terminal began commercial operations during 2009, and 2010 was the first full year that both the Cameron LNG and Energia Costa Azul receipt terminals were operational.

Semptra LNG is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Semptra LNG is not regulated by the California Public Utilities Commission.

## Statements of Consolidated Cash Flows\*



(Dollars in millions)	Years ended December 31,	
	2010	2009
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 68	\$ 16
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51	35
Deferred income taxes	49	61
Fixed-price contracts and other derivatives	(13)	3
Other	3	16
Changes in other liabilities	1	-
Net change in working capital components	4	(26)
Net cash provided by operating activities	<u>163</u>	<u>105</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(18)	(235)
(Increase) decrease in loans to unconsolidated affiliates, net	(117)	1
Other	15	-
Net cash used in investing activities	<u>(120)</u>	<u>(234)</u>
<b>Cash Flows from Financing Activities</b>		
Decrease in loans from unconsolidated affiliates, net	(33)	(162)
Capital contribution	-	291
Net cash (used in) provided by financing activities	<u>(33)</u>	<u>129</u>
Increase in cash and cash equivalents	10	-
Cash and cash equivalents, January 1	1	1
Cash and cash equivalents, December 31	<u>\$ 11</u>	<u>\$ 1</u>

\* The Cameron LNG receipt terminal began commercial operations during 2009, and 2010 was the first full year that both the Cameron LNG and Energia Costa Azul receipt terminals were operational.

*Sempra LNG is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra LNG is not regulated by the California Public Utilities Commission.*

## Consolidated Statements of Operations



The following information for the Sempra Commodities segment includes information related to RBS Sempra Commodities LLP, a joint venture of Sempra Energy and the Royal Bank of Scotland (RBS). RBS Sempra Commodities LLP acquired the commodity-marketing businesses of Sempra Energy on April 1, 2008. Beginning April 1, 2008, the Sempra Commodities segment is composed solely of the company's equity interest in RBS Sempra Commodities LLP and related activities. In late 2009, the European Commission directed RBS to dispose of certain assets. In response to this directive, Sempra Energy and RBS sold substantially all of the partnership's businesses and assets in 2010.

(Dollars in millions)	Years ended December 31,				
	2010	2009*	2008*	2007	2006
Revenues	\$ -	\$ -	\$ 457	\$ 2,674	\$ 3,256
Expenses and other income					
Cost of sales	-	-	(133)	(988)	(1,468)
Litigation expense	(9)	-	(53)	(58)	(10)
Other operating expenses	(23)	(13)	(197)	(860)	(869)
Depreciation and amortization	-	-	(6)	(26)	(25)
Gains (losses) on sale of assets	-	-	110	-	(7)
Equity (losses) earnings in RBS Sempra Commodities LLP	(314) **	463	383	-	-
Interest income	4	-	7	17	10
Interest expense	(5)	(7)	(22)	(48)	(72)
Other income (expense), net	1	(2)	-	-	(1)
Income (loss) before income taxes and equity earnings (losses) of certain unconsolidated subsidiaries	(346)	441	546	711	814
Income tax benefit (expense)	191	(103)	(202)	(252)	(294)
Equity earnings (losses), net of income tax	-	-	3	40	(16)
(Losses) earnings/net (loss) income	<u>\$ (155)</u>	<u>\$ 338</u>	<u>\$ 347</u>	<u>\$ 499</u>	<u>\$ 504</u>

\* Restated to exclude the results of Sempra Rockies Marketing, whose operations were moved to Sempra Generation due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

\*\* Includes a \$305 noncash charge to reduce the investment in RBS Sempra Commodities related to the sale of the businesses and assets.

*Sempra Energy Trading LLC is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Energy Trading LLC is not regulated by the California Public Utilities Commission.*



## Consolidated Balance Sheets

(Dollars in millions)	December 31,				
	2010	2009*	2008*	2007	2006
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 71	\$ -	\$ -	\$ 393	\$ 177
Restricted cash	15	-	-	-	-
Due from unconsolidated affiliates	382	75	1	171	161
Trading assets	-	-	-	7,208	7,762
Other	-	5	9	261	205
Total current assets	468	80	10	8,033	8,305
Investment in RBS Sempra Commodities LLP	787	2,172	2,082	-	-
Property, plant and equipment, net	-	-	-	100	83
Goodwill	-	-	-	165	165
Deferred income taxes	206	-	-	25	32
Due from unconsolidated affiliates	520	-	-	165	-
Other assets	-	1	-	132	46
Total assets	\$ 1,981	\$ 2,253	\$ 2,092	\$ 8,620	\$ 8,631
<b>Liabilities and Shareholder's Equity</b>					
Current liabilities:					
Short-term debt	\$ -	\$ -	\$ -	\$ 422	\$ 180
Accounts payable and other current liabilities	40	18	19	731	703
Income taxes payable	42	106	103	128	244
Trading liabilities	-	-	-	4,494	4,885
Due to unconsolidated affiliates	176	128	60	105	420
Total current liabilities	258	252	182	5,880	6,432
Due to unconsolidated affiliates	4	28	320	-	-
Other liabilities	9	86	61	69	86
Shareholder's equity	1,710	1,887	1,529	2,671	2,113
Total liabilities and shareholder's equity	\$ 1,981	\$ 2,253	\$ 2,092	\$ 8,620	\$ 8,631

\* Restated to exclude the results of Sempra Rockies Marketing, whose operations were moved to Sempra Generation due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

*Sempra Energy Trading LLC is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Energy Trading LLC is not regulated by the California Public Utilities Commission.*

## Statements of Consolidated Cash Flows

(Dollars in millions)	Years ended December 31,				
	2010	2009*	2008*	2007	2006
<b>Cash Flows from Operating Activities</b>					
Net (loss) income	\$ (155)	\$ 338	\$ 347	\$ 499	\$ 504
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:					
Depreciation and amortization	-	-	6	26	25
(Gains) losses on sale of assets, net	-	-	(110)	-	7
Deferred income taxes and investment tax credits	(273)	13	113	(38)	(16)
Equity losses (earnings)	314	(463)	(386)	(40)	16
Other	-	-	3	(32)	-
Distributions from RBS Sempra Commodities LLP	198	407	85	-	-
Changes in other liabilities	-	-	(37)	(1)	18
Net change in working capital components	(304)	(2)	(108)	155	(316)
Net cash (used in) provided by operating activities	(220)	293	(87)	569	238
<b>Cash Flows from Investing Activities</b>					
Expenditures for property, plant and equipment	-	-	(21)	(43)	(29)
Distributions from RBS Sempra Commodities LLP	849	-	-	-	-
Proceeds from sale of assets, net of cash sold	-	-	2,061	71	12
Expenditures for investments	-	-	(1,616)	(21)	(24)
Decrease in restricted cash	43	-	-	-	-
Increase in restricted cash	(58)	-	-	-	-
(Increase) decrease in loans to affiliates, net	(520)	-	275	(264)	(12)
Net cash provided by (used in) investing activities	314	-	699	(257)	(53)
<b>Cash Flows from Financing Activities</b>					
Increase in short-term debt, net	-	-	309	241	99
Decrease in loans from affiliates, net	(23)	(293)	(714)	(337)	(250)
Dividends paid	-	-	(600)	-	-
Net cash (used in) provided by financing activities	(23)	(293)	(1,005)	(96)	(151)
Increase (decrease) in cash and cash equivalents	71	-	(393)	216	34
Cash and cash equivalents, January 1	-	-	393	177	143
Cash and cash equivalents, December 31	\$ 71	\$ -	\$ -	\$ 393	\$ 177

\* Restated to exclude the results of Sempra Rockies Marketing, whose operations were moved to Sempra Generation due to the divestiture of substantially all of Sempra Commodities' businesses and assets in 2010.

Sempra Energy Trading LLC is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Energy Trading LLC is not regulated by the California Public Utilities Commission.

## Reconciliation of Sempra Energy Earnings To Sempra Energy Earnings Excluding Sempra Commodities\*



Sempra Energy Earnings excluding Sempra Commodities and Earnings Per Share excluding Sempra Commodities are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Since April 1, 2008, our Sempra Commodities segment has been comprised solely of earnings and activity related to Sempra Energy's equity method investment in RBS Sempra Commodities, a commodities trading joint venture with the Royal Bank of Scotland (RBS) formed from our commodities-marketing businesses previously reported in the Sempra Commodities business unit. In four separate transactions in 2010 and early 2011, Sempra Energy and RBS divested substantially all of the businesses and assets within the joint venture. Because of the impacts of these divestitures on 2010 and future periods, management believes that these non-GAAP financial performance measures provide a meaningful comparison of 2010 and prior year results of operations for Sempra Energy's ongoing business units, as well as for future comparisons in subsequent 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 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)	Years ended December 31,				
	2010	2009	2008	2007	2006
Sempra Energy Earnings (GAAP)	\$ 739	\$ 1,119	\$ 1,113	\$ 1,099	\$ 1,406
Less Sempra Commodities amounts included in:					
Sempra Global and parent revenues	-	-	457	2,674	3,256
Other cost of sales	-	-	(133)	(988)	(1,468)
Litigation expense	(9)	-	(53)	(58)	(10)
Other operation and maintenance	(23)	(13)	(197)	(860)	(869)
Depreciation and amortization	-	-	(6)	(26)	(25)
Gains (losses) on sale of assets	-	-	110	-	(7)
Equity earnings (losses) in RBS Sempra Commodities LLP	(314)	463	383	-	-
Other income (expense), net	1	(2)	-	-	(1)
Interest income	4	-	7	17	10
Interest expense	(5)	(7)	(22)	(48)	(72)
Income tax benefit (expense)	191	(103)	(202)	(252)	(294)
Equity earnings (losses), net of income tax	-	-	3	40	(16)
Sempra Commodities earnings (losses)	(155)	338	347	499	504
Sempra Energy Earnings Excluding Sempra Commodities	\$ 894	\$ 781	\$ 766	\$ 600	\$ 902
Diluted earnings per common share:					
Sempra Energy Earnings (GAAP)	\$ 2.98	\$ 4.52	\$ 4.43	\$ 4.16	\$ 5.38
Sempra Energy Earnings Excluding Sempra Commodities	\$ 3.61	\$ 3.16	\$ 3.05	\$ 2.27	\$ 3.45
Weighted-average number of shares outstanding, diluted (thousands)	247,942	247,384	251,159	264,004	261,368

\* Sempra Energy Trading LLC is not the same company as the utility, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra Energy Trading LLC is not regulated by the California Public Utilities Commission.

### ***Corporate Headquarters***

Sempra Energy  
101 Ash Street  
San Diego, California  
92101-3017

### ***Transfer Agent***

American Stock Transfer & Trust Company  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Telephone: 877-773-6772

### ***News and Information***

To hear corporate news reports and stock updates or to request materials, call 877-773-6397. Sempra Energy's Annual Report to the Securities and Exchange Commission on Form 10-K is available to shareholders at no charge through the Investor section of Sempra Energy's website ([www.Sempra.com](http://www.Sempra.com)) or by writing to Shareholder Services.

### ***Preferred and Preference Stock of Subsidiaries***

SDG&E preferred and preference stocks are listed on the NYSE Amex under the ticker symbol SDO. The 4.60% preferred and \$1.70 preference series are not listed and trade over-the-counter. PE preferred stock is listed on the NYSE Amex under the ticker symbol PET. SoCalGas preferred stocks are not listed on any exchange and trade over-the-counter.

### ***Research Coverage***

The following firms provide equity investment research coverage of Sempra Energy:

Argus Research Company  
Barclays Capital, Inc.  
BMO Capital Markets Corp.  
Citi Investment Research & Analysis  
Goldman Sachs Group, Inc.  
Jefferies & Company, Inc.  
Morgan Stanley & Co. Inc.  
Soleil Securities Group, Inc.  
Tuohy Brothers Investment Research Inc.  
UBS Securities LLC  
Wells Fargo Securities, LLC



---

101 Ash Street  
San Diego, California 92101-3017  
[www.sempra.com](http://www.sempra.com)

© 2011 Sempra Energy. All copyright and trademark rights reserved.