



Sempra Energy®

2003 Annual Report

Focus ▶ Strategy ▶ Results

Based in San Diego, Sempra Energy is a Fortune 500 energy services company with 2003 revenues of \$7.9 billion. Sempra Energy serves the largest customer base of any energy utility in the United States. With nearly 13,000 employees worldwide, the Sempra Energy companies develop energy infrastructure, operate utilities and provide related products and services to more than 10 million customers in the United States, Europe, Canada, Mexico, South America and Asia. 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.

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RECOGNIZING OPPORTUNITY.

A FOCUSED STRATEGY.

CONSISTENT RESULTS.

THIS IS SEMPRA ENERGY.

focus ►

Sempra Energy was founded in 1998 to capitalize on new opportunities in competitive energy markets. The company's ongoing focus is to enhance shareholder value and meet customer needs by sustaining the financial strength, operational flexibility and skilled workforce needed to succeed in rapidly changing market conditions.

SEMPRA ENERGY

AT A GLANCE

TOTAL ASSETS

\$22 billion

OPERATING REVENUES

\$7.9 billion

NET INCOME

\$649 million



SEMPRA ENERGY UTILITIES

Sempra Energy utilities—San Diego Gas & Electric and Southern California Gas Company—serve California customers from the state's Central Valley to the Mexican border. More than a century of service in providing safe and reliable natural gas and electricity gives Sempra Energy's California utilities their unique ability to meet the region's energy needs.

CREDIT RATINGS

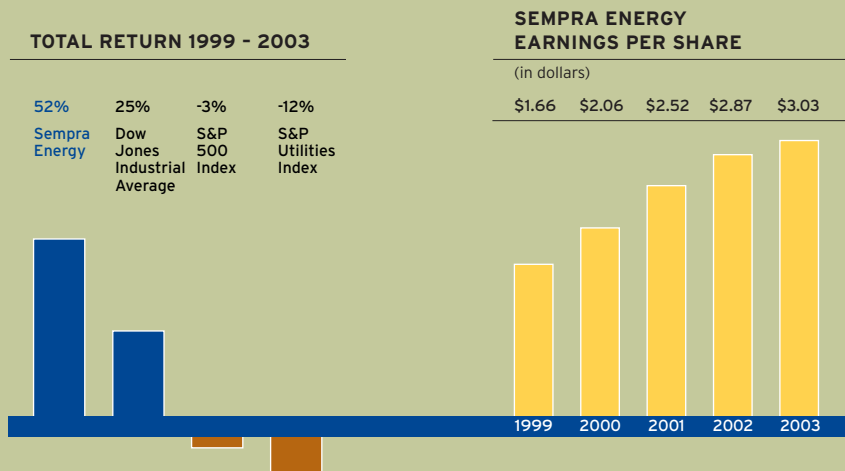
As of March 15, 2004	S&P	Fitch	Moody's
Sempra Energy			
Unsecured Debt	BBB+	A	Baa1
Commercial Paper	A-2	F1	P-2
Trust Preferred Securities	BBB-	A-	Baa2
SDG&E			
Secured Debt	A+	AA	A1
Unsecured Debt	A-	AA-	A2
Preferred Stock	BBB+	A+	Baa1
Commercial Paper	A-1	F1+	P-1
SoCalGas			
Secured Debt	A+	AA	A1
Unsecured Debt	A-	AA-	A2
Preferred Stock	BBB+	A+	Baa1
Commercial Paper	A-1	F1+	P-1

San Diego Gas & Electric

SDG&E serves 3.2 million consumers through 1.3 million electric meters and more than 800,000 natural gas meters. The utility's service area spans 4,100 square miles.

Southern California Gas Company

The nation's largest natural gas distribution utility, SoCalGas serves a population of 19.2 million through 5.4 million meters. The company's service territory encompasses 23,000 square miles.



SEMPRA ENERGY GLOBAL ENTERPRISES

The Sempra Energy Global Enterprises group acquires, develops and operates infrastructure assets related to the production and distribution of energy, including power plants, natural gas pipelines and liquefied natural gas (LNG) receipt facilities. The group also provides risk-management products and services that help customers manage their energy costs under changing market conditions.

ENERGY-INFRASTRUCTURE BUSINESSES

Sempra Energy Resources

Sempra Energy Resources acquires, builds and operates power plants for the competitive market.

Sempra Energy International

Sempra Energy International develops, owns and manages utilities and natural gas pipelines, principally in Mexico and South America, providing natural gas and electricity service to more than 2.7 million customers.

Sempra Energy LNG

Sempra Energy LNG plans, constructs and operates LNG infrastructure, including terminals for the receipt and conversion of LNG back into natural gas.

Sempra Fiber Links

Sempra Fiber Links builds fiber-optic networks for telecommunications companies, utilizing the distribution infrastructure of natural gas utilities.

RISK-MANAGEMENT SERVICES AND FINANCIAL INVESTMENTS

Sempra Energy Trading

Sempra Energy Trading provides worldwide marketing and risk-management services to wholesale customers for natural gas, power, petroleum products and base metals.

Sempra Energy Solutions

Sempra Energy Solutions offers energy-management and consulting services to commercial and industrial businesses.

Sempra Energy Financial

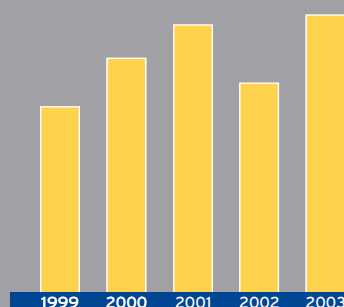
Sempra Energy Financial focuses on tax-advantaged investments in affordable housing and energy-related projects.

FINANCIAL HIGHLIGHTS

OPERATING REVENUES

(dollars in millions)

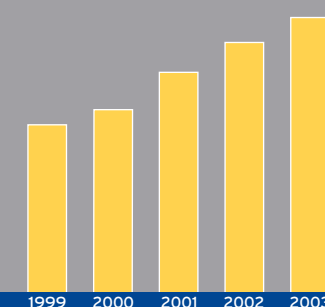
\$5,360 \$6,760 \$7,730 \$6,048 \$7,887



NET INCOME

(dollars in millions)

\$394 \$429 \$518 \$591 \$649



At December 31 or for the years then ended
(Dollars in millions, except per-share amounts)

2003

2002

Percent
change

CONSOLIDATED FINANCIAL DATA

Operating Revenues	\$	7,887	\$	6,048	30.4%
Net Income	\$	649	\$	591	9.8
Net Income Per Share of Common Stock:					
Basic	\$	3.07	\$	2.88	6.6
Diluted	\$	3.03	\$	2.87	5.6
Weighted Average Number of Common Shares					
Outstanding (diluted, in millions)		214.5		206.1	4.1
Total Assets	\$	22,009	\$	20,242	8.7
Common Dividends Declared Per Share	\$	1.00	\$	1.00	—
Debt to Total Capitalization		57%		60%	
Book Value Per Share	\$	17.17	\$	13.79	24.5
Capital Expenditures & Investments	\$	1,251	\$	1,643	-23.9

STATISTICS

Natural Gas Throughput ^(a) (billions of cubic feet)	934	982	-4.9%
Electric Energy On-System Sales ^(a) (billions of kilowatt hours)	18.4	17.7	4.0
Number of Customers ^(a) (millions of meters served)			
Natural Gas	6.2	6.1	1.6
Electricity	1.3	1.3	—
Return on Common Equity			
Sempra Energy	19.3%	21.4%	
SoCalGas	15.6%	16.2%	
SDG&E	27.7%	18.2%	
Number of Employees ^(b)	12,807	12,197	5.0

^(a) California utilities.

^(b) Excludes contract and part-time employees.



FELLOW SHAREHOLDERS

The past year marked the fifth anniversary of the merger that created Sempra Energy. I'm pleased that, for the fifth consecutive year, we produced outstanding results. Sempra Energy's earnings per share have grown, on average, by nearly 20 percent annually since 1998.

In 2003, we posted earnings of \$649 million, up from \$591 million in 2002. Earnings per diluted share were \$3.03, a 6-percent increase over 2002. Sempra Energy's outstanding financial performance derives from our ability to capitalize on new opportunities, our focused strategy and our consistent execution. I am particularly proud of Sempra Energy's performance compared to many other energy companies in recent years.

Our growth strategy is focused and methodical. We develop a deep understanding of markets and customer needs, apply a rigorous risk-management analysis of potential investments and nurture positive relationships with our key constituents, including the communities in which we operate.

A clearer path ahead.

In 2003, we saw significant progress toward resolving many of the major issues facing our company. Sempra Energy Resources' long-term energy-supply contract with the California Department of Water Resources was upheld by both the Federal Energy Regulatory Commission (FERC) and a Superior Court of California. While these rulings are being appealed by the state, we expect the contract to continue to be upheld in all venues.

Sempra Energy Trading also has entered into a settlement agreement related to the FERC's investigation of marketers' activities in Western U.S. energy markets from 2000 to 2001.

“Sempra Energy’s outstanding financial performance derives from our ability to capitalize on new opportunities, our focused strategy and our consistent execution.”

In 2003, we received key permits to proceed with the development of two liquefied natural gas (LNG) receipt terminals—Energía Costa Azul in Baja California, Mexico, and Cameron LNG near Lake Charles, Louisiana. These are scheduled to be the first new LNG receipt facilities built in North America in the past two decades. We also entered into a preliminary agreement to bring a daily supply of 500 million cubic feet of natural gas to Energía Costa Azul from Indonesia. Additionally, Sempra Energy LNG announced its intention to form a 50/50 joint venture with Shell International Gas Limited to develop the Energía Costa Azul facility.

In our home state of California, the California Public Utilities Commission (CPUC) has shown a willingness to put energy policy back on solid footing by acknowledging a more realistic balance between the interests of consumers and the financial health of the state’s utilities.

Our solid foundation: Sempra Energy utilities.

Sempra Energy utilities—San Diego Gas & Electric and Southern California Gas Company—provide a solid foundation for Sempra Energy through consistently strong earnings and cash flow. Both utilities again performed well in 2003, exceeding their authorized return on equity and earning operational incentives.

SoCalGas reached an all-party settlement, and SDG&E, a multiparty settlement, in their respective Cost-of-Service rate cases pending before the CPUC. Approval of these settlements by the CPUC will allow the utilities to make the investments necessary to continue their long tradition of delivering safe and reliable energy, exceptional customer service and consistently strong earnings. It also will enable the utilities to expand their rate bases over time and ensure a reasonable return for our investors.



Left: In 2003, the Sempra Energy utilities, SDG&E and SoCalGas, invested more than \$760 million to expand their systems and maintain exceptional customer service. Right: When completed in 2007, the Cameron LNG receipt facility in Louisiana will process 1.5 billion cubic feet (bcf) per day of natural gas for markets in the United States.

None of the utilities' accomplishments would be possible without the determined efforts of thousands of dedicated employees. This was most evident during last fall's devastating wildfires in California. I am proud of our employees, many of whom worked around the clock in difficult conditions to restore gas and electric service to more than 100,000 customers.

New opportunities for growth.

In 2003, Sempra Energy Global Enterprises continued to grow a well-balanced and profitable mix of businesses that develop energy infrastructure and offer risk-management services.

Sempra Energy Resources, our wholesale power-generation unit, enjoyed a landmark year for both profitability and operational achievement. The company brought four new power plants online in the Pacific Southwest totaling 2,125 megawatts. The projects, which include Elk Hills, Termoeléctrica de Mexicali and Mesquite's two generating units, were completed on time and under budget, with more than 80 percent of all capacity contracted forward through the year 2010.

Sempra Energy International operates energy utilities and develops gas pipelines principally in Latin America. In Mexico, the company obtained 20-year contract commitments for nearly 100 percent of its Gasoducto Bajanorte natural gas pipeline capacity from major industrial users and power plants in the northern border region. Sempra Energy International's expert market knowledge and project management experience in Mexico have helped shape the success of other Sempra Energy projects in the region, including the Termoeléctrica de Mexicali power plant in Mexicali and the Energía Costa Azul LNG receipt facility north of Ensenada.

RESPONDING HEROICALLY TO THE CALIFORNIA WILDFIRES

In October 2003, the worst fires in California history killed 20 people, burned 700,000 acres and destroyed nearly 3,600 homes—affecting 20 percent of SDG&E's service territory and portions of SoCalGas' territory.

Employees of both utilities responded immediately and heroically, working around the clock to restore gas and electricity to more than 100,000 homes in record time. SDG&E replaced 3,500 transmission and distribution poles and more than 400 miles of electric wire damaged during the fires. Additionally, SDG&E rebuilt 14 substations and 17 major transmission lines while SoCalGas conducted more than 400 service-restoration calls in the fire-affected areas.



The California Public Utilities Commission (CPUC) honored SDG&E and SoCalGas, stating that their efforts "should remind us all that the public-service ethic associated with being a public-utility employee is real, and not just a marketing tagline."

In 2003, we formally established a new business unit, Sempra Energy LNG, to oversee our LNG operations. Plans for the Energía Costa Azul LNG terminal and for the Cameron LNG facility in Louisiana result from our recognition three years ago of the growing imbalance between natural gas supply and demand in North America. We determined that LNG would be critical in addressing this imbalance and launched efforts to develop an LNG regasification business. The company expects to break ground on both LNG receipt terminals in mid-2004 and begin operations in 2007.

Working with our communities.

In our LNG initiatives—as in other endeavors—we have worked closely with local communities and key constituents to identify and resolve potentially difficult issues. These community efforts are part of every major project we undertake. They help to build trust and establish long-term relationships. Working closely with local communities also helps to ensure that we can address concerns before they become problems. A good example was the decision to build the Mexicali power plant, Termoeléctrica de Mexicali, to meet strict California environmental standards, even though Mexico did not require us to do so.

In 2003, *Fortune* magazine recognized Sempra Energy as one of America's top five companies for minorities—one of only two companies consistently to achieve this distinction since the rankings were introduced in 1998. Also in 2003, Sempra Energy and its employees contributed more than \$9 million and 40,000 hours of volunteer time to charitable causes. The character of our employees drives Sempra Energy's success and enriches the communities we serve.

“Our LNG business will shift into full gear this year, with construction on our two receipt terminals expected to be under way by mid-2004.”

Looking forward.

As the economy has rebounded, so too has the demand for energy.

With our utilities’ expanding customer base, we plan new investments in electric generation, and gas and electric-transmission and distribution infrastructure. We expect these new investments to bring solid earnings from our utilities in the years ahead.

Similarly, with long-term contracts in place, Sempra Energy Resources has a more predictable and stable business, contributing steady earnings to Sempra Energy.

Our LNG business will shift into full gear this year, with construction on our two receipt terminals expected to be under way by mid-2004.

On the following pages is an overview of the strategies we’re executing to capture the opportunities ahead of us, including the perspectives of some of the key members of our leadership team.

On behalf of the nearly 13,000 employees of Sempra Energy, I thank you for your continued support.

Sincerely,

A handwritten signature in dark ink, appearing to read "S. Baum", with a stylized, cursive script.

STEPHEN L. BAUM
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

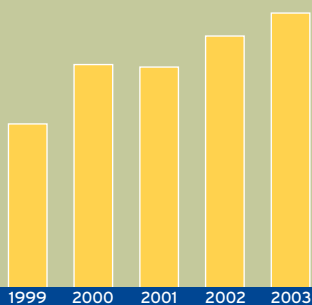
SEMPRA ENERGY

PUTTING FINANCIAL STRENGTH TO WORK

TOTAL ASSETS

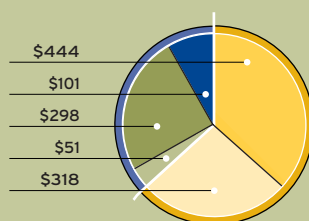
(dollars in billions)

\$13.3 \$17.9 \$17.5 \$20.2 \$22.0



CAPITAL EXPENDITURES & INVESTMENTS

by major business units (dollars in millions)
for 2003



SEMPRA ENERGY UTILITIES

San Diego Gas & Electric
Southern California Gas Company

SEMPRA ENERGY GLOBAL ENTERPRISES

Sempra Energy Trading
Sempra Energy Resources
Sempra Energy International

Sempra Energy's commitment to building a highly profitable energy services company requires an uncommon attention to financial stewardship. A financially strong company that invests wisely and manages its costs and risks prudently is able to capitalize on opportunities when they arise.

Sound investments and cost control.

The mark of any successful company is the quality of its investments. Sempra Energy's sound investments have enabled the company to maintain a healthy balance sheet, ample liquidity and solid, investment-grade credit ratings.

Sempra Energy's debt structure fits the risk profile of its assets. This enables the company to manage effectively through changing market cycles, maintaining a stable capital-expenditure program and the ability to provide shareholders with a reliable dividend.

Sempra Energy's California utilities and their customers benefit from economies of scale, with the largest customer base of any energy utility in the United States. Sempra Energy Global Enterprises

develops assets that are technologically advanced and among the most cost-efficient in the industry.

Risk management.

Every business has risks. What distinguishes Sempra Energy from others in the industry is how well the company identifies and manages those risks. Sempra Energy assumes only those risks that it can understand and manage effectively—a philosophy that permeates virtually every aspect of the company's operations.

Sempra Energy's experienced management team recognizes that unexpected market, regulatory or political events often impact the best-laid plans, so flexibility is built into every business plan. The financial flexibility that evolves from a strong balance sheet, solid credit ratings, tight cost controls and a balanced portfolio of businesses enables the company to succeed under a broad range of economic scenarios.

The result for Sempra Energy shareholders is a company that has provided superior returns since it was formed in 1998.

"We combine deep industry expertise with rigorous risk management when we evaluate market opportunities. The result has been superior shareholder returns."

NEAL E. SCHMALE
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL
OFFICER, SEMPRA ENERGY



SEMPRA ENERGY

UTILITIES

REGULATED UTILITY COMPANIES SERVING CENTRAL
AND SOUTHERN CALIFORNIA

“In our growing region, building and maintaining energy infrastructure allow us to continue to provide safe, reliable energy and exceptional service to our customers. We are committed to enhancing the quality of life in our region, while enhancing returns for our investors.”



EDWIN A. GUILLES
GROUP PRESIDENT,
SEMPRA ENERGY UTILITIES





strategy▶

In 2003, Sempra Energy utilities—San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas)—refined their strategy of meeting customer needs by planning for the future and providing a full range of energy services. Delivering solid earnings and cash flow, Sempra Energy utilities form the core of the parent company's financial strength.



SoCalGas is investing approximately \$350 million over the next decade to enhance the integrity of its natural gas transmission pipeline system.

SEMPRA ENERGY UTILITIES

Consistent with its mission to provide safe and reliable gas and electric service, while planning for the future energy needs of its customers, SDG&E returned to a full-service provider role in electricity, and both utilities continued to maintain and deliver an uninterrupted supply of gas.

In line with company practices, the utilities work to safeguard their stability and financial health by applying rigorous risk-management principles when evaluating future investments and projected returns.

SDG&E and SoCalGas continue to be leaders in the utility industry, preserving performance-based ratemaking (PBR), which allows them to manage risk and align the interests of customers and shareholders so both can share the benefits of exceptional performance.

Finally, delivering operational and service excellence to customers is also top priority at both utilities, as demonstrated by the exceptional response provided during the 2003 wildfires. (See page 8.)

results ▶

San Diego Gas & Electric In 2003, SDG&E extended service to some 11,000 new gas and 18,000 new electric customers, resulting in a total of 800,000 metered gas customers and 1.3 million metered electric customers.

Meeting the needs of customers and providing high levels of service remain key focuses at SDG&E, which, in 2003, resulted in the highest customer-satisfaction levels since 1996. This achievement was even more notable due to such challenges as high call volumes and extraordinary service needs related to the firestorms in October 2003.

On January 1, 2003, a new California law took effect restoring utilities to their prior roles as full-service energy providers, responsible for planning and procuring energy for their customers, as well as energy delivery.

In late 2003, SDG&E filed its power-procurement plan with the CPUC to fulfill its expanded role, assure grid reliability in the coming years and deliver value to customers. The plan reflects the company's commitment to create a balanced portfolio



SDG&E crews work around the clock to maintain electric service and, in 2003, the company achieved its highest customer-satisfaction ratings in the past eight years.

of resource types, calling for a new mix of resources and conservation, including energy from renewable resources such as biomass energy and solar thermal-generation technology. Purchasing locally generated electricity is an important part of the proposed plan, which includes ownership of the Palomar power plant being developed by Sempra Energy Resources, and a 10-year power-purchase contract with Calpine's Otay Mesa plant. This procurement plan would add more than \$600 million to SDG&E's rate base.

Another important CPUC filing was made in 2003 when SDG&E reached a multi-party settlement with the majority of parties in its Cost-of-Service rate case.

SDG&E also made important infrastructure investments to expand three electric-transmission and substation systems. The projects were designed to improve reliability and create better access to cost-effective generating resources, at a cost of about \$66 million. In December 2003, SDG&E became the first investor-owned electric utility in the Western United States to put formula-based rates in place for its electric-transmission revenue requirements. The Federal Energy Regulatory Commission approved SDG&E's plan, ensuring the recovery of all costs associated with maintaining and

expanding its infrastructure, while earning an 11.25-percent return on equity.

Southern California Gas Company

In 2003, SoCalGas added 72,000 new customers, bringing its total metered customer base to 5.4 million. As always, customer service was a key focus, and survey results indicate that customer-satisfaction results were well above their target goals.

In late 2003, SoCalGas reached an all-party settlement agreement on its Cost-of-Service rate case.

Additionally, the CPUC approved \$48 million, pretax, in incentives for SoCalGas' gas purchasing for the two award years ended March 31, 2002. Customers and shareholders benefit in the rewards achieved through this Gas Cost Incentive Mechanism program.

As part of its ongoing commitment to provide safe and reliable service, SoCalGas has invested more than \$1 billion since the 1994 Northridge earthquake in an aggressive distribution-pipeline-replacement program and enhancements to its continuous monitoring system. SoCalGas also will invest approximately \$350 million over the next 10 years to enhance the integrity of its natural gas transmission pipeline system.

SEMPRA ENERGY

GLOBAL ENTERPRISES

INFRASTRUCTURE AND RISK-MANAGEMENT BUSINESSES
TO MEET THE NEEDS OF ENERGY CUSTOMERS

"We build and operate infrastructure, sell energy commodities and provide asset risk management, with the expertise to bring them all together. These diversified assets and competencies are the cornerstone of our success."



DONALD E. FELSINGER
GROUP PRESIDENT,
SEMPRA ENERGY
GLOBAL ENTERPRISES





strategy ▶

The strategy of Sempra Energy Global Enterprises is to provide earnings growth and stable cash flows in competitive markets through complementary energy-infrastructure and risk-management businesses.



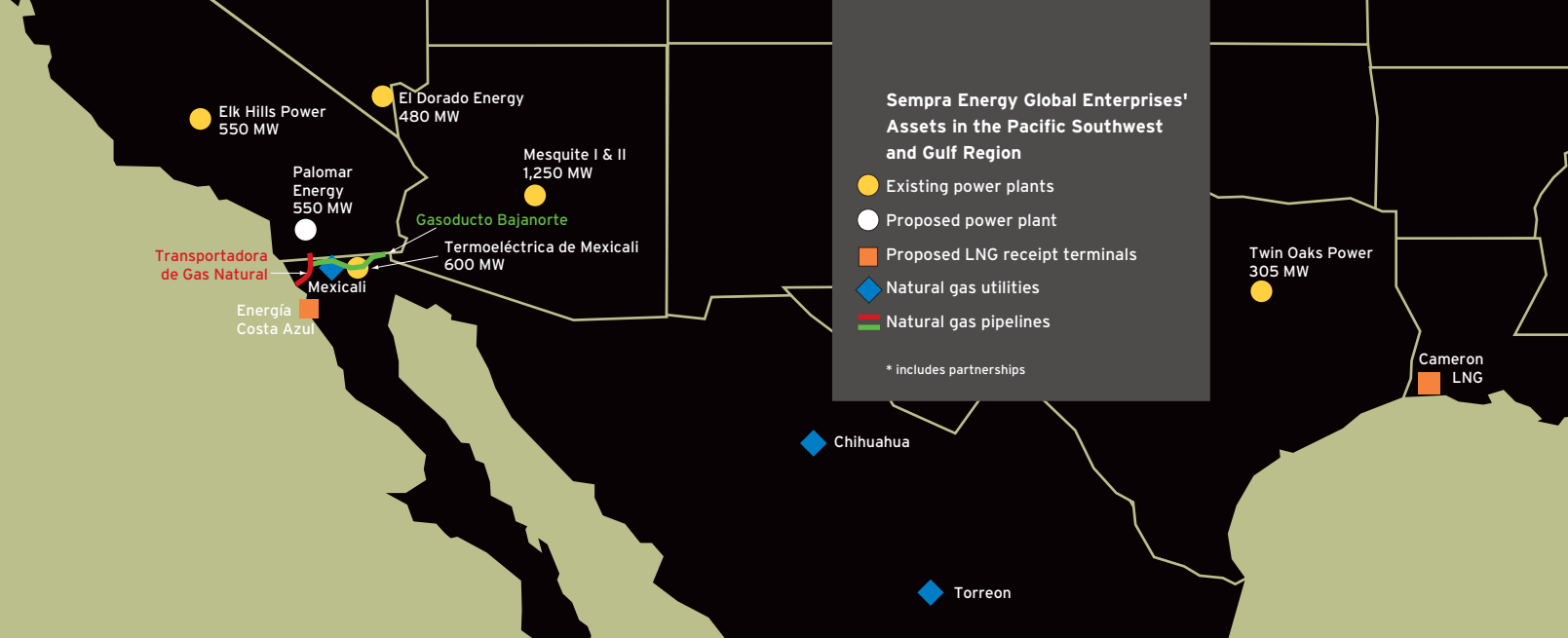
Sempra Energy Solutions helps customers, such as the Queen Mary in Long Beach, California, achieve energy-efficiency savings to reduce operating costs.

SEMPRA ENERGY GLOBAL ENTERPRISES

Sempra Energy Global Enterprises develops businesses that provide growth opportunities for Sempra Energy. These initiatives fall into two segments: 1) developing LNG infrastructure, energy generation, transmission, storage and delivery assets; and 2) providing risk-management services to wholesale, commercial and industrial energy customers.

Sempra Energy Global Enterprises identifies long-term market opportunities by studying customer needs, demand trends, regulatory and environmental issues, and new technologies.

results ▶



Sempra Energy Global Enterprises is developing a strategic portfolio of energy-infrastructure assets in the Pacific Southwest and U.S. Gulf Coast.

Energy-Infrastructure Businesses

Sempra Energy Resources In 2003, Sempra Energy Resources brought four new power plants online in the Pacific Southwest. The company now has more than 2,600 megawatts (MW) in operation. More importantly, more than 80 percent of this capacity is under long-term contract through 2010, demonstrating the increasing stability and predictability of Sempra Energy Resources' earnings and cash flow. Sempra Energy Resources continues to assess new market opportunities in keeping with its strategic growth philosophy.

Sempra Energy International Sempra Energy International's Gasoducto Bajanorte pipeline is in full operation, with the system nearly 100-percent subscribed through 2023. The pipeline, able to transport 500 million cubic feet of natural gas per day, delivers clean-burning natural gas to the Baja California region of Mexico to fuel future economic growth.

Customer interest in an expansion of Gasoducto Bajanorte and a new pipeline connecting the existing system to markets in Arizona is strong, with capacity requests totaling more than 3 billion cubic feet (bcf) of natural gas per day. The company will move ahead with additional investment once shippers have committed to buy capacity under long-term contracts.

Sempra Energy International owns several natural gas distribution utilities in Northern Mexico and partial interests in natural gas and electric distribution utilities in Argentina, Chile and Peru.

Sempra Energy LNG In 2003, Sempra Energy Global Enterprises established Sempra Energy LNG, which is responsible for the company's LNG market initiatives, including the development of Energía Costa Azul and Cameron LNG. Energía Costa Azul is a \$600 million LNG receipt facility being developed just north of



Sempra Energy's move to import new supplies of liquefied natural gas in 2007 will help meet an expanding market for natural gas in North America.

▶ Ensenada in Baja California, Mexico, to process 1 bcf per day of natural gas. Cameron LNG is a \$700 million receipt facility under development near Lake Charles, Louisiana, on the U.S. Gulf Coast, to process 1.5 bcf per day of natural gas. Construction on both projects is scheduled to begin in 2004.

The two LNG facilities enjoy strategic sites close to existing transmission pipelines. Energía Costa Azul would utilize Sempra Energy International's Gasoducto Bajanorte pipeline to transport the regasified fuel to markets in Northern Mexico and the Southwestern United States. Additionally, Sempra Energy Trading will play an important role in helping to market the natural gas processed at the facilities.

Sempra Fiber Links Sempra Fiber Links received patent approval notification for its fiber-in-gas (FIGSM) technology, which makes more efficient broadband connections possible through safe installation of fiber-optic cable within active natural gas pipelines. Sempra Fiber Links completed an installation for Long Beach Energy, which is using the fiber to connect critical buildings on its campus. Sempra Fiber Links also received California regulatory approval for natural gas utilities in the state to begin using the FIGSM technology, clearing the way for installations to begin in existing SoCalGas and SDG&E pipelines.



Sempra Energy Trading and Sempra Energy Solutions offer trading and risk-management services that provide customers with cash-flow certainty in volatile commodity markets.

Risk-Management Services

Sempra Energy Trading Sempra Energy Trading delivered another profitable year in 2003, and now counts more than 20 straight quarters of profitable performance, excluding required accounting changes. Sempra Energy Trading offers a range of risk-management services to help customers better execute their commodity-procurement and asset-utilization strategies. The short-term nature of Sempra Energy Trading's portfolio—83 percent of net unrealized revenue converts to cash within two years—demonstrates the liquidity and transparency of its contracts. Sempra Energy Trading is one of the top five physical marketers of natural gas in North America and one of the top marketers of base metals in the world. The customer-focused company continues

to expand its energy-related product base to take advantage of growing markets in Europe and Asia.

Sempra Energy Solutions Despite a challenging year of high commodity prices and uncertainty about deregulation, Sempra Energy Solutions expanded its footprint in 2003 as customers continued to contract for energy services. The company received several industry awards, including recognition as an outstanding supplier to SBC Global Communications. In 2003, the unit also became the only energy marketer to receive ISO 9001:2000 certification, the new industry benchmark for operational excellence. In 2004, Sempra Energy Solutions looks to further expand its market position in an evolving retail energy services market.

SENIOR MANAGEMENT TEAM

SEMPRA ENERGY CORPORATE

Stephen L. Baum
Chairman, President
and Chief Executive
Officer

Michael W. Allman
Vice President, Audit
Services

Dennis V. Arriola
Vice President,
Communications and
Investor Relations

Frank H. Ault
Senior Vice President
and Controller

Javade Chaudhri
Executive Vice
President and General
Counsel

Donald E. Felsinger
Group President,
Sempra Energy
Global Enterprises

Edwin A. Guiles
Group President,
Sempra Energy
Utilities

**Joseph A.
Householder**
Vice President,
Corporate Tax

Charles A. McMonagle
Vice President and
Treasurer

Randall B. Peterson
Vice President,
Human Capital
Services

Mark D. Randle
Vice President, Energy
Risk Management

G. Joyce Rowland
Senior Vice President,
Human Resources

Kevin C. Sagara
Vice President and
Associate General
Counsel

Thomas C. Sanger
Corporate Secretary

Thomas S. Sayles
Vice President,
Governmental and
Community Affairs

Neal E. Schmale
Executive Vice
President and Chief
Financial Officer

W. Davis Smith
Vice President and
Associate General
Counsel



SEMPRA ENERGY CORPORATE Seated, from left: Michael Allman, Donald Felsinger, Edwin Guiles, Joseph Householder, Dennis Arriola
Standing, from left: Charles McMonagle, Thomas Sayles, Neal Schmale, Joyce Rowland, Stephen Baum, Mark Randle, Javade Chaudhri, Frank Ault,
Randall Peterson, Thomas Sanger

SEMPRA ENERGY GLOBAL ENTERPRISES

Donald E. Felsinger
Group President

Michael J. Clover
President, Sempra
Fiber Links

Monica Haas
Director, Investments,
Sempra Energy
Financial

Darcel L. Hulse
President, Sempra
Energy LNG

Erbin B. Keith
President, Sempra
Energy Solutions

George S. Liparidis
President, Sempra
Energy International

David A. Messer
President, Sempra
Energy Trading

Michael R. Niggli
President, Sempra
Energy Resources

Steven J. Prince
Chairman and Chief
Executive Officer,
Sempra Energy
Trading

Richard S. Shapiro
Vice President,
External Affairs

Mark A. Snell
Chief Financial Officer

Edward A. Steiger
Vice President,
Human Resources



SEMPRA ENERGY UTILITIES Seated, from left: Richard Morrow, Lee Schavrien, Debra Reed, Edwin Guiles, W. Davis Smith, Anne Smith Standing, from left: Lee Stewart, William Reed, Margot Kyd, Steven Davis, James Avery, J. Chris Baker, Terry Fleskes, Pamela Fair, Roy Rawlings Not pictured: Lad Lorenz

SEMPRA ENERGY UTILITIES

Edwin A. Guiles
Group President

Debra L. Reed
President and Chief
Financial Officer

James P. Avery
Senior Vice President,
Electric Transmission,
SDG&E

J. Chris Baker
Vice President,
Chief Information
Technology Officer

Steven D. Davis
Senior Vice President,
Customer Service and
External Relations

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Vice President,
Customer Operations

Terry M. Fleskes
Vice President and
Controller

Margot A. Kyd
Senior Vice President,
Business Solutions

Lad Lorenz
Vice President,
Regulatory Affairs

Richard M. Morrow
Vice President,
Customer Services,
Major Markets

Roy M. Rawlings
Senior Vice President,
Distribution Operations

William L. Reed
Senior Vice President,
Regulatory Affairs

Lee Schavrien
Vice President,
Regulatory Affairs

Anne S. Smith
Vice President,
Customer Services,
Mass Markets

Lee M. Stewart
Senior Vice President,
Gas Transmission



SEMPRA ENERGY GLOBAL ENTERPRISES

Seated, from left: Darcel Hulse, Monica Haas, Mark Snell, Edward Steiger Standing, from left: George Liparidis, Kevin Sagara, Michael Niggli, Erbin Keith, Donald Felsinger, Michael Clover, Richard Shapiro Not pictured: David Messer, Steven Prince

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Los Angeles, California

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Anderson Graduate School
of Management, University of
California, Los Angeles
Los Angeles, California

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University Ventures Network
and Virtual Capital
of California LLC
San Diego, California

Diana L. Walker

Of Counsel
O'Melveny & Myers LLP
Los Angeles, California

CORPORATE INFORMATION

Transfer Agent

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Shareholder Services

Investors with general questions regarding Sempra Energy, San Diego Gas & Electric, Southern California Gas Co. 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: 619-696-2374
E-mail: investor@sempra.com
Internet: www.sempra.com

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 (Form 10-K) is available to shareholders at no charge by writing to Shareholder Services.

This information, as well as corporate governance guidelines, codes of ethics and board committee charters, also are available on the company's Web site at www.sempra.com. Sempra Energy also offers a quarterly Performance Report newsletter via e-mail for those who register at www.sempra.com/subscribe.

Investor Relations

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

Dennis V. Arriola
Vice President, Communications and Investor Relations
Telephone: 619-696-2901
Fax: 619-696-2374

Stock Exchange Listing

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

Sempra Energy Trust
Preferred Securities:
New York Stock Exchange

Sempra Energy Income
Equity Units:
New York Stock Exchange

Pacific Enterprises
Preferred Stock:
American Stock Exchange
Pacific Stock Exchange

Southern California Gas
Preferred Stock:
Pacific Stock Exchange

San Diego Gas & Electric
Preferred Stock:
American Stock Exchange

Direct Common Stock Investment Plan

Sempra Energy offers a Direct Common Stock investment plan as a simple, convenient and affordable way to invest in the company. Cash dividends from a participant's account can be reinvested automatically in full or in part to purchase additional shares, or participants may choose to receive all or a portion of their cash dividends electronically or by check. Participation in the Plan requires an initial investment of as little as \$500. The Plan allows optional cash investments of as little as \$25 up to a maximum of \$150,000 per calendar year. Nonshareholders pay a \$15 fee for the initial cash investment in Sempra Energy. Brokerage commissions incurred in the purchase of shares will be paid by Sempra Energy. The Plan is offered only by the means of a prospectus, which can be obtained by calling the Plan Administrator, EquiServe Trust Company, N.A., at 877-773-6772, or through the Internet at www.equiserve.com.

Sempra Energy's Annual Report to the Securities Exchange Commission on Form 10-K, which includes as exhibits the certifications regarding the quality of the company's public disclosure that are filed by Sempra Energy's chief executive officer and chief financial officer under the Sarbanes-Oxley Act of 2002, is available to shareholders at no charge by writing to the company's Shareholder Services Department.

This report contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "could," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: national, international, regional and local economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov.

